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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)

**FIRST QUARTERLY RESULTS ANNOUNCEMENT
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 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”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months ended 30 September 2012, together with the unaudited comparative figures for the corresponding period in 2011, as follows:

UNAUDITED CONSOLIDATED INCOME STATEMENT

For the three months ended 30 September 2012

		Three months ended	
		30 September	
	<i>Note</i>	2012	2011
		HK\$’000	HK\$’000
		(Unaudited)	(Unaudited)
Revenue	4	10,871	12,479
Cost of sales		(9,606)	(3,113)
Business tax and surcharges		(54)	(211)
		<hr/>	<hr/>
Gross profit		1,211	9,155
Other net loss		(34)	(333)
Selling, general and administrative expenses		(6,822)	(11,188)
		<hr/>	<hr/>
Loss from operations		(5,645)	(2,366)
Share of (loss)/profit of an associate		(1,188)	41
		<hr/>	<hr/>
Loss before taxation	5	(6,833)	(2,325)
Income tax	6	494	(1,097)
		<hr/>	<hr/>
Loss attributable to equity shareholders of the Company for the period		(6,339)	(3,422)
		<hr/> <hr/>	<hr/> <hr/>
Loss per share			
– Basic and diluted (HK\$)	7	(0.008)	(0.006)
		<hr/> <hr/>	<hr/> <hr/>

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 30 September 2012

	Three months ended 30 September	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Loss for the period	(6,339)	(3,422)
Other comprehensive income for the period (before and after tax):		
Exchange differences on translation into presentation currency	<u>(404)</u>	<u>669</u>
Total comprehensive income attributable to equity shareholders of the Company for the period	<u><u>(6,743)</u></u>	<u><u>(2,753)</u></u>

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 September 2012

	Attributable to equity shareholders of the Company						Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Statutory reserves HK\$'000	Exchange reserve HK\$'000	Retained earnings HK\$'000	
Balance at 1 July 2011	1	–	17,564	3,711	2,347	17,333	40,956
Changes in equity for the three months ended 30 September 2011:							
Loss for the period	–	–	–	–	–	(3,422)	(3,422)
Other comprehensive income	–	–	–	–	669	–	669
Total comprehensive income	–	–	–	–	669	(3,422)	(2,753)
Balance at 30 September 2011 and 1 October 2011	1	–	17,564	3,711	3,016	13,911	38,203
Changes in equity for the nine months ended 30 June 2012:							
Profit for the period	–	–	–	–	–	84,137	84,137
Other comprehensive income	–	–	–	–	(13)	–	(13)
Total comprehensive income	–	–	–	–	(13)	84,137	84,124
Issuance of shares	82	42,350	–	–	–	–	42,432
Cancellation of original issued shares and re-issuance of new shares	(83)	83	–	–	–	–	–
Capitalisation issue	6,000	(6,000)	–	–	–	–	–
Issuance of shares by initial public offering	2,000	198,000	–	–	–	–	200,000
Share issuance expenses	–	(24,945)	–	–	–	–	(24,945)
Appropriation to reserves	–	–	–	9,256	–	(9,256)	–
Balance at 30 June 2012	8,000	209,488	17,564	12,967	3,003	88,792	339,814
Balance at 1 July 2012	8,000	209,488	17,564	12,967	3,003	88,792	339,814
Changes in equity for the three months ended 30 September 2012:							
Loss for the period	–	–	–	–	–	(6,339)	(6,339)
Other comprehensive income	–	–	–	–	(404)	–	(404)
Total comprehensive income	–	–	–	–	(404)	(6,339)	(6,743)
Balance at 30 September 2012	8,000	209,488	17,564	12,967	2,599	82,453	333,071

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 CORPORATE INFORMATION

China City Railway Transportation Technology Holdings Company Limited (the “Company”), formerly known as Beijing Metro Holdings Company Limited, was incorporated in the Cayman Islands on 7 January 2011 as an exempted company with limited liability under the Companies Law (2011 Revision), Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The shares of the Company were listed on the GEM of the Stock Exchange on 16 May 2012. The condensed consolidated financial information of the Company as at and for the three months ended 30 September 2012 comprise the Company and its subsidiaries (collectively referred to as the “Group”) and the Group’s interest in an associate. 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.

2 BASIS OF PREPARATION

The unaudited condensed financial information for the three months ended 30 September 2012 (the “First Quarterly Financial Information”) has been prepared in accordance with the applicable disclosure provisions of Chapter 18 of the GEM Listing Rules, and with the same accounting policies adopted in the 2012 annual financial statements of the Group, except for accounting policy changes that are expected to be reflected in the 2013 annual financial statements of the Group. Details of these changes in accounting policies are set out in Note 3.

The First Quarterly Financial Information contains unaudited consolidated income statement, unaudited consolidated statement of comprehensive income, unaudited consolidated statement of changes in equity and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial performance of the Group since the 2012 annual financial statements. The First Quarterly Financial Information and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”).

The First Quarterly Financial Information has not been audited by the Company’s auditors.

3 CHANGES IN ACCOUNTING POLICIES

The International Accounting Standards Board has issued a number of amendments to IFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group’s financial statements:

- Amendments to IAS 12, *Income taxes – Deferred tax: Recovery of underlying assets*
- Amendments to IAS 1, *Presentation of financial statements – Presentation of items of other comprehensive income*

The adoption of these developments has no material impact on the Group’s financial statements as the amendments are consistent with policies currently adopted by the Group. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4 REVENUE

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

	Three months ended	
	30 September	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue from the provision of design and implementation of application solution services	4,561	4,941
Revenue from the provision of maintenance of application solution services	6,119	7,402
Sales of application solution related hardware and spare parts	191	136
	10,871	12,479

5 LOSS BEFORE TAXATION

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

	Three months ended	
	30 September	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(a) Staff costs		
Salaries, wages and other benefits	4,995	3,505
Contributions to defined retirement plans	489	291
	5,484	3,796
(b) Other items		
Cost of inventories	473	296
Depreciation and amortisation	3,392	136
Operating lease charges in respect of office premises	588	502
Interest income	(7)	(27)
Net foreign exchange loss	2	12

6 INCOME TAX

	Three months ended 30 September	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current taxation		
– Hong Kong Profits Tax	272	879
– The People's Republic of China (the "PRC") Corporate Income Tax	(476)	218
	<u>(204)</u>	<u>1,097</u>
Deferred taxation	(290)	–
	<u>(494)</u>	<u>1,097</u>

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

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.

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.

7 BASIC AND DILUTED EARNINGS PER SHARE

(a) Basic earnings per share

The basic earnings per share for the three months ended 30 September 2012 is calculated based on the unaudited loss attributable to equity shareholders of the Company of approximately HK\$6,339,000 and the weighted average of 800,000,000 ordinary shares in issue during the three months ended 30 September 2012.

The basic earnings per share for the three months ended 30 September 2011 is calculated based on the unaudited loss attributable to equity shareholders of the Company of approximately HK\$3,422,000 and the weighted average of 593,547,148 ordinary shares, comprising:

- (i) 8,581 ordinary shares in issue to Mr. Cao Wei and his close family member (the "Controlling Shareholders") on 7 January 2011 and 6 July 2011 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 three months ended 30 September 2011; and
- (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.

(b) Diluted earnings per share

There were no dilutive potential shares outstanding for the three months ended 30 September 2012 and 2011.

8 DIVIDENDS

The Directors do not recommend the payment of a dividend for the three months ended 30 September 2012 (three months ended 30 September 2011: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Revenue

Total revenue of the Group decreased by approximately 12.9% from approximately HK\$12,479,000 for the three months ended 30 September 2011 to approximately HK\$10,871,000 for the three months ended 30 September 2012. The decrease was mainly attributable to the change in the basis of recognition of performance fees in relation to the maintenance services provided to Beijing subway from a quarterly basis to an annual basis in accordance with the revised terms of the renewed maintenance contracts with effect from May 2012.

Cost of sales and gross profit

Cost of sales of the Group increased by approximately 208.6% from approximately HK\$3,113,000 for the three months ended 30 September 2011 to approximately HK\$9,606,000 for the three months ended 30 September 2012. The increase was mainly attributable to (i) the salary increment of direct labour; (ii) the increase in subcontracting fees incurred for the provision of integration services in respect of the four new Beijing subway lines; and (iii) the amortisation of the development costs in relation to the newly developed application solution software products charged for the period.

Gross profit of the Group decreased by approximately 86.8% from approximately HK\$9,155,000 for the three months ended 30 September 2011 to approximately HK\$1,211,000 for the three months ended 30 September 2012. The decrease was mainly attributable to the increase in direct labour costs, subcontracting fees and amortisation charges.

Selling, General and Administrative Expenses

Selling, general and administrative expenses of the Group decreased by approximately 39.0% from approximately HK\$11,188,000 for the three months ended 30 September 2011 to approximately HK\$6,822,000 for the three months ended 30 September 2012. The decrease was mainly due to the one-off listing expenses incurred and recorded in the unaudited consolidated income statement for the three months ended 30 September 2011 was not recurred under the reporting period.

Loss attributable to equity shareholders of the Company

Loss attributable to equity shareholders of the Company increased by approximately 85.2% from approximately HK\$3,422,000 for the three months ended 30 September 2011 to approximately HK\$6,339,000 for the three months ended 30 September 2012. The increase was mainly attributable to the reduction of revenue due to change in basis of recognition of certain performance based maintenance income, increase in cost of sales arising from the amortisation of development costs of the self-developed application solution software products and the increase in the share of loss of associated company.

Business outlook

According to Beijing's twelfth five-year plan, it is foreseeable that three to four new lines of Beijing subway would need to be integrated into the automated fare collection clearing centre system (ACC) and the traffic control centre system (TCC) in 2013. In addition, the Group was awarded with two tenders in relation to the construction of Phase II of the railway transport command centre of Beijing Subway in September 2012 and October 2012 respectively. Such command centre is designed to meet the demand for better network-level control over railway operations, enabling more efficient railway network-level transport control and expanding the scale and functions of the fare clearing and settlement systems of Beijing subway.

As mentioned in the prospectus, the Group is open to any merger and acquisition opportunities of related businesses, and will continue to enhance its expertise and knowhow for the development of new application solutions and new products in the next three quarters, thus realising the diversification and standardisation of its products. The Group will also continue the research and development of other systems solutions, such as the control centre system for passenger information system (PCC), so as to enhance its reputation and expand our sources of revenue. While the Company is implementing its long term goal towards commercialising and standardising the application solutions, the Company will continue to build on its industry experiences, expand our customer base and consolidate the market position in Beijing and other cities in the PRC and to expand its business in Hong Kong and Southeast Asia.

OTHER INFORMATION

Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares or Debentures of the Company and its Associated Corporations

As at 30 September 2012, the interests of the Directors and Chief Executives in the shares, underlying shares or debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong ("SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 to Rule 5.67 of the GEM Listing Rules were as follows:

Long positions in the ordinary shares and underlying shares

Name of Director	Capacity/ Nature of interest	Total number of ordinary shares	Total number of share options held	Approximate percentage of interest
Mr. Cao Wei ("Mr. Cao")	Interest in a controlled corporation (<i>Note 1</i>)	481,267,527	–	60.16%
	Beneficial owner (<i>Note 2</i>)	–	800,000	0.1%
Mr. Chen Rui	Beneficial owner (<i>Note 2</i>)	–	800,000	0.1%
Mr. Steven Bruce Gallagher	Beneficial owner (<i>Note 2</i>)	–	800,000	0.1%

Notes:

- These 481,267,527 Shares are owned by ERG Transportation Greater China Company Limited ("ERG Greater China BVI"), a company which is owned as to 56% by More Legend Limited ("More Legend"). More Legend is owned as to 75% by Mr. Cao and as to 25% by Ms. Wang Jiangping ("Ms. Wang"), the spouse of Mr. Cao. By virtue of the SFO, Mr. Cao is deemed to be interested in the 481,267,527 Shares owned by ERG Greater China BVI.
- On 26 July 2012, each of Mr. Cao, Mr. Chen Rui and Mr. Steven Bruce Gallagher was granted 800,000 options under the share option scheme of the Company to subscribe for 800,000 shares of the Company, exercisable at a price of HK\$0.656 per share during a period from 26 July 2012 to 25 July 2017. These options are vested and become exercisable in three tranches in the proportion of 20%, 70% and 100% on 26 July 2013, 26 July 2014 and 26 July 2015 respectively.

Save as disclosed above, as at 30 September 2012, none of the Directors nor the Chief Executive of the Company had registered any interest or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 to Rule 5.67 of the GEM Listing Rules.

Substantial Shareholders and other Persons' Interests and Short Positions in the Shares and Underlying Shares of the Company

So far as the Directors are aware, as at 30 September 2012, other than the Directors and Chief Executive of the Company whose interests or short positions are disclosed under the paragraph headed "Directors' and Chief Executives' interests and short positions in the shares, underlying shares or debentures of the Company and its associated corporations" above, the following person has an interest or short position in the shares or underlying shares of the Company which has to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO, and who were expected, directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company are listed as follows:

Long positions in shares and underlying shares of the Company

Name of shareholder	Capacity/Nature of interest	Total number of ordinary shares	Approximate percentage of interest
ERG Greater China BVI	Beneficial owner (<i>Note 1</i>)	481,267,527	60.16%
More Legend	Interest in a controlled corporation (<i>Note 2</i>)	481,267,527	60.16%
Ms. Wang	Interest of spouse (<i>Notes 2 & 3</i>)	481,267,527	60.16%
Beijing Infrastructure Investment (Hong Kong) Limited ("BII HK")	Beneficial owner (<i>Note 4</i>)	79,584,969	9.95%
北京市基礎設施投資有限公司 (Beijing Infrastructure Investments Co., Ltd.) ("BII")	Interest in a controlled corporation (<i>Note 5</i>)	79,584,969	9.95%

Notes:

1. ERG Greater China BVI is held as to 30% by Vix Technology (East Asia) Limited, as to 56% by More Legend and as to 14% by Landcity Limited.
2. More Legend is the legal and beneficial owner of 56% of the entire issued share capital of ERG Greater China BVI. Mr. Cao and Ms. Wang are the legal and beneficial owners as to 75% and 25%, respectively, of the entire issued share capital of More Legend. Mr. Cao is the spouse of Ms. Wang, and thus, Ms. Wang is deemed to be interested in the same number of shares in which Mr. Cao is interested.

3. Ms. Wang is the spouse of Mr. Cao and is deemed to be interested in 481,267,527 shares of the Company held by More Legend.
4. BII HK is a wholly owned subsidiary of BII.
5. BII is the legal and beneficial owner of the entire issued share capital of BII HK, a company established under PRC law with limited liability and wholly owned by the State owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality.

Save as disclosed above, as at the date of this announcement, according to the register of interests required to be kept by the Company under section 336 of the SFO, there was no person who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 or Part XV of the SFO.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the three months ended 30 September 2012.

SHARE OPTION SCHEME

The Company's existing share option scheme ("Share Option Scheme") was approved for adoption pursuant to a written resolution of all of the shareholders of the Company passed on 8 December 2011 for the purpose to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and or providing benefits to eligible participants and for such other purposes as the Board approve from time to time.

Subject to the terms of the Share Option Scheme, the Board may, at their absolute discretion, grant or invite any person belonging to any of the following classes to take up options to subscribe for shares: (a) any employee, supplier, service provider, customer, partner or joint-venture partner of the Group (including any director, whether executive or non-executive and whether independent or not, of the Group) who is in full-time or part-time employment with the Company or any subsidiaries, (b) any person who have contributed or may contribute to the Group.

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the total number of shares in issue from time to time.

The total number of share which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company must not exceed 10% of the total number of shares in issue on 16 May 2012 unless the Company seeks the approval of the shareholders in general meeting for refreshing the 10% limit under the Share Option Scheme provided that options lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company will not be counted for the purpose of calculating the 10% limit.

The total number of shares issued and to be issued on the exercise of options granted and to be granted (including both exercised and outstanding options) in any 12-month period up to the date of grant of each eligible participant shall not exceed 1% of the total issued shares unless (i) a circular is despatched to the shareholders; (ii) the shareholders approve the grant of the options in excess of the 1% limit referred to in this paragraph; and (iii) the relevant eligible participant and its associates abstain from voting on such resolution.

The exercise price of the option shares granted under the Share Option Scheme may be determined by the Board at its absolute discretion but in any event will not be less than the higher of: (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet on the date of grant, which must be a business day; (ii) the average closing price of the Company's share as stated in the Stock Exchange's daily quotation sheet for the five trading days immediately preceding the date of grant; (iii) the nominal value of a share.

The Share Option Scheme will remain in force for a period of 10 years commencing from 16 May 2012 unless terminated by the Group.

Options granted under the Share Option Scheme must be taken up within 28 days of the date of grant. Upon acceptance of the option, the grantee shall pay HK\$1 to the Company as consideration for the grant.

As at 30 September 2012, there were 39.2 million outstanding share options granted under the Share Option Scheme, details as follows:

Name	Position/ Capacity	Date of grant	Vesting period (Note)	Exercise price HK\$	Exercise period (Note)	Number of Share Options				
						Balance as at 1 July 2012	Granted during the period	Exercise during the period	Cancelled/ lapsed during the period	Balance as at 30 September 2012
Mr. Cao	Chief Executive Officer and Executive Director	26 July 2012	26 July 2012 to 25 July 2013	0.656	26 July 2013 to 25 July 2017	-	800,000	-	-	800,000
Mr. Chen Rui	Executive Director	26 July 2012	26 July 2012 to 25 July 2013	0.656	26 July 2013 to 25 July 2017	-	800,000	-	-	800,000
Mr. Steven Bruce Gallagher	Non-executive Director	26 July 2012	26 July 2012 to 25 July 2013	0.656	26 July 2013 to 25 July 2017	-	800,000	-	-	800,000
Others	Employees	26 July 2012	26 July 2012 to 25 July 2013	0.656	26 July 2013 to 25 July 2017	-	36,800,000	-	-	36,800,000
						-	39,200,000	-	-	39,200,000
						-	39,200,000	-	-	39,200,000

Note: On 26 July 2012, a total of 39,200,000 share options were granted to certain Directors and employees of the Company under the Share Option Scheme to subscribe for shares of the Company, exercisable at a price of HK\$0.656 per share during a period from 26 July 2012 to 25 July 2017. These options are vested and become exercisable in three tranches in the proportion of 20%, 70% and 100% on 26 July 2013, 26 July 2014 and 26 July 2015 respectively.

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Save as disclosed in the section "Share Option Scheme" of this announcement, at no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouses or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or their respective spouse or minor children to acquire such rights in any other body corporate.

COMPETING INTERESTS

None of the Directors, controlling shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) has engaged in any business that competes or may compete with the businesses of the Group or has any other conflict of interests with the Group as at 30 September 2012.

COMPLIANCE ADVISER'S INTEREST IN THE COMPANY

As at 30 September 2012, as notified by the Company's compliance adviser, Guotai Junan Capital Limited (the "Compliance Adviser"), except for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 9 May 2012 and the holding company of the Compliance Adviser has held approximately 4.89% of the issued share capital of the Company, neither the Compliance Adviser nor its directors, employees or other associates had any interests in relation to the Company which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company periodically issues notices to its Directors reminding them of the general prohibition on dealing in the Company's listed securities during the blackout periods before the publication of announcements of financial results. The Company has confirmed, having made specific enquiry of the Directors that all the Directors have complied with the required standards of dealings throughout the three months ended 30 September 2012. The Company was not aware of any non-compliance during the three months ended 30 September 2012.

CORPORATE GOVERNANCE CODE

The Board considers that the Company has complied with the code provisions in the Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules during the three months ended 30 September 2012.

AUDIT COMMITTEE

The Company established an audit committee ("Audit Committee") 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 Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules. The primary duties of the audit committee, among other things, are to make recommendation to the Board on the appointment, re-appointment and removal of external auditor; review the financial statements and material advice in respect of financial reporting; and oversee internal control procedures of the Company. As at 30 September 2012, the Audit Committee comprises three Independent Non-Executive Directors, namely Dr. Kong Shin Long, Johnny, Mr. Hu Zhaoguang and Mr. Bai Jinrong. On 13 November 2012, Mr. Luo Zhenbang was appointed as the independent non-executive Director and Chairman of the Audit Committee following the retirement of Dr. Kong Shin Long, Johnny.

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

The Group's unaudited condensed consolidated financial statements for the three months ended 30 September 2012 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that such statements comply with applicable accounting standards, GEM Listing Rules and the legal requirements, and that adequate disclosures have been made.

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

Hong Kong, 13 November 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 Mr. Luo Zhenbang.