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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 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 and six months ended 31 December 2012, together with the unaudited comparative figures for the corresponding periods ended 31 December 2011, as follows:

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 31 December 2012
(Expressed in Hong Kong dollars ("HK$"))

		Three months ended 31 December		Six months ended 31 December	
		2012	2011	**2012**	2011
	Note	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue	*4*	**124,316**	72,721	**135,187**	85,200
Cost of sales		**(76,355)**	(21,225)	**(86,015)**	(24,549)
Gross profit	*4(b)*	**47,961**	51,496	**49,172**	60,651
Other revenue		**47**	44	**47**	44
Other net (loss)/income		**(42)**	324	**(76)**	(9)
Selling, general and administrative expenses		**(11,797)**	(9,802)	**(18,619)**	(20,990)
Profit from operations		**36,169**	42,062	**30,524**	39,696
Share of profit/(loss) of an associate		**729**	(1,645)	**(459)**	(1,604)
Profit before taxation	*5*	**36,898**	40,417	**30,065**	38,092
Income tax	*6*	**(7,144)**	(7,048)	**(6,650)**	(8,145)
Profit attributable to equity shareholders of the Company for the period		**29,754**	33,369	**23,415**	29,947
Earnings per share					
– Basic *(HK$)*	*7(a)*	**0.0372**	0.0556	**0.0293**	0.0502
– Diluted *(HK$)*	*7(b)*	**0.0370**	N/A	**0.0292**	N/A

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 31 December 2012
(Expressed in HK$)

	Three months ended 31 December		Six months ended 31 December	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Profit for the period	**29,754**	33,369	**23,415**	29,947
Other comprehensive income for the period (before and after tax):				
Item that may be reclassified subsequently to profit or loss:				
Exchange differences on translation into presentation currency	**1,168**	543	**764**	1,212
Total comprehensive income attributable to equity shareholders of the Company for the period	**30,922**	33,912	**24,179**	31,159

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2012
(Expressed in HK$)

	Note	At 31 December 2012 HK$'000	At 30 June 2012 HK$'000
Non-current assets			
Property, plant and equipment	*8*	**1,202**	1,502
Intangible assets	*9*	**35,492**	39,560
Interest in an associate	*10*	**23,063**	23,400
Deferred tax assets		**3,595**	1,911
		63,352	66,373
Current assets			
Inventories	*11*	**32,255**	1,554
Trade and other receivables	*12*	**215,361**	193,458
Cash and cash equivalents	*13*	**233,759**	203,196
		481,375	398,208
Current liabilities			
Trade and other payables	*14*	**175,930**	106,053
Current taxation		**23,820**	18,714
		199,750	124,767
Net current assets		**281,625**	273,441
NET ASSETS		**344,977**	339,814
CAPITAL AND RESERVES	*16*		
Share capital		**8,000**	8,000
Reserves		**336,977**	331,814
TOTAL EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY		**344,977**	339,814

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 31 December 2012
(Expressed in HK$)

	Attributable to equity shareholders of the Company						
	Share capital	Share premium	Capital reserve	Statutory reserves	Exchange reserve	Retained profits	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1 July 2011	1	–	17,564	3,711	2,347	17,333	40,956
Changes in equity for the six months ended 31 December 2011:							
Profit for the period	–	–	–	–	–	29,947	29,947
Other comprehensive income	–	–	–	–	1,212	–	1,212
Total comprehensive income	–	–	–	–	1,212	29,947	31,159
Issuance of shares	82	42,350	–	–	–	–	42,432
Appropriation to reserves	–	–	–	1,970	–	(1,970)	–
	82	42,350	–	1,970	–	(1,970)	42,432
Balance at 31 December 2011 and 1 January 2012	83	42,350	17,564	5,681	3,559	45,310	114,547
Changes in equity for the six months ended 30 June 2012:							
Profit for the period	–	–	–	–	–	50,768	50,768
Other comprehensive income	–	–	–	–	(556)	–	(556)
Total comprehensive income	–	–	–	–	(556)	50,768	50,212
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	–	–	–	7,286	–	(7,286)	–
	7,917	167,138	–	7,286	–	(7,286)	175,055
Balance at 30 June 2012	8,000	209,488	17,564	12,967	3,003	88,792	339,814

	Attributable to equity shareholders of the Company						
	Share capital	**Share premium**	**Capital reserve**	**Statutory reserves**	**Exchange reserve**	**Retained profits**	**Total equity**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1 July 2012	**8,000**	**209,488**	**17,564**	**12,967**	**3,003**	**88,792**	**339,814**
Changes in equity for the six months ended 31 December 2012:							
Profit for the period	**–**	**–**	**–**	**–**	**–**	**23,415**	**23,415**
Other comprehensive income	**–**	**–**	**–**	**–**	**764**	**–**	**764**
Total comprehensive income	**–**	**–**	**–**	**–**	**764**	**23,415**	**24,179**
Dividends approved in respect of the previous year *(Note 16(a)(ii))*	**–**	**–**	**–**	**–**	**–**	**(20,000)**	**(20,000)**
Equity-settled share-based transactions *(Note 15)*	**–**	**–**	**984**	**–**	**–**	**–**	**984**
Appropriation to reserves	**–**	**–**	**–**	**3,429**	**–**	**(3,429)**	**–**
	–	**–**	**984**	**3,429**	**–**	**(23,429)**	**(19,016)**
Balance at 31 December 2012	**8,000**	**209,488**	**18,548**	**16,396**	**3,767**	**88,778**	**344,977**

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
for the six months ended 30 June 2012
(Expressed in HK$)

		Six months ended 31 December	
		2012	2011
	Note	***HK$'000***	*HK$'000*
Cash generated from/(used in) operations		**51,114**	(867)
Interest income received		**16**	44
Income tax (paid)/refunded		**(3,201)**	127
Net cash generated from/(used in) operating activities		**47,929**	(696)
Net cash used in investing activities		**(26)**	(1,780)
Net cash (used in)/generated from financing activities		**(17,353)**	14,699
Net increase in cash and cash equivalents		**30,550**	12,223
Cash and cash equivalents at 1 July	*13*	**203,196**	33,021
Effect of foreign exchange rate changes		**13**	17
Cash and cash equivalents at 31 December	*13*	**233,759**	45,261

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
(Expressed in HK$ unless otherwise indicated)

1 CORPORATE INFORMATION

China City Railway Transportation Technology Holdings Company Limited (the "Company") was incorporated in the Cayman Islands on 7 January 2011 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The shares of the Company were listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 16 May 2012. The condensed consolidated interim financial statements of the Company as at and for the six months ended 31 December 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 interim financial report has been prepared in accordance with the applicable disclosure provisions of Chapter 18 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange, including compliance with International Accounting Standard ("IAS") 34, *Interim financial reporting*, issued by the International Accounting Standards Board (the "IASB"). It was authorised for issue on 5 February 2013.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2012 annual financial statements, except for accounting policy changes that are expected to be reflected in the 2013 annual financial statements. Details of these changes in accounting policies are set out in Note 3.

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

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2012 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs").

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

The financial information relating to the financial year ended 30 June 2012 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 30 June 2012 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 26 September 2012.

3 CHANGES IN ACCOUNTING POLICIES

The IASB has issued several amendments to IFRSs that are first effective for the current accounting period of the Group and of the Company. Of these, the following development is relevant to the Group's financial statements:

- Amendments to IAS 1, *Presentation of financial statements – Presentation of items of other comprehensive income*

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

The amendments to IAS 1 change the title of the statement of comprehensive income to the statement of profit or loss and other comprehensive income and require an entity to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss.

4 REVENUE AND SEGMENT REPORTING

(a) 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, 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 period is as follows:

	Three months ended 31 December		**Six months ended 31 December**	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from the provision of design and implementation of application solution services	**68,041**	35,587	**72,602**	40,528
Revenue from the provision of maintenance of application solution services	**8,033**	6,689	**14,152**	14,091
Sales of application solution software	**977**	–	**977**	–
Sales of application solution related hardware and spare parts	**47,265**	30,445	**47,456**	30,581
	124,316	72,721	**135,187**	85,200

Further details of the Group's principal activities are disclosed below.

(b) Segment reporting

The Group manages its businesses by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following four reportable segments. No operating segments have been aggregated to form the following reportable segments:

- Design and implementation: this segment provides design and implementation of application solution services.
- Maintenance: this segment provides application solution maintenance services.
- Software: this segment designs and sells application solution software.
- Hardware and spare parts: this segment sells application solution related hardware and spare parts.

(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 six months ended 31 December 2012 and 2011. The Group's other income and expense items, such as selling, general and administrative expenses and share of profit/(loss) 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 six months ended 31 December 2012 and 2011 is set out below.

	Three months ended 31 December 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	**68,041**	**8,033**	**977**	**47,265**	**124,316**
Reportable segment gross profit/(loss)	**39,358**	**7,006**	**(54)**	**1,651**	**47,961**

	Three months ended 31 December 2011				
	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	35,587	6,689	–	30,445	72,721
Reportable segment gross profit	26,594	5,938	–	18,964	51,496

	Six months ended 31 December 2012				
	Design and implementation	**Maintenance**	**Software**	**Hardware and spare parts**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Revenue from external customers and reportable segment revenue	**72,602**	**14,152**	**977**	**47,456**	**135,187**
Reportable segment gross profit/(loss)	**39,743**	**10,958**	**(3,276)**	**1,747**	**49,172**

	Six months ended 31 December 2011				
	Design and implementation	Maintenance	Software	Hardware and spare parts	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers and reportable segment revenue	40,528	14,091	–	30,581	85,200
Reportable segment gross profit	30,668	10,897	–	19,086	60,651

5 PROFIT BEFORE TAXATION

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

(a) Staff costs:

	Three months ended 31 December		**Six months ended 31 December**	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Salaries, wages and other benefits	**6,694**	7,375	**12,016**	11,031
Contributions to defined retirement plans	**234**	118	**396**	258
Equity-settled share-based payment expenses *(see Note 15)*	**394**	–	**984**	–
	7,322	7,493	**13,396**	11,289

(b) **Other items:**

	Three months ended 31 December		Six months ended 31 December	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Cost of inventories *(Note 11(b))*	**56,680**	12,560	**57,153**	12,856
Depreciation and amortisation	**1,194**	185	**4,586**	321
Operating lease charges in respect of office premises	**719**	723	**1,307**	1,225
Interest income	**(9)**	(17)	**(16)**	(44)
Net foreign exchange loss/(gain)	**9**	(14)	**11**	(2)

6 INCOME TAX

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

	Three months ended 31 December		Six months ended 31 December	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Current taxation:				
– Hong Kong Profits Tax	**442**	–	**714**	879
– The People's Republic of China (the "PRC") Corporate Income Tax	**6,681**	7,038	**6,205**	7,256
– PRC Withholding Tax	**1,388**	–	**1,388**	–
	8,511	7,038	**8,307**	8,135
Deferred taxation:				
– Origination and reversal of temporary differences	**(118)**	10	**(408)**	10
– Effect on deferred tax balance resulting from a change in tax rate	**(1,249)**	–	**(1,249)**	–
	(1,367)	10	**(1,657)**	10
	7,144	7,048	**6,650**	8,145

The Company and the subsidiaries of the Group incorporated in Hong Kong are subject to Hong Kong Profits Tax rate of 16.5% for the six months ended 31 December 2012 (six months ended 31 December 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 is subject to PRC Corporate Income Tax rate of 25% for the six months ended 31 December 2012 (six months ended 31 December 2011: 25%). This subsidiary has obtained an approval from the tax bureau to be taxed as an enterprise with advanced and new technologies, and therefore enjoys a preferential PRC Corporate Income Tax rate of 15% for the calendar years from 2010 to 2012.

Pursuant to the PRC Corporate Income Tax Law, non-resident which have an establishment or place of business in the PRC but the relevant income is not effectively connected with the establishment or place of business in the PRC, are subject to PRC income tax at the rate of 10% on various types of passive income including dividends derived from sources in the PRC (the "PRC Withholding Tax"). The dividends distributed by the PRC subsidiary of the Group to its immediate holding company in Hong Kong is subject to the PRC Withholding Tax.

7 BASIC AND DILUTED EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the three months ended 31 December 2012 is based on the profit attributable to ordinary equity shareholders of the Company of HK$29,754,000 (three months ended 31 December 2011: HK$33,369,000) and the weighted average of 800,000,000 ordinary shares (three months ended 31 December 2011: 600,000,000 ordinary shares) in issue during the three months ended 31 December 2012, calculated as follows:

	Three months ended 31 December	
	2012	2011
	'000	*'000*
Issued ordinary shares at 1 October	**800,000**	11
Effect of capitalisation issue on 16 May 2012	**–**	599,989
Weighted average number of ordinary shares at 31 December	**800,000**	600,000

The calculation of basic earnings per share for the six months ended 31 December 2012 is based on the profit attributable to ordinary equity shareholders of the Company of HK$23,415,000 (six months ended 31 December 2011: HK$29,947,000) and the weighted average of 800,000,000 ordinary shares (six months ended 31 December 2011: 596,774,000 ordinary shares) in issue during the six months ended 31 December 2012, calculated as follows:

	Six months ended 31 December	
	2012	2011
	'000	*'000*
Issued ordinary shares at 1 July	**800,000**	–
Effect of shares issued to the controlling shareholders of the Company on 7 January and 6 July 2011 and the related capitalisation issue on 16 May 2012	**–**	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	**–**	115,506
Weighted average number of ordinary shares at 31 December	**800,000**	596,774

(b) Diluted earnings per share

The calculation of diluted earnings per share for the three and six months ended 31 December 2012 is based on the profit attributable to ordinary equity shareholders of the Company of HK$29,754,000 and HK$23,415,000 and the weighted average of 804,582,000 and 801,279,000 ordinary shares in issue during the three and six months ended 31 December 2012, respectively, calculated as follows:

	Three months ended 31 December 2012 *'000*	Six months ended 31 December 2012 *'000*
Weighted average number of ordinary shares at 31 December	**800,000**	**800,000**
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	**4,582**	**1,279**
Weighted average number of ordinary shares (diluted) at 31 December	**804,582**	**801,279**

There were no dilutive potential ordinary shares for the three and six months ended 31 December 2011.

8 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2012, the Group acquired items of property, plant and equipment with a cost of HK$56,000 (six months ended 31 December 2011: HK$988,000). Items of property, plant and equipment with a net book value of HK$30,000 were disposed of during the six months ended 31 December 2012 (six months ended 31 December 2011: HK$Nil), resulting in a net loss on disposal of HK$30,000 (six months ended 31 December 2011: HK$Nil).

9 INTANGIBLE ASSETS

Intangible assets of the Group at 31 December 2012 mainly comprise self-developed software with a carrying amount of HK$34,705,000 (30 June 2012: HK$38,768,000).

During the six months ended 31 December 2012, the management of the Group reviewed the estimated useful lives of all of its intangible assets and concluded that due to the market development of the public transport sector in the PRC, these intangible assets are expected to be utilised beyond their original estimated useful lives. As a result, the Group has revised the estimated useful lives of its self-developed software from 4 to 10 years.

The effect of this change on actual and expected amortisation expenses, including in "cost of sales", in current and future periods is as follows:

	Six months ended 31 December	Six months ending 30 June	Years ending 30 June	
	2012	**2013**	**2014 and 2015**	**2016 to 2021**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
(Decrease)/increase in amortisation expenses per period/year	(2,217)	(4,434)	(8,868)	4,064

10 INTEREST IN AN ASSOCIATE

	At 31 December 2012 *HK$'000*	At 30 June 2012 *HK$'000*
Share of net assets	**23,063**	23,400

The following contains the particulars of the Group's associate, which is an unlisted entity:

Name of associate	Place of establishment and operations	Particulars of registered and paid-up capital	The Group's effective interest held by a subsidiary	Principal activities
Beijing BII-ERG Transportation Technology Co., Ltd.* ("BII ERG") 北京京投億雅捷交通科技有限公司	The PRC	Renminbi ("RMB") 20,000,000	44%	Transit system software and technology research and development; system integration; provision of technology transfer, training, consulting and services; and sale of developed products

* The English translation of the name is for reference only and the official name of this entity is in Chinese.

Summary financial information on BII ERG, not adjusted for the percentage ownership held by the Group or unrealised profits and losses resulting from transactions between the Group and BII ERG, is listed below:

	Assets *HK$'000*	Liabilities *HK$'000*	Equity *HK$'000*	Revenue *HK$'000*	Net loss *HK$'000*
31 December 2012	**336,837**	**284,421**	**52,416**	**162,757**	**1,043**
30 June 2012	183,467	130,285	53,182	74,743	10,130

11 INVENTORIES

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

	At 31 December 2012 *HK$'000*	At 30 June 2012 *HK$'000*
Spare parts	**32,255**	1,554

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

	Three months ended 31 December		Six months ended 31 December	
	2012 *HK$'000*	2011 *HK$'000*	**2012** *HK$'000*	2011 *HK$'000*
Carrying amount of inventories sold	**56,680**	12,560	**57,153**	12,856

12 TRADE AND OTHER RECEIVABLES

	At 31 December 2012 *HK$'000*	At 30 June 2012 *HK$'000*
Trade receivables due from:		
(Notes 12(a), 12(b) and 12(d))		
– third parties	**149,588**	135,708
– an associate of the Group	**977**	–
	150,565	135,708
Gross amount due from		
customers for contract work: *(Note 12(c))*		
– third parties	**47,714**	46,359
– an affiliate of an equity shareholder of the Company	**1,211**	2,062
	48,925	48,421
Amounts due from related parties:		
(Note 12(e))		
– equity shareholders of the Company and their affiliates	**1,078**	835
– an associate of the Group	**6,152**	–
	7,230	835
Prepayments, deposits and other receivables	**8,641**	8,494
	215,361	193,458

Except for HK$301,000 (30 June 2012: HK$353,000), all of the trade and other receivables are expected to be settled or recognised as expense within one year. For project contracts, the Group generally requires customers to settle billings in accordance with contracted terms, whereas for sales of goods and provision of services, the Group generally requires customers to settle immediately after the completion of the related transactions. Credit terms of one to three years may be granted to customers for retention receivables.

(a) Ageing analysis

Included in trade and other receivables are trade receivables with the following ageing analysis as of the end of the reporting period:

	At 31 December 2012 *HK$'000*	At 30 June 2012 *HK$'000*
Within 1 month	**57,947**	97,300
More than 1 month but less than 3 months	**1,090**	3,442
More than 3 months but less than 6 months	**6**	6,338
More than 6 months	**91,522**	28,628
	150,565	135,708

(b) Trade receivables that are not impaired

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

	At 31 December 2012 *HK$'000*	At 30 June 2012 *HK$'000*
Current	**301**	353
Less than 1 month past due	**57,947**	97,261
1 to 3 months past due	**1,090**	3,387
3 to 6 months past due	**–**	6,320
More than 6 months past due	**91,227**	28,387
	150,565	135,708

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 31 December 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$68,136,000 (30 June 2012: HK$32,609,000).

(d) Retention receivables

At 31 December 2012, included in trade receivables are retention receivables in respect of project contracts of HK$301,000 (30 June 2012: HK$353,000).

(e) Amounts due from related parties

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

13 CASH AND CASH EQUIVALENTS

	At 31 December 2012 HK$'000	At 30 June 2012 HK$'000
Cash at bank and in hand	**233,759**	203,196

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

14 TRADE AND OTHER PAYABLES

	At 31 December 2012 HK$'000	At 30 June 2012 HK$'000
Trade payables due to:		
– third parties	**42,385**	24,821
– an associate of the Group	**104,286**	53,992
– affiliates of an equity shareholder of the Company	**8,534**	6,743
	155,205	85,556
Other taxes payables	**14,524**	18,139
Accrued expenses and other payables	**6,201**	2,358
	175,930	106,053

At 31 December 2012, all of the trade and other payables are repayable within one year or on demand.

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

	At 31 December 2012 HK$'000	At 30 June 2012 HK$'000
Due within 1 month or on demand	**155,205**	85,556

15 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

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 (i) any employee or proposed employee (whether full-time or part-time) of any member of the Group or any entity in which any member of the Group holds an equity interest ("Invested Entity"); (ii) any executive or non-executive directors including independent non-executive directors of any member of the Group or any Invested Entity; (iii) any supplier of goods or services to any member of the Group or any Invested Entity; (iv) any customer of any member of the Group or any Invested Entity; (v) any shareholder of any member of the Group or any Invested Entity; or (vi) any other group or classes of participants from time to time determined by the Directors of the Company as having contributed or may contribute by way of joint ventures, business alliances or other business arrangements to the developments and growth of the Group, to take up options at HK$1.00 as consideration to subscribe for shares of the Company. For the options granted, 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 granted will lapse on 25 July 2017. Each option gives the holder the right to subscribe for one ordinary share in the Company.

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

	Number of instruments	Vesting conditions	Contractual life of options
Options granted to directors:			
– on 26 July 2012	480,000	One year from the date of grant	5 years
– on 26 July 2012	1,200,000	Two years from the date of grant	5 years
– on 26 July 2012	720,000	Three years from the date of grant	5 years
Options granted to employees:			
– on 26 July 2012	7,360,000	One year from the date of grant	5 years
– on 26 July 2012	18,400,000	Two years from the date of grant	5 years
– on 26 July 2012	11,040,000	Three years from the date of grant	5 years
Total share options granted	39,200,000		

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

	Six months ended 31 December 2012	
	Weighted average exercise price	**Number of options**
Outstanding at the beginning of the period	**–**	**–**
Granted during the period	**HK$0.656**	**39,200,000**
Forfeited during the period	**HK$0.656**	**(3,060,000)**
Outstanding at the end of the period	**HK$0.656**	**36,140,000**
Exercisable at the end of the period	–	–

The options outstanding at 31 December 2012 had an exercise price of HK$0.656 and a weighted average remaining contractual life of 4.57 years.

(c) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on the Black-Scholes model. The expected life of the share options is used as an input into this model. Expectations of early exercise are incorporated into the Black-Scholes model.

Fair value of share options and assumptions

Fair value at measurement date	HK$0.1088 to HK$0.1968
Share price	HK$0.630
Exercise price	HK$0.656
Expected volatility (expressed as weighted average volatility used in the modelling under the Black-Scholes model)	34.83%
Option life (expressed as weighted average life used in the modelling under the Black-Scholes model)	3.5 years
Expected dividends	Nil
Risk-free interest rate (based on Exchange Fund Notes of Hong Kong)	0.171% to 0.209%

The expected volatility is based on the historical volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share options granted.

16 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

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

The Directors of the Company do not recommend the payment of an interim dividend for the six months ended 31 December 2012 (six months ended 31 December 2011: HK$Nil).

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

	Six months ended 31 December	
	2012	2011
	HK$'000	*HK$'000*
Final dividends in respect of the previous financial year, approved during the following interim period, of HK$0.025 per ordinary share (six months ended 31 December 2011: HK$Nil per ordinary share)	**20,000**	–

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

Exercise period	Exercise price	At 31 December 2012 Number
26 July 2013 to 25 July 2017	HK$0.656	**7,228,000**
26 July 2014 to 25 July 2017	HK$0.656	**18,070,000**
26 July 2015 to 25 July 2017	HK$0.656	**10,842,000**
		36,140,000

Each option entitles the holder to subscribe for one ordinary share in the Company. Further details of these options are set out in Note 15 to the interim financial report.

17 OPERATING LEASE COMMITMENTS

At 31 December 2012, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 31 December 2012 *HK$'000*	At 30 June 2012 *HK$'000*
Within 1 year	**2,472**	2,472
After 1 year but within 5 years	**3,300**	4,009
	5,772	6,481

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.

18 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the balances disclosed elsewhere in this interim financial report, the material related party transactions entered into by the Group during the six months ended 31 December 2012 are set out below.

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

	Six months ended 31 December	
	2012 *HK$'000*	2011 *HK$'000*
Provision of design and implementation of application solution services	**1,211**	3,486
Technical service costs	**1,271**	–
Net increase in advances granted	**243**	–

(b) Transactions with an associate of the Group

	Six months ended 31 December	
	2012	2011
	HK$'000	*HK$'000*
Sales of application solution software	**977**	–
Technical service costs	**1,086**	551
Purchase of application solution related hardware and spare parts	**63,261**	–
Net increase in advances granted	**6,152**	–

(c) Key management personnel remuneration

	Six months ended 31 December	
	2012	2011
	HK$'000	*HK$'000*
Short-term employee benefits	**3,785**	3,904
Retirement scheme contributions	**38**	24
Equity compensation benefits	**275**	–
	4,098	3,928

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

In the first half of financial year 2013, the business of the Group mainly focused on the (i) development of design and implementation of public transport system application solutions services and related hardware and spare parts sales; (ii) development of public transport system hardware and application solutions maintenance services; (iii) expansion of new customer base; and (iv) execution of acquisition plan. For the six months ended 31 December 2012, our revenue grew by approximately 59% as compared with the corresponding period of the previous year; however, due to increase in cost, our net profit dropped by approximately 22%.

Vigorous Development of Design and Implementation of Public Transport System Application Solutions Services and related Hardware and Spare Parts Sales

For the six months ended 31 December 2012, revenue from our design and implementation services of application solutions for public transport systems and related hardware and spare parts sales increased by approximately 69% as compared with the corresponding period of financial year 2012. Such increase was mainly attributable to the award of the tender for works related to the construction of phase II of railway transport command centre of Beijing Subway to 億雅捷交通系統（北京）有限公司 (ERG Transit Systems (Beijing) Ltd*) ("ERG BJ") tendered by 北京軌道交通路網管理有限公司 (Beijing Metro Network Administration Co., Ltd*). ERG BJ will provide the following services including (i) the establishment of the information control centre system ("ICC system"); and (ii) the expansion of the existing capacity of the automated fare collection clearing centre system ("ACC System") (phase I) and the traffic control centre system ("TCC System") (phase II). Total contract sum amounted to approximately RMB184,536,000, among which approximately RMB113,350,627 was undertaken by ERG BJ, demonstrating that we maintain high market share at the network level of public transport systems in Beijing.

Stable Development of Public Transport System Hardware and Application Solutions Maintenance Services

For the six months ended 31 December 2012, revenue from our public transport system hardware and application solutions maintenance services increased slightly by approximately 0.4% as compared with the corresponding period of the previous year. Revenue from maintenance services continued to provide a stable income stream to the Group. Both ERG Transit Systems (HK) Limited and ERG BJ maintained a stable customer base, and continued to deliver high-quality, long-term and effective services to Citybus Limited, New World First Bus Services Limited, New World First Ferry Services Limited and Beijing Subway.

Expansion of New Customer Base

For the six months ended 31 December 2012, the Group endeavored to expand new customer base and focused on identifying more quality business partners. The Group managed to enter into a technical consultancy agreement with 北京京港地鐵有限公司 (Beijing MTR Corporation Limited*) ("Beijing-MTR") in December 2012, pursuant to which the Group was engaged in the provision of technical consultancy services in relation to (i) the multi-line operation; (ii) the demand analysis, system design and implementations and project management of the multiple line centre (MLC) construction project; (iii) the establishment and optimisation of the fare operation and revenue management system; (iv) the establishment of the automated fare collection (AFC) system for the subway; and (v) the passenger information system (PIS) value-added business platform. The Group aims to carry out more and further cooperation with Beijing-MTR going forward.

Execution of acquisition plan

In November 2012, the Company entered into a Memorandum of Understanding with 北京市基礎設施投資有限公司 (Beijing Infrastructure Investment Co., Ltd.*) ("BII"), one of the shareholder which held approximately 9.95% of the issued share capital of the Company, for the proposed acquisition of 46% equity interests in 北京京投億雅捷交通科技有限公司 (Beijing BII-ERG Transportation Technology Co. Ltd.*) ("BII-ERG"). BII-ERG was established in the PRC on 10 September 2009 and is principally engaged in the provision of software and hardware in application solutions and products for subsystems of the ACC System, the TCC System and the PIS control centre system ("PCC System") at the line level of the public transport systems. Such proposed acquisition will not only enable a more efficient integration of the systems at both line level and network level and ensure the compatibility of the systems at these two levels, but it could also help the Group to maintain and manage the systems more efficiently. Upon completion of the proposed acquisition, the competitive edge of the Group in the provision of application solutions services for public transport systems will be fully enhanced.

Financial Review

Revenue

The Group's revenue increased by approximately 59% from approximately HK$85,200,000 for the six months ended 31 December 2011 to approximately HK$135,187,000 for the six months ended 31 December 2012. The increase was mainly attributable to the growth in revenue from i) the sales of application solution related hardware and spare parts as well as the provision of design and implementation of application solution services in relation to the Beijing railway transport command centre phase II project ("TCC phase II Project"); ii) the replacement of gate electronic for MTR Corporation Limited East Railway Line; and iii) the ACC System and TCC System Integration Project for Beijing subway ("ACC/TCC Integration Project").

Cost of sales

The Group's cost of sales increased by approximately 250% from approximately HK$24,549,000 for the six months ended 31 December 2011 to approximately HK$86,015,000 for the six months ended 31 December 2012. The increase was mainly attributable to i) the rise in costs incurred for the purchase of materials as a result of increase in sales of application solution related hardware and spare parts; and ii) the increase in subcontracting fees related to TCC phase II Project and the ACC/TCC Integration Project.

Gross profit

The Group's gross profit decreased by approximately 19% from approximately HK$60,651,000 for the six months ended 31 December 2011 to approximately HK$49,172,000 for the six months ended 31 December 2012. The decrease was mainly attributable to the increase in i) cost of materials owing to the provision of more projects that involved hardware installation; and ii) subcontracting fees.

Selling, general and administrative expenses

The Group's selling, general and administrative expenses decreased by approximately 11% from approximately HK$20,990,000 for the six months ended 31 December 2011 to approximately HK$18,619,000 for the six months ended 31 December 2012. The decrease was mainly attributable to the fall in the one off listing related legal and professional fees incurred during previous period.

Profit attributable to equity shareholders of the Company

The Group's profit attributable to equity shareholders of the Company decreased by approximately 22% from approximately HK$29,947,000 for the six months ended 31 December 2011 to approximately HK$23,415,000 for the six months ended 31 December 2012. The decrease was mainly attributable to i) the rise in cost of materials due to the provision of projects that involved more hardware installation; and ii) the increase in subcontracting fees.

Liquidity, Financial and Capital Resources

Capital structure

As at 31 December 2012, the Company's total number of issued shares was 800,000,000 ordinary shares of HK$0.01 each (30 June 2012: 800,000,000 ordinary shares of HK$0.01 each).

Cash position

As at 31 December 2012, the Group's cash and cash equivalents amounted to approximately HK$233,759,000 (30 June 2012: approximately HK$203,196,000).

Bank borrowing and charges on the Group's assets

As at 31 December 2012, the Group has no bank borrowings or charges on assets.

Working capital and gearing ratio

As at 31 December 2012, the Group had current assets of approximately HK$481,375,000 (30 June 2012: approximately HK$398,208,000), while its current liabilities was approximately HK$199,750,000 (30 June 2012: approximately HK$124,767,000), resulting a net current assets of approximately HK$281,625,000 (30 June 2012: approximately HK$273,441,000). Current ratio as at 31 December 2012, calculated based on current assets divided by current liabilities, was approximately 2.4 (30 June 2012: approximately 3.2).

Gearing ratio is calculated based on total debt at the end of the period divided by total assets at the end of the period multiplied by 100%. As at 31 December 2012, the Group was at a net cash position without any bank borrowings, long term debts and payables incurred not in the ordinary course of business, the gearing ratio was Nil (30 June 2012: Nil).

Foreign Exchange Exposure

The Group has two main operating subsidiaries, one located in Hong Kong and the other in the PRC; both subsidiaries mainly earn revenue and incur cost in its local currency. The Directors consider the impact of foreign exchange exposure of the Group is minimal.

Contingent Liabilities

As at 31 December 2012, the Group had no material contingent liabilities.

Employees and Remuneration Policies

As at 31 December 2012, the Group had 75 employees (including executive Directors) (30 June 2012: 66). The total staff costs, including Directors' remuneration, were approximately HK$13,396,000 (for the six months ended 31 December 2011: HK$11,289,000).

Remuneration package are reviewed annually with reference to market conditions and individual employees' performance, qualification and experience. In addition to basic salaries, bonuses will be paid based on the Group's performance and individual employees' contribution. Other staff benefits include share options, contributions to the PRC social insurance scheme, contributions to Hong Kong Mandatory Provident Fund scheme and insurance.

Significant Investments Held, Material Acquisitions or Disposals of Subsidiaries and Affiliated Companies, and Plans for Material Investments or Capital Assets

There were no significant investments held, material acquisition or disposal of subsidiaries and affiliated companies during the six months ended 31 December 2012.

Save for the business plan as disclosed in the Company's prospectus dated 3 May 2012 ("Prospectus") and the proposed acquisition of the 46% equity interests in BII-ERG that had been announced on 7 November 2012 on the websites of the Company and the Stock Exchange, there is no other plan for material investments or capital assets as at 31 December 2012.

Interim Dividend

The board of Directors (the "Board") does not recommend the payment of an interim dividend for the six months ended 31 December 2012 (for the six months ended 31 December 2011: Nil).

Outlook

According to the 12th Five-Year Plan of Beijing, it is foreseeable that two new railway lines of Beijing subway would need to be integrated in the ACC System and the TCC System in the second half of the financial year 2013. Meanwhile, the Group will continue to execute the contracts on the tenders in relation to the constructions of phase II of the railway transport command centre of Beijing Subway signed in September 2012 and October 2012 respectively in the second half of the financial year 2013. 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.

In addition, in January 2013 ERG Transit System (HK) Limited ("ERG HK"), a wholly-owned subsidiary of the Group, signed with MTR Corporation Limited ("MTR Corporation") a contract in relation to the replacement of MTR Light Rail ticket issuing machines in a fixed contract sum of approximately HK $36.6 million. The awarded tenders will bring new opportunities for further cooperation and business relationship between the Group and MTR Corporation. This has highlighted the Group's competitive strength in this sector.

In the second half of the financial year 2013, the Group will intensify its efforts to develop further cooperation with Beijing Subway and MTR Corporation and develop more quality new strategic customers.

The proposed acquisition of BII-ERG from BII will proceed as scheduled, which is expected to be completed in the financial year 2013, with an aim to comprehensively enhance the Group's competitive strength in the fields of public transportation information system solutions.

As mentioned in the Prospectus, the Group will continue to enhance its expertise and knowhow for the development of new products, 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 PCC System, so as to enhance its reputation and expand our sources of revenue. While we are implementing our long-term goal towards commercialising and standardising the application solutions, we will also continue to build on our industry experiences, expand its 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.

Comparison of Business Plan with Actual Business Progress

The following is a comparison of the Group's business plan as set out in the Prospectus with actual business progress for the six months ended 31 December 2012. Capitalised terms used herein shall have the same meanings as those defined in the Prospectus unless the context requires otherwise.

Business Plan up to 31 December 2012 as set out in the Prospectus	**Actual Business Progress up to 31 December 2012**
Expand our business	
• Acquisition of/investment in TCC System application solutions provider(s)	The Group is still in search of appropriate investment opportunities
Enhance our expertise and technical know-how on development of new application solutions	
• Enhancing the capacity of our current software and database for the ACC System	The Group has developed six software products and five of them have obtained Computer Software Copyright Registration Certificates from the National Copyright Administration of the People's Republic of China. These products include data processing software, communication management software, integrated monitoring and control software, system assessment platform and IC card metering system software for waste disposal facilities
• Participation in the construction of Phase II of the TCC System of Beijing Subway	The Group has won the tender for the construction of Phase II of the TCC System of Beijing Subway and the work is in progress

Enhancing our reputation

• Development of application solutions for the PCC system	The Group has completed the research on the PCC system and has now moved on to its development stage

Enhancing our customer base

• Expansion of our customer base by the Group through participation in industry promotional events and other marketing activities	The Group has participated in a number of industry related exhibition and marketing activities to exchange market intelligence with fellow business counterparts and promote our business to potential customers

Use of Proceeds

The net proceeds from the global offering of the shares of the Company ("Global Offering") were approximately HK$175.1 million, which was based on the final Global Offering price of HK$1.0 per share and the actual expenses related to the Listing. Accordingly, the Group adjusts the use of proceeds in the same manner and proportion as shown in the Prospectus.

During the period from 16 May 2012 ("Listing Date") to 31 December 2012, the net proceeds from the Global Offering had been applied as follows:

	Use of proceeds in the same manner and proportion as shown in the Prospectus from the Listing Date to 31 December 2012 *HK$ million*	**Actual use of proceeds from the Listing Date to 31 December 2012** *HK$ million*
Expand our business	28.0	–
Enhance our expertise and technical know-how on development of new application solutions	19.3	58.5
Enhancing our reputation	11.0	5.8
Enhancing our customer base	2.0	2
Working capital	5.1	5.1
	65.4	71.4

Note: Actual use of proceeds was higher as compared to the adjusted net proceeds which was mainly attributable to the increase in actual costs incurred for the construction of Phase II of the TCC System of the Beijing Subway.

The Directors will constantly evaluate the Group's business objective and will change or modify plans against the changing market condition to ascertain the business growth of the Group.

All the unutilised balances have been placed in licensed banks in Hong Kong.

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 31 December 2012, the interests of the Directors and chief executives in the shares, underlying shares or debentures of the Company or its associated corporations (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/Interest of concert parties *(Note 1)*	481,267,527	–	60.16%
	Beneficial owner *(Note 2)*	–	800,000	0.1%
Mr. Chen Rui ("Mr. Chen")	Interest in a controlled corporation/Interest of concert parties *(Note 1)*	481,267,527	–	60.16%
	Beneficial owner *(Note 2)*	–	800,000	0.1%
Mr. Steven Bruce Gallagher ("Mr. Gallagher")	Beneficial owner *(Note 2)*	–	800,000	0.1%

Notes:

1. Pursuant to the confirmation of concert party arrangement dated 29 November 2012 entered into by More Legend Limited ("More Legend"), Vix Technology (East Asia) Limited ("Vix East Asia") and Landcity Limited ("Landcity"), they have confirmed that they are parties acting in concert in the operation and management of ERG Transportation Greater China Company Limited and the Company since the Listing Date. Accordingly, each person under the concert party arrangement is taken to be interested in the shares of the Company that the other party is interested under the SFO.

2. On 26 July 2012, each of Mr. Cao, Mr. Chen and Mr. Gallagher were 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 31 December 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 or any of 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 31 December 2012, other than the Directors 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
More Legend	Beneficial owner /Interest of concert parties *(Notes 1 & 2)*	481,267,527	60.16%
Vix East Asia	Beneficial owner /Interest of concert parties *(Notes 2 & 3)*	481,267,527	60.16%
Landcity	Beneficial owner/Interest of concert parties *(Notes 2 & 4)*	481,267,527	60.16%
Sino Choice Trust	Interest in a controlled corporation/Interest of concert parties *(Note 5)*	481,267,527	60.16%
Vix Holdings Limited ("Vix Holdings")	Interest in a controlled corporation/Interest of concert parties *(Note 6)*	481,267,527	60.16%
Ms. Wang Jiangping ("Ms. Wang")	Interest of spouse *(Note 7)*	481,267,527	60.16%
Ms. Jiang Wenjun ("Ms. Jiang")	Interest of spouse *(Note 8)*	481,267,527	60.16%
Beijing Infrastructure Investment (Hong Kong) Limited ("BII HK")	Beneficial owner *(Note 9)*	79,584,969	9.95%
BII	Interest in a controlled corporation *(Note 10)*	79,584,969	9.95%

Notes:

1. More Legend is the legal and beneficial owner of approximately 33.69% of the entire issued share capital of the Company. 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.

2. Pursuant to the confirmation of concert party arrangement dated 29 November 2012 entered into by More Legend, Vix East Asia and Landcity, they have confirmed that they are parties acting in concert in the operation and management of ERG Transportation Greater China Company Limited and the Company since the Listing Date. Accordingly, each person under the concert party arrangement is taken to be interested in the shares of the Company that the other party is interested under the SFO.

3. Vix East Asia is the legal and beneficial owner of approximately 18.05% of the entire issued share capital of the Company.

4. Landcity is the legal and beneficial owner of approximately 8.42% of the entire issued share capital of the Company.

5. Sino Choice Trust holds 100% of Landcity as trustee in favour of Mr. Chen and Ms. Jiang.

6. Vix East Asia is a wholly owned subsidiary of Vix Holdings.

7. 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.

8. Ms. Jiang is the spouse of Mr. Chen and is deemed to be interested in 481,267,527 shares of the Company held by Landcity.

9. BII HK is a wholly owned subsidiary of BII.

10. 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 31 December 2012, according to the register 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.

Directors' Rights to Acquire Shares or Debentures

Save as 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" and in the section "Share Option Scheme", at no time during the six months ended 31 December 2012 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse 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 during the six months ended 31 December 2012.

Compliance Adviser's Interest in the Company

As at 31 December 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 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 period under review. The Company was not aware of any non-compliance during the six months ended 31 December 2012.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 December 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, and (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 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; and (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 21 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 31 December 2012, there were 36.14 million outstanding share options granted under the Share Option Scheme, details as follows:

						Number of Share Options				
Name	**Position/ Capacity**	**Date of grant**	**Exercise price**	**Vesting period**	**Exercise period**	**Balance as at 1 July 2012**	**Granted during the period**	**Exercise during the period**	**Cancelled/ lapsed during the period**	**Balance as at 31 December 2012**
			HK$	*(Note)*	*(Note)*					
Mr. Cao	Chief Executive Officer and Executive Director	26 July 2012	0.656	26 July 2012 to 25 July 2013	26 July 2013 to 25 July 2017	–	800,000	–	–	800,000
Mr. Chen	Executive Director	26 July 2012	0.656	26 July 2012 to 25 July 2013	26 July 2013 to 25 July 2017	–	800,000	–	–	800,000
Mr. Gallagher	Non-executive Director	26 July 2012	0.656	26 July 2012 to 25 July 2013	26 July 2013 to 25 July 2017	–	800,000	–	–	800,000
Others	Employees	26 July 2012	0.656	26 July 2012 to 25 July 2013	26 July 2013 to 25 July 2017	–	36,800,000	–	3,060,000	33,740,000
						–	39,200,000.00	–	3,060,000	36,140,000

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.

Corporate Governance Code

The Board considers that the Company has compiled with the code provisions in the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules during the six months ended 31 December 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 paragraphs 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 31 December 2012, the Audit Committee of the Company comprises three independent non-executive Directors, namely Mr. Luo Zhenbang *cpa* (Chairman of the Audit Committee), Mr. Hu Zhaoguang and Mr. Bai Jinrong.

The Audit Committee has reviewed the Group's consolidated financial statements for the six months ended 31 December 2012 ("Interim Financial Statements") and is of the opinion that such statements comply with applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

Auditors

The auditors of the Company, KPMG, has reviewed the Group's Interim Financial Statements and nothing has come to their attention that causes them to believe that such statements have not been prepared, in all material aspects, in accordance with International Accounting Standard 34, *Interim Financial Reporting*.

Changes in Directors

At the annual general meeting of the Company held on 13 November 2012, Dr. Kong Shin Long, Johnny *cpa* retired as independent non-executive Director and chairman of the Audit Committee; meanwhile, Mr. Luo Zhenbang *cpa* was elected as independent non-executive Director. Mr. Luo Zhenbang *cpa* was then appointed as the chairman of the Audit Committee on the same date.

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

Hong Kong, 5 February 2013

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.