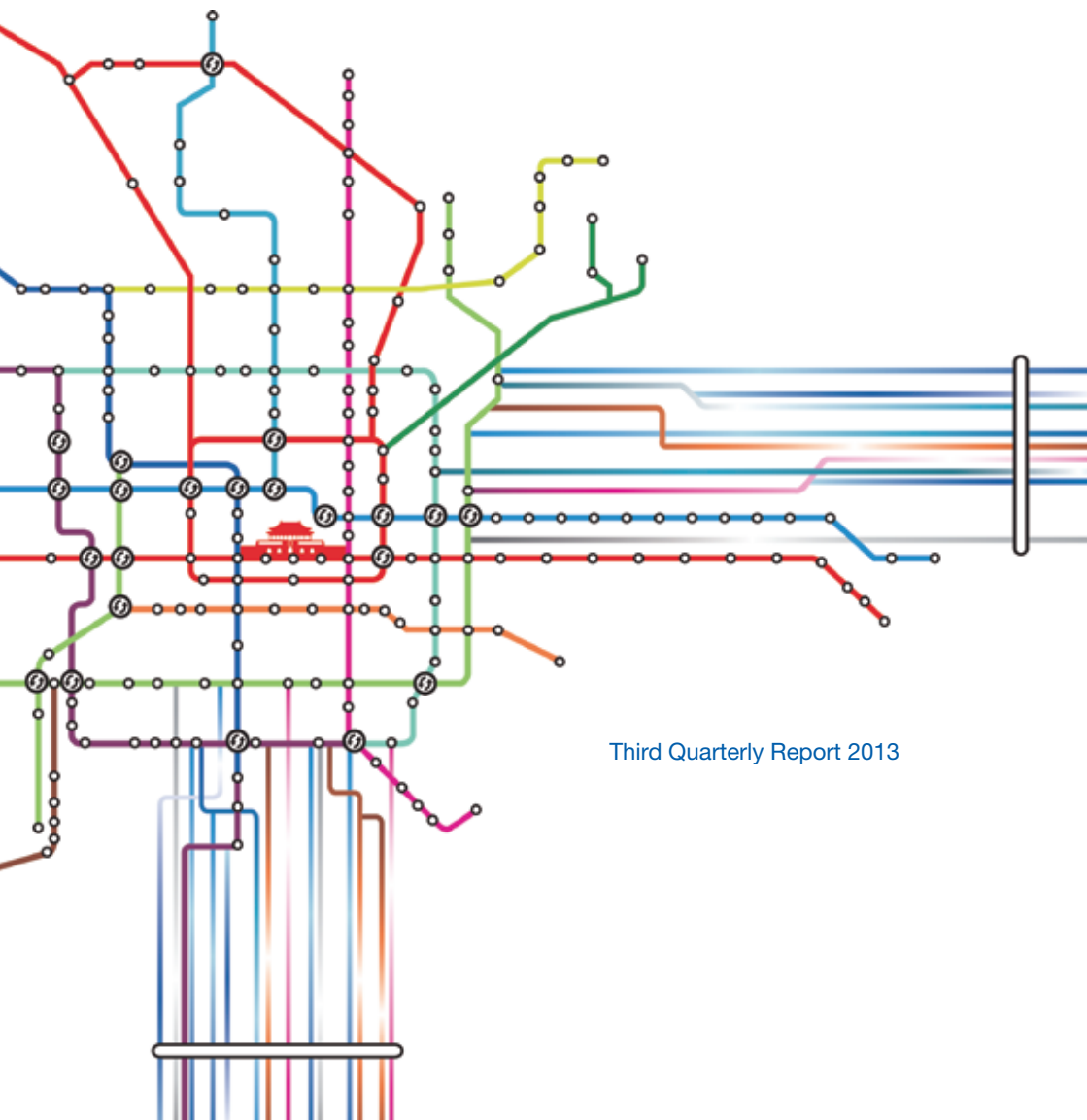


# 中國城市軌道交通科技控股

CHINA CITY RAILWAY TRANSPORTATION TECHNOLOGY

China City Railway Transportation Technology Holdings Company Limited  
(Incorporated in the Cayman Islands with limited liability)

Stock code: 8240



Third Quarterly Report 2013

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## Corporate Information

### Board of Directors

#### Executive Directors

Mr. Cao Wei (*Chief executive officer*)

Mr. Chen Rui

#### Non-Executive Directors

Dr. Tian Zhenqing (*Chairman*)

Mr. Steven Bruce Gallagher

#### Independent Non-Executive Directors

Mr. Hu Zhaoguang

Mr. Bai Jinrong

Mr. Luo Zhenbang *CPA*

(*appointed on 13 November 2012*)

Dr. Kong Shin Long, Johnny *CPA*

(*retired on 13 November 2012*)

### Compliance Adviser

Guotai Junan Capital Limited

### Authorised Representatives

Mr. Cao Wei

Mr. Lau Kwok Fai, Patrick *CPA, FCCA*

### Company Secretary

Mr. Lau Kwok Fai, Patrick *CPA, FCCA*

### Audit Committee

Mr. Luo Zhenbang *CPA (Chairman)*

(*appointed on 13 November 2012*)

Mr. Hu Zhaoguang

Mr. Bai Jinrong

Dr. Kong Shin Long, Johnny *CPA*

(*retired on 13 November 2012*)

### Remuneration Committee

Mr. Hu Zhaoguang (*Chairman*)

Mr. Cao Wei

Mr. Bai Jinrong

### Nomination Committee

Dr. Tian Zhenqing (*Chairman*)

Mr. Hu Zhaoguang

Mr. Bai Jinrong

### Auditors

KPMG

### Legal Advisers to the Company

Chiu & Partners

### Principal Bankers

The Hong Kong and Shanghai Banking Corporation Limited

### Registered Office

Floor 4, Willow House

Cricket Square, PO Box 2804

Grand Cayman, KY1-1112

Cayman Islands

### Head Office and Principal Place of Business in Hong Kong

Unit 4407, 44/F, COSCO Tower

183 Queen's Road Central, Sheung Wan  
Hong Kong

### Principal Share Registrar and Transfer Office

Royal Bank of Canada Trust Company  
(Cayman) Limited

4th Floor, Royal Bank House

24 Shedden Road, George Town

Grand Cayman, KY1-1107

Cayman Islands

### Branch Share Registrar and Transfer Office

Tricor Investor Services Limited

26th Floor, Tesbury Centre

28 Queen's Road East

Wanchai, Hong Kong

### Website

[www.ccrtt.com.hk](http://www.ccrtt.com.hk)

### Stock Code

8240

## Unaudited Consolidated Statement of Profit or Loss

for the nine months ended 31 March 2013

(Expressed in Hong Kong dollars ("HK\$"))

	Note	Three months ended		Nine months ended	
		31 March		31 March	
		2013	2012	2013	2012
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Revenue</b>	4	<b>58,952</b>	8,590	<b>194,139</b>	93,790
Cost of sales		(46,029)	(4,516)	(132,044)	(29,065)
<b>Gross profit</b>		<b>12,923</b>	4,074	<b>62,095</b>	64,725
Other revenue		24	8	71	52
Other net income/(loss)		26	5	(50)	(4)
Selling, general and administrative expenses		(6,886)	(1,339)	(25,505)	(22,329)
<b>Profit from operations</b>		<b>6,087</b>	2,748	<b>36,611</b>	42,444
Share of profit/(loss) of an associate		2,425	(2,875)	1,966	(4,479)
<b>Profit/(loss) before taxation</b>	5	<b>8,512</b>	(127)	<b>38,577</b>	37,965
Income tax	6	(1,585)	(404)	(8,235)	(8,549)
<b>Profit/(loss) attributable to equity shareholders of the Company for the period</b>		<b>6,927</b>	(531)	<b>30,342</b>	29,416
<b>Earnings/(loss) per share</b>					
– Basic (HK\$ cent)	7(a)	0.87	(0.09)	3.79	4.92
– Diluted (HK\$ cent)	7(b)	0.86	N/A	3.78	N/A

## Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the nine months ended 31 March 2013

(Expressed in HK\$)

	Three months ended		Nine months ended	
	31 March		31 March	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit/(loss) for the period	6,927	(531)	30,342	29,416
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	665	(94)	1,429	1,118
<b>Total comprehensive income attributable to equity shareholders of the Company for the period</b>	<b>7,592</b>	<b>(625)</b>	<b>31,771</b>	<b>30,534</b>

# Unaudited Consolidated Statement of Changes in Equity

For the nine months ended 31 March 2013

(Expressed in HK\$)

	Attributable to equity shareholders of the Company						
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Statutory reserves HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Total equity HK\$'000
<b>Balance at 1 July 2011</b>	1	-	17,564	3,711	2,347	17,333	40,956
<b>Changes in equity for the nine months ended 31 March 2012:</b>							
Profit for the period	-	-	-	-	-	29,416	29,416
Other comprehensive income	-	-	-	-	1,118	-	1,118
Total comprehensive income	-	-	-	-	1,118	29,416	30,534
Issuance of shares	82	42,350	-	-	-	-	42,432
Appropriation to reserves	-	-	-	1,970	-	(1,970)	-
	82	42,350	-	1,970	-	(1,970)	42,432
<b>Balance at 31 March 2012 and 1 April 2012</b>	83	42,350	17,564	5,681	3,465	44,779	113,922
<b>Changes in equity for the three months ended 30 June 2012:</b>							
Profit for the period	-	-	-	-	-	51,299	51,299
Other comprehensive income	-	-	-	-	(462)	-	(462)
Total comprehensive income	-	-	-	-	(462)	51,299	50,837
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
<b>Balance at 30 June 2012</b>	8,000	209,488	17,564	12,967	3,003	88,792	339,814

## Unaudited Consolidated Statement of Changes in Equity (continued)

For the nine months ended 31 March 2013

(Expressed in HK\$)

	Attributable to equity shareholders of the Company						
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Statutory reserves HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Total equity HK\$'000
Balance at 1 July 2012	8,000	209,488	17,564	12,967	3,003	88,792	339,814
<b>Changes in equity for the nine months ended 31 March 2013:</b>							
Profit for the period	-	-	-	-	-	30,342	30,342
Other comprehensive income	-	-	-	-	1,429	-	1,429
Total comprehensive income	-	-	-	-	1,429	30,342	31,771
Dividends approved in respect of the previous year (Note 8(b))	-	-	-	-	-	(20,000)	(20,000)
Equity-settled share-based transactions	-	-	1,599	-	-	-	1,599
Appropriation to reserves	-	-	-	3,008	-	(3,008)	-
	-	-	1,599	3,008	-	(23,008)	(18,401)
Balance at 31 March 2013	8,000	209,488	19,163	15,975	4,432	96,126	353,184

# Notes to the Unaudited Condensed Consolidated Financial Information

*(Expressed in HK\$ unless otherwise indicated)*

## 1 CORPORATE INFORMATION

China City Railway Transportation Technology Holdings Company Limited (the “Company”) was incorporated in the Cayman Islands on 7 January 2011 as an exempted company with limited liability under the Companies Law, 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 for the nine months ended 31 March 2013 comprises 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 nine months ended 31 March 2013 (the “Third 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, 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 Third Quarterly Financial Information contains unaudited consolidated statement of profit or loss, unaudited consolidated statement of profit or loss and other 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 Third 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 Third Quarterly Financial Information has not been audited by the Company’s auditors.



### **3 CHANGES IN ACCOUNTING POLICIES**

The International Accounting Standards Board has issued several amendments to IFRSs that are first effective for the current accounting period of the Group. 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.

**Notes to the Unaudited Condensed Consolidated Financial Information** *(continued)*  
*(Expressed in HK\$ unless otherwise indicated)*

**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, sales of application solution software, 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		Nine months ended	
	31 March		31 March	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from the provision of design and implementation of application solution services	15,544	1,071	88,146	41,599
Revenue from the provision of maintenance of application solution services	6,485	7,357	20,637	21,448
Sales of application solution software	7,076	–	8,053	–
Sales of application solution related hardware and spare parts	29,847	162	77,303	30,743
	<b>58,952</b>	8,590	<b>194,139</b>	93,790

**Notes to the Unaudited Condensed Consolidated Financial Information** *(continued)*  
*(Expressed in HK\$ unless otherwise indicated)*

**5 PROFIT/(LOSS) BEFORE TAXATION**

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

	Three months ended		Nine months ended	
	31 March		31 March	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>(a) Staff costs:</b>				
Salaries, wages and other benefits	6,494	4,673	18,510	15,704
Contributions to defined retirement plans	197	140	593	398
Equity-settled share-based payment expenses	615	–	1,599	–
	<b>7,306</b>	<b>4,813</b>	<b>20,702</b>	<b>16,102</b>
<b>(b) Other items:</b>				
Cost of inventories	30,773	223	87,926	13,079
Depreciation and amortisation	1,195	189	5,781	510
Operating lease charges in respect of office premises	603	679	1,910	1,904
Interest income	(19)	(8)	(35)	(52)
Net foreign exchange loss	25	8	36	6

Notes to the Unaudited Condensed Consolidated Financial Information (continued)  
(Expressed in HK\$ unless otherwise indicated)

## 6 INCOME TAX

	Three months ended		Nine months ended	
	31 March		31 March	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current taxation				
– Hong Kong Profits Tax	132	296	846	1,175
– The People's Republic of China (the "PRC") Corporate Income Tax	1,396	93	7,601	7,349
– PRC Withholding Tax	–	–	1,388	–
	<b>1,528</b>	389	<b>9,835</b>	8,524
Deferred taxation				
– Origination and reversal of temporary differences	57	15	(351)	25
– Effect on deferred tax balance resulting from a change in tax rate	–	–	(1,249)	–
	<b>57</b>	15	<b>(1,600)</b>	25
	<b>1,585</b>	404	<b>8,235</b>	8,549

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 nine months ended 31 March 2013 (nine months ended 31 March 2012: 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.

## Notes to the Unaudited Condensed Consolidated Financial Information *(continued)*

*(Expressed in HK\$ unless otherwise indicated)*

### 6 INCOME TAX *(continued)*

The subsidiaries of the Group established in the PRC are subject to PRC Corporate Income Tax rate of 25% for the nine months ended 31 March 2013 (nine months ended 31 March 2012: 25%). One of these subsidiaries 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. This subsidiary is in the process of applying the above preferential PRC Corporate Income Tax rate of 15% for the calendar years from 2013 to 2015, where the Directors consider this subsidiary has satisfied the conditions of being an enterprise with advanced and new technologies, and accordingly, the Directors has adopted the preferential PRC Corporate Tax rate as the applicable tax rate of this subsidiary.

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 dividend distributed by the subsidiary of the Group established in the PRC to its immediate holding company in Hong Kong is subject to the PRC Withholding Tax.

Notes to the Unaudited Condensed Consolidated Financial Information *(continued)*  
*(Expressed in HK\$ unless otherwise indicated)*

## 7 BASIC AND DILUTED EARNINGS/(LOSS) PER SHARE

### (a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share for the three months ended 31 March 2013 is based on the profit attributable to ordinary equity shareholders of the Company of HK\$6,927,000 (three months ended 31 March 2012: loss of HK\$531,000) and the weighted average of 800,000,000 ordinary shares (three months ended 31 March 2012: 600,000,000 ordinary shares) in issue during the three months ended 31 March 2013, calculated as follows:

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2013</b>	2012
	<b>'000</b>	'000
	<b>(Unaudited)</b>	(Unaudited)
Issued ordinary shares at 1 January	<b>800,000</b>	11
Effect of capitalisation issue on 16 May 2012	-	599,989
Weighted average number of ordinary shares at 31 March	<b>800,000</b>	600,000

**Notes to the Unaudited Condensed Consolidated Financial Information** *(continued)*  
*(Expressed in HK\$ unless otherwise indicated)*

**7 BASIC AND DILUTED EARNINGS/(LOSS) PER SHARE**  
*(continued)*

**(a) Basic earnings/(loss) per share** *(continued)*

The calculation of basic earnings per share for the nine months ended 31 March 2013 is based on the profit attributable to ordinary equity shareholders of the Company of HK\$30,342,000 (nine months ended 31 March 2012: HK\$29,416,000) and the weighted average of 800,000,000 ordinary shares (nine months ended 31 March 2012: 597,842,000 ordinary shares) in issue during the nine months ended 31 March 2013, calculated as follows:

	<b>Nine months ended</b>	
	<b>31 March</b>	
	<b>2013</b>	2012
	<b>'000</b>	'000
	<b>(Unaudited)</b>	(Unaudited)
Issued ordinary shares at 1 July 2012/2011	<b>800,000</b>	–
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	–	116,574
<b>Weighted average number of ordinary shares at 31 March</b>	<b>800,000</b>	597,842

Notes to the Unaudited Condensed Consolidated Financial Information *(continued)*  
*(Expressed in HK\$ unless otherwise indicated)*

**7 BASIC AND DILUTED EARNINGS/(LOSS) PER SHARE**  
*(continued)*

**(b) Diluted earnings per share**

The calculation of diluted earnings per share for the three and nine months ended 31 March 2013 is based on the profit attributable to ordinary equity shareholders of the Company of HK\$6,927,000 and HK\$30,342,000, and the weighted average of 804,802,000 and 802,928,000 ordinary shares in issue during the three and nine months ended 31 March 2013, respectively, calculated as follows:

	<b>Three months ended 31 March 2013 '000 (Unaudited)</b>	Nine months ended 31 December 2012 '000 (Unaudited)
Weighted average number of ordinary shares at 31 March	<b>800,000</b>	800,000
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	<b>4,802</b>	2,928
Weighted average number of ordinary shares (diluted) at 31 March	<b>804,802</b>	802,928

There were no dilutive potential ordinary shares for the three and nine months ended 31 March 2012.



**Notes to the Unaudited Condensed Consolidated Financial Information** *(continued)*  
*(Expressed in HK\$ unless otherwise indicated)*

## 8 DIVIDENDS

**(a) Dividends payable to equity shareholders of the Company attributable to the nine months ended 31 March 2013**

The Directors do not recommend the payment of a dividend for the nine months ended 31 March 2013 (nine months ended 31 March 2012: HK\$Nil).

**(b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved during the nine months ended 31 March 2013**

	Nine months ended 31 March	
	2013	2012
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Final dividends in respect of the previous financial year, approved during the following period, of HK\$0.025 per ordinary share (nine months ended 31 March 2012: HK\$Nil per ordinary share)	20,000	—

# Management Discussion and Analysis

## Financial Review

### Revenue

The Group's revenue increased by approximately 106.9% from approximately HK\$93.8 million for the nine months ended 31 March 2012 to approximately HK\$194.1 million for the nine months ended 31 March 2013. The increase was mainly attributable to the growth in revenue generated from i) the construction of the phase II project regarding the railway transport command centre for Beijing Subway (the "TCC Phase II Project") including (a) setting up of the information control centre system for Beijing Subway; (b) expanding the capacity of the existing automated fare collection clearing centre system (the "ACC System") and traffic control centre system (the "TCC System") of Beijing Subway; and (c) providing system hardware and software and related technical services to the testing and inspection centre of the automated fare collection system of Beijing Subway; ii) the replacement of gate electronics for MTR Corporation Limited East Railway Line (the "East Railway Gate Electronics Replacement Project"); and iii) the ACC System and TCC System integration project for Beijing subway (the "ACC/TCC Integration Project").

### Cost of sales

The Group's cost of sales increased by approximately 353.6% from approximately HK\$29.1 million for the nine months ended 31 March 2012 to approximately HK\$132.0 million for the nine months ended 31 March 2013. The increase was mainly attributable to the increase in hardware procurement costs incurred largely for the execution of the TCC Phase II Project and the East Railway Gate Electronics Replacement Project and the increase in subcontracting fees arising mainly from the execution of the TCC Phase II Project and the ACC/TCC Integration Project.

## Management Discussion and Analysis

### Gross profit

The Group's gross profit decreased by approximately 4.0% from approximately HK\$64.7 million for the nine months ended 31 March 2012 to approximately HK\$62.1 million for the nine months ended 31 March 2013. The decrease was mainly attributable to the difference in the main scope of work with respect to the major projects the Group undertook during this period as compared to the last period. For the nine months ended 31 March 2013, our major projects involved a lot of hardware installation of which the costs base, particularly hardware procurement costs, were fundamentally higher, thus increased our cost of sales remarkably; while for the nine months ended 31 March 2012, our major projects involved mostly application solution design and maintenance services that were relatively more labour oriented which the costs base were relatively lower.

### Selling, general and administrative expenses

The Group's selling, general and administrative expenses increased by approximately 14.3% from approximately HK\$22.3 million for the nine months ended 31 March 2012 to approximately HK\$25.5 million for the nine months ended 31 March 2013. The increase was mainly attributable to i) the rise in staff costs due to annual salary review and recruitment of new technical staff to enhance our service team; and ii) the increase in marketing expenses for business development.

### Profit attributable to equity shareholders of the Company

The Group's profit attributable to equity shareholders of the Company increased by approximately 3.1% from approximately HK\$29.4 million for the nine months ended 31 March 2012 to approximately HK\$30.3 million for the nine months ended 31 March 2013. The increase was mainly attributable to the increase in the share of profit contributing from an associate of the Company.

# Management Discussion and Analysis

## Liquidity, Financial and Capital Resources

### Capital structure

As at 31 March 2013, 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 March 2013, the Group's cash and cash equivalents amounted to approximately HK\$185.2 million (30 June 2012: approximately HK\$203.2 million).

### Bank borrowing and charges on the Group's assets

As at 31 March 2013, the Group had no bank borrowings or charges on assets.

### Working capital and gearing ratio

As at 31 March 2013, the Group had current assets of approximately HK\$417.1 million (30 June 2012: approximately HK\$398.2 million), while its current liabilities was approximately HK\$127.0 million (30 June 2012: approximately HK\$124.8 million), resulting a net current assets of approximately HK\$290.1 million (30 June 2012: approximately HK\$273.4 million). Current ratio as at 31 March 2013, calculated based on current assets divided by current liabilities, was approximately 3.3 (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 March 2013, 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).

## Management Discussion and Analysis

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

On 9 January 2013, the Company set up a new indirect wholly-owned subsidiary in the PRC, 北京京投卓越科技發展有限公司 (Beijing BII Technology Development Co., Ltd.\*), a wholly foreign-owned enterprise with the registered capital of RMB100 million and total investment of RMB240 million to engage in investment holding activities. On 5 February 2013, an indirect wholly-owned subsidiary of the Company 億雅捷交通系統(北京)有限公司 (ERG Transit Systems (Beijing) Ltd\*) (“ERG BJ”) transferred its 44% equity interests in 北京京投億雅捷交通科技發展有限公司 (Beijing BII-ERG Transportation Technology Co. Ltd\*) (“BII-ERG”) to another indirect wholly-owned subsidiary Beijing City Railway Holdings Company Limited. Save as disclosed, there were no significant investments held, material acquisition or disposal of subsidiaries and affiliated companies during the nine months ended 31 March 2013.

Save for the business plan as disclosed in the Company’s prospectus dated 3 May 2012 (“Prospectus”) and the proposed acquisition (“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 March 2013.

### Dividend

The Board does not recommend the payment of dividend for the nine months ended 31 March 2013 (for the nine months ended 31 March 2012: Nil).

\* For identification purposes only

# Management Discussion and Analysis

## Outlook

According to the Twelfth Five-Year Plan of Beijing, it is expected that two new railway lines of Beijing Subway would need to be integrated in the ACC System and the TCC System in 2013. Meanwhile, the Group will continue to carry out the work in relation to the TCC Phase II Project awarded to the Group in September 2012 and October 2012 respectively in the fourth quarter of 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 the last quarter of financial year 2013, the Group will continue to intensify its efforts to develop further cooperation with Beijing Subway and MTR Corporation and develop more quality new strategic customers.

The Proposed Acquisition will proceed as scheduled, which is expected to be completed in 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 its sources of revenue. While the Group is implementing its long-term goal towards commercialising and standardising the application solutions, the Group will also continue to build on its industry experiences, expand its customer base and consolidate its market position in Beijing and other cities in the PRC and to expand the 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 31 March 2013, 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 (Notes 1 and 2)	481,267,527	-	60.16%
	Beneficial owner (Note 3)	-	800,000	0.1%
Mr. Chen Rui ("Mr. Chen")	Interest in a controlled corporation/Interest of concert parties (Notes 1 and 4)	481,267,527	-	60.16%
	Beneficial owner (Note 3)	-	800,000	0.1%
Mr. Steven Bruce Gallagher ("Mr. Gallagher")	Beneficial owner (Note 3)	-	800,000	0.1%

## Other Information

### 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 date of listing of the Company. 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. More Legend is owned as to 75% by Mr. Cao and as to 25% by Ms. Wang Jiangping, the spouse of Mr. Cao. By virtue of the SFO, Mr. Cao is deemed to be interested in the 481,267,527 shares which More Legend is interested in.
3. On 26 July 2012, each of Mr. Cao, Mr. Chen and Mr. 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.
4. Landcity is owned as to 100% by the Sino Choice Trust, whose beneficiaries are Mr. Chen and Ms. Jiang Wenjun, the spouse of Mr. Chen. By virtue of the SFO, Mr. Chen is deemed to be interested in the 481,267,527 shares which Landcity is interested in.

Save as disclosed above, as at 31 March 2013, 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.



## Other Information

### 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 March 2013, 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 and underlying 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%

## Other Information

Name of shareholder	Capacity/Nature of interest	Total number of ordinary shares and underlying shares	Approximate percentage of interest
Vix Holdings Limited ("Vix Holdings")	Interest in a controlled corporation/Interest of concert parties ( <i>Note 6</i> )	481,267,527	60.16%
Ms. Wang Jiangping ("Ms. Wang")	Interest of spouse ( <i>Note 7</i> )	482,067,527	60.26%
Ms. Jiang Wenjun ("Ms. Jiang")	Interest of spouse ( <i>Note 8</i> )	482,067,527	60.26%
Beijing Infrastructure Investment (Hong Kong) Limited ("BII HK")	Beneficial owner ( <i>Note 9</i> )	79,584,969	9.95%
Beijing Infrastructure Investment Co., Ltd. ("BII")	Interest in a controlled corporation ( <i>Note 10</i> )	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 date of listing of the Company. 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.

## Other Information

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 482,067,527 shares and underlying shares of the Company held by Mr. Cao.
8. Ms. Jiang is the spouse of Mr. Chen and is deemed to be interested in 482,067,527 shares and underlying shares of the Company held by Mr. Chen.
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 March 2013, 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 nine months ended 31 March 2013 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

## Other Information

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 nine months ended 31 March 2013.

### Compliance Adviser's Interest in the Company

As at 31 March 2013, 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 nine months ended 31 March 2013.



## Other Information

### 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 nine months ended 31 March 2013.

### 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



## Other Information

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.

## Other Information

As at 31 March 2013, there were 35.94 million outstanding share options granted under the Share Option Scheme, details as follows:

Name	Position/ Capacity	Date of grant	Exercise price HK\$	Vesting period (Note)	Exercise period (Note)	Number of Share Options				Balance as at 31 March 2013
						Balance as at 1 July 2012	Granted during the period	Exercise during the period	Cancelled/ lapsed during the period	
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	-	3,264,000	33,536,000
						-	39,200,000	-	3,264,000	35,936,000

*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 complied with the code provisions in the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules during the nine months ended 31 March 2013.

### 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 March 2013, the Audit Committee 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 unaudited condensed consolidated financial information for the nine months ended 31 March 2013 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.





## Other Information

### 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, 8 May 2013