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

中國城市軌道交通科技控股

CHINA CITY RAILWAY TRANSPORTATION TECHNOLOGY

中 國 城 市 軌 道 交 通 科 技 控 股 有 限 公 司

CHINA CITY RAILWAY TRANSPORTATION TECHNOLOGY HOLDINGS COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8240)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2013

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

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

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

The board of Directors (the "**Board**") of China City Railway Transportation Technology Holdings Company Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 30 June 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 30 June 2013 (Expressed in Hong Kong dollars ("HK$"))

	Note	**2013** *HK$'000*	2012 *HK$'000*
Revenue	*2*	**254,135**	190,240
Cost of sales		**(155,992)**	(56,403)
Gross profit	*2(b)*	**98,143**	133,837
Other revenue		**3,272**	58
Other net income/(loss)		**13**	(31)
Selling, general and administrative expenses		**(33,918)**	(29,735)
Profit from operations		**67,510**	104,129
Investment income		**156**	16
Remeasurement to fair value of pre-existing equity interests in an associate	*15*	**1,795**	–
Share of profit/(loss) of an associate		**3,214**	(4,915)
Profit before taxation	*3*	**72,675**	99,230
Income tax	*4*	**(13,633)**	(18,515)
Profit attributable to equity shareholders of the Company for the year		**59,042**	80,715
Earnings per share			
– Basic (HK$)	*6(a)*	**0.074**	0.129
– Diluted (HK$)	*6(b)*	**0.073**	N/A

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 30 June 2013 (Expressed in HK$)

	2013	2012
	HK$'000	*HK$'000*
Profit for the year	**59,042**	80,715
Other comprehensive income for the year (after tax and reclassification adjustment):		
Items that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation into presentation currency	**4,924**	656
– Reclassification of exchange differences on loss of significance influence	**(437)**	–
Total comprehensive income attributable to equity shareholders of the Company for the year	**63,529**	81,371

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2013 (Expressed in HK$)

	Note	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment	7	**2,141**	1,502
Intangible assets	8	**70,260**	39,560
Goodwill	9	**57,368**	–
Interest in an associate		**–**	23,400
Deferred tax assets	13(b)	**3,534**	1,911
		133,303	66,373
Current assets			
Inventories	10	**10,040**	1,554
Trade and other receivables	11	**341,996**	193,458
Cash and cash equivalents		**207,239**	203,196
		559,275	398,208
Current liabilities			
Trade and other payables	12	**169,707**	106,053
Current taxation	13(a)	**28,408**	18,714
		198,115	124,767
Net current assets		**361,160**	273,441
Total assets less current liabilities		**494,463**	339,814
Non-current liabilities			
Deferred tax liabilities	13(b)	**5,111**	–
NET ASSETS		**489,352**	339,814
CAPITAL AND RESERVES	14		
Share capital		**9,542**	8,000
Reserves		**473,713**	331,814
Total equity attributable to equity shareholders of the Company		**483,255**	339,814
Non-controlling interests		**6,097**	–
TOTAL EQUITY		**489,352**	339,814

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2013 (Expressed in HK$)

	Attributable to equity shareholders of the Company						
	Share capital *HK$'000* *(Note 14 (b))*	Share premium *HK$'000*	Capital reserve *HK$'000*	Statutory reserves *HK$'000*	Exchange reserve *HK$'000*	Retained earnings *HK$'000*	Total equity *HK$'000*
Balance at 1 July 2011	1	–	17,564	3,711	2,347	17,333	40,956
Changes in equity for 2012:							
Profit for the year	–	–	–	–	–	80,715	80,715
Other comprehensive income	–	–	–	–	656	–	656
Total comprehensive income	–	–	–	–	656	80,715	81,371
Issuance of shares	82	42,350	–	–	–	–	42,432
Cancellation of original issued shares and re-issuance of new shares	(83)	83	–	–	–	–	–
Capitalisation issue	6,000	(6,000)	–	–	–	–	–
Issuance of shares by initial public offering	2,000	198,000	–	–	–	–	200,000
Share issuance expenses	–	(24,945)	–	–	–	–	(24,945)
Appropriation to reserves	–	–	–	9,256	–	(9,256)	–
	7,999	209,488	–	9,256	–	(9,256)	217,487
Balance at 30 June 2012	8,000	209,488	17,564	12,967	3,003	88,792	339,814

	Attributable to equity shareholders of the Company								
	Share capital *HK$'000* *(Note 14 (b))*	Share premium *HK$'000*	Capital reserve *HK$'000*	Statutory reserves *HK$'000*	Exchange reserve *HK$'000*	Retained earnings *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
Balance at 1 July 2012	**8,000**	**209,488**	**17,564**	**12,967**	**3,003**	**88,792**	**339,814**	**–**	**339,814**
Changes in equity for 2013:									
Profit for the year	–	–	–	–	–	59,042	59,042	–	59,042
Other comprehensive income	–	–	–	–	4,487	–	4,487	–	4,487
Total comprehensive income	–	–	–	–	4,487	59,042	63,529	–	63,529
Distributions approved in respect of the previous year *(Note 14(a)(ii))*	–	(20,000)	–	–	–	–	(20,000)	–	(20,000)
Issuance of shares *(Note 14(b)(ii))*	1,542	96,118	–	–	–	–	97,660	–	97,660
Increase in non-controlling interests through the acquisition of subsidiaries *(Note 15)*	–	–	–	–	–	–	–	6,097	6,097
Equity settled share-based transactions *(Note 16)*	–	–	2,252	–	–	–	2,252	–	2,252
Appropriation to reserves	–	–	–	3,429	–	(3,429)	–	–	–
	1,542	76,118	2,252	3,429	–	(3,429)	79,912	6,097	86,009
Balance at 30 June 2013	**9,542**	**285,606**	**19,816**	**16,396**	**7,490**	**144,405**	**483,255**	**6,097**	**489,352**

NOTES

(Expressed in HK$ unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group and of the Company. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 30 June 2013 comprise the Group and the Group's interest in an associate.

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

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

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

(c) Changes in accounting policies

The IASB has issued a number of amendments to IFRSs that are first effective for the current accounting period of the Group and of the Company. Of these, the following 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 amendments to IAS 1 require entities to present the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met separately from those that would never be reclassified to profit or loss. The Group's presentation of other comprehensive income in these financial statements has been modified accordingly.

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

2 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are the design, implementation and sale, and maintenance, of application solutions for the networking and controlling systems of public transport and other companies.

Revenue represents contract revenue from the provision of design and implementation of application solution services, contract revenue from the provision of maintenance of application solution services, sales of application solution software, and sales of application solution related hardware and spare parts. The amount of each significant category of revenue recognised during the year is as follows:

	2013	2012
	HK$'000	*HK$'000*
Revenue from the provision of design and implementation of application solution services	**95,294**	49,909
Revenue from the provision of maintenance of application solution services	**64,086**	29,104
Sales of application solution software	**11,292**	70,680
Sales of application solution related hardware and spare parts	**83,463**	40,547
	254,135	190,240

For the year ended 30 June 2013, revenues from transactions with two (2012: four) customers had exceeded 10% of the Group's revenue. Revenues from these customers amounted to HK$211,911,000 (2012: HK$136,999,000) for the year ended 30 June 2013.

Further details regarding the Group's principal activities are discussed below.

(b) Segment reporting

The Group manages its businesses by business lines. In a manner consistent with the way in which the 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 result is gross profit. No inter-segment sales have occurred for the years ended 30 June 2013 and 2012. The Group's other income and expense items, such as selling, general and administrative expenses, remeasurement to fair value of pre-existing equity interests in an associate 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 years ended 30 June 2013 and 2012 is set out below.

	2013				
	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	**95,294**	**64,086**	**11,292**	**83,463**	**254,135**
Reportable segment gross profit	**38,402**	**54,088**	**3,337**	**2,316**	**98,143**

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

(ii) *Geographic information*

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

	2013 *HK$'000*	2012 *HK$'000*
Mainland China	**224,026**	168,276
Hong Kong	**28,508**	17,737
The People's Republic of China (the "PRC") (place of domicile)	**252,534**	186,013
Thailand	**1,601**	3,827
Australia	**–**	400
	1,601	4,227
	254,135	190,240

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

3 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Staff costs

	2013	2012
	HK$'000	*HK$'000*
Salaries, wages and other benefits	**24,217**	19,807
Contributions to defined retirement plans	**1,638**	1,565
Equity-settled share-based payment expenses *(see Note 16)*	**2,252**	–
	28,107	21,372

The employees of the subsidiaries of the Group established in the PRC participate in a defined contribution retirement benefit scheme managed by the local government authority, whereby these subsidiaries are required to contribute to the scheme at a rate of 20% of the employees' basic salaries. Employees of these subsidiaries are entitled to retirement benefits, calculated based on a percentage of the average salaries level in the PRC, from the above mentioned retirement scheme at their normal retirement age.

The Group also operates a Mandatory Provident Fund Scheme (the "MPF scheme") under the Hong Kong Mandatory Provident Fund Scheme Ordinance for employees employed by the Group's subsidiary incorporated in Hong Kong under a trustee. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$25,000. Contributions to the MPF scheme vest immediately.

The Group has no further obligation for payment of other retirement benefits beyond the above annual contributions.

(b) Other items

	2013	2012
	HK$'000	*HK$'000*
Cost of inventories *(Note 10(b))*	**97,055**	20,713
Auditors' remuneration – audit service (including initial public offering related audit service)	**3,525**	5,222
Depreciation and amortisation *(Notes 7 and 8)*	**7,009**	13,631
Operating lease charges in respect of office premises	**2,587**	2,436
Net foreign exchange loss	**30**	4
Net loss on disposal of property, plant and equipment	**30**	–

4 INCOME TAX

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

	2013	2012
	HK$'000	*HK$'000*
Current taxation: *(Note 13(a))*		
– Hong Kong Profits Tax	**1,054**	1,273
– PRC Corporate Income Tax	**12,555**	19,100
– PRC Withholding Tax	**1,560**	–
	15,169	20,373
Deferred taxation: *(Note 13(b))*		
– Origination and reversal of temporary differences	**(1,536)**	(1,858)
	13,633	18,515

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

	2013	2012
	HK$'000	*HK$'000*
Profit before taxation	**72,675**	99,230
Expected tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned *(Notes (i), (ii) and (iii))*	**19,370**	25,706
Tax effect of non-deductible expenses	**441**	35
Tax effect of non-taxable income	**(1,099)**	–
Tax effect of unused tax losses not recognised *(Note 13(c))*	**3,812**	3,085
Tax concessions *(Notes (iv) and (v))*	**(8,390)**	(11,540)
Tax effect of share of (profit)/loss of an associate	**(804)**	1,229
Tax effect of PRC withholding tax *(Note (vi))*	**1,560**	–
Recognition of deferred taxation arising from the change of estimated useful lives of intangible assets *(Note 8)*	**(1,257)**	–
Income tax	**13,633**	18,515

Notes:

(i) The Company and the subsidiaries of the Group incorporated in Hong Kong are subject to Hong Kong Profits Tax rate of 16.5% for the year ended 30 June 2013 (2012: 16.5%).

(ii) The Company and the subsidiaries of the Group incorporated in countries other than the PRC (including Hong Kong) are not subject to any income tax pursuant to the rules and regulations of their respective countries of incorporation.

(iii) The subsidiaries of the Group established in the PRC are subject to PRC Corporate Income Tax rate of 25% for the year ended 30 June 2013 (2012: 25%).

(iv) One of the subsidiaries of the Group established in the PRC 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 same preferential PRC Corporate Income Tax rate of 15% for the calendar years from 2013 to 2015, whereby the directors of the Company consider that this subsidiary has satisfied the conditions of being an enterprise with advanced and new technologies according to the relevant tax rules and regulations, and accordingly, the directors of the Company has adopted the preferential PRC Corporate Income Tax rate as the applicable tax rate of this subsidiary.

(v) One of the subsidiaries of the Group established in the PRC has obtained approval from the tax bureau to be taxed as a software development enterprise, and according to the relevant income tax rules and regulations, this subsidiary is entitled to a 100% relief from PRC Corporate Income Tax for the calendar years from 2009 to 2010 and 50% relief for the calendar years from 2011 to 2013.

(vi) 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 a subsidiary and an associate of the Group established in the PRC to their immediate holding company in Hong Kong are subject to the PRC Withholding Tax.

5 PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated profit attributable to equity shareholders of the Company includes a loss of HK$14,905,000 (2012: HK$12,744,000) which has been dealt with in the financial statements of the Company.

6 BASIC AND DILUTED EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the year ended 30 June 2013 is based on the profit attributable to ordinary equity shareholders of the Company of HK$59,042,000 (2012: HK$80,715,000) and the weighted average of 801,267,000 ordinary shares (2012: 623,515,000 ordinary shares) in issue during the year, calculated as follows:

	2013	2012
	'000	*'000*
Issued ordinary shares at 1 July	**800,000**	–
Effect of shares issued to the controlling shareholders of the Company on 7 January 2011 and 6 July 2011 and the related capitalisation issue on 16 May 2012	**–**	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	**–**	117,110
Effect of shares issued by initial public offering on 16 May 2012	**–**	25,137
Effect of shares issued on the acquisition of subsidiaries *(Note 14(b)(ii))*	**1,267**	–
Weighted average number of ordinary shares at 30 June	**801,267**	623,515

(b) Diluted earnings per share

The calculation of diluted earnings per share for the year ended 30 June 2013 is based on the profit attributable to ordinary equity shareholders of the Company of HK$59,042,000 and the weighted average of 804,886,000 ordinary shares in issue during the year, calculated as follows:

	2013
	'000
Weighted average number of ordinary shares at 30 June	**801,267**
Effect of deemed issue of shares under the Company's share option scheme for nil consideration *(Note 16)*	**3,619**
Weighted average number of ordinary shares (diluted) at 30 June	**804,886**

There were no dilutive potential ordinary shares for the year ended 30 June 2012.

7 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements *HK$'000*	Office equipment, motor vehicles and others *HK$'000*	Electronic equipment *HK$'000*	Total *HK$'000*
Cost:				
At 1 July 2011	109	938	1,030	2,077
Exchange adjustments	–	17	17	34
Additions	629	233	219	1,081
At 30 June 2012	738	1,188	1,266	3,192
Accumulated depreciation:				
At 1 July 2011	18	351	615	984
Exchange adjustments	–	7	11	18
Charge for the year	199	248	241	688
At 30 June 2012	217	606	867	1,690
Net book value:				
At 30 June 2012	521	582	399	1,502
Cost:				
At 1 July 2012	**738**	**1,188**	**1,266**	**3,192**
Exchange adjustments	**–**	**19**	**25**	**44**
Additions	**–**	**577**	**116**	**693**
Additions through acquisition of subsidiaries *(Note 15)*	**–**	**75**	**1,739**	**1,814**
Disposals	**–**	**–**	**(326)**	**(326)**
At 30 June 2013	**738**	**1,859**	**2,820**	**5,417**
Accumulated depreciation:				
At 1 July 2012	**217**	**606**	**867**	**1,690**
Exchange adjustments	**–**	**16**	**15**	**31**
Charge for the year	**236**	**267**	**163**	**666**
Additions through acquisition of subsidiaries *(Note 15)*	**–**	**32**	**1,148**	**1,180**
Written back on disposals	**–**	**–**	**(291)**	**(291)**
At 30 June 2013	**453**	**921**	**1,902**	**3,276**
Net book value:				
At 30 June 2013	**285**	**938**	**918**	**2,141**

8 INTANGIBLE ASSETS

	Software	Golf club membership	Total
	HK$'000	*HK$'000*	*HK$'000*
Cost:			
At 1 July 2011	31	–	31
Exchange adjustments	(25)	–	(25)
Additions	51,768	736	52,504
At 30 June 2012	51,774	736	52,510
Accumulated amortisation and impairment losses:			
At 1 July 2011	13	–	13
Exchange adjustments	(6)	–	(6)
Charge for the year	12,943	–	12,943
At 30 June 2012	12,950	–	12,950
Carrying amount:			
At 30 June 2012	38,824	736	39,560
Cost:			
At 1 July 2012	**51,774**	**736**	**52,510**
Exchange adjustments	**1,210**	**18**	**1,228**
Additions	**15,619**	**–**	**15,619**
Additions through acquisition of subsidiaries *(Note 15)*	**20,650**	**–**	**20,650**
At 30 June 2013	**89,253**	**754**	**90,007**
Accumulated amortisation and impairment losses:			
At 1 July 2012	**12,950**	**–**	**12,950**
Exchange adjustments	**402**	**–**	**402**
Charge for the year	**6,343**	**–**	**6,343**
Additions through acquisition of subsidiaries *(Note 15)*	**52**	**–**	**52**
At 30 June 2013	**19,747**	**–**	**19,747**
Carrying amount:			
At 30 June 2013	**69,506**	**754**	**70,260**

During the year ended 30 June 2013, 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 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 respectively is as follows:

	2013	2014 and 2015	2016 to 2021
	HK$'000	*HK$'000*	*HK$'000*
(Decrease)/increase in amortisation expenses for the year ended 30 June	(6,651)	(8,868)	4,064

9 GOODWILL

	HK$'000
Cost:	
At 1 July 2011, 30 June 2012 and 1 July 2012	–
Addition through acquisition of subsidiaries *(Note 15)*	**57,368**
	57,368
Accumulated impairment losses:	
At 1 July 2011, 30 June 2012, 1 July 2012 and 30 June 2013	**–**
Carrying amount:	
At 30 June 2013	**57,368**
At 30 June 2012	–

Impairment test for cash-generating unit containing goodwill

Goodwill is allocated to the Group's cash-generating unit ("CGU") identified according to the operations of the Group as follows:

	2013 *HK$'000*
The operations of the Group in mainland China	**57,368**

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets prepared by the directors of the Company covering a five-year period. Cash flows from the sixth to tenth years are extrapolated using an estimated weighted average growth rate of 3%. The cash flows are discounted using a discount rate of 16%. The discount rates used are pre-tax and reflect specific risks relating to the CGU.

10 INVENTORIES

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

	2013 *HK$'000*	2012 *HK$'000*
Spare parts	**6,413**	1,554
Materials to be assigned to service contracts	**3,627**	–
	10,040	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 year is as follows:

	2013 *HK$'000*	2012 *HK$'000*
Carrying amount of inventories sold	**97,055**	20,713

11 TRADE AND OTHER RECEIVABLES

	Note	**2013** **HK$'000**	2012 HK$'000
Trade receivables due from:	*11(a), (b), (d)*		
– third parties		**90,802**	135,708
– affiliates of equity shareholders of the Company		**92,029**	–
– an affiliate of a non-controlling equity holder of a subsidiary of the Group		**19,581**	–
		202,412	135,708
Gross amount due from customers for contract work:	*11(c)*		
– third parties		**60,936**	46,359
– affiliates of equity shareholders of the Company		**25,629**	2,062
		86,565	48,421
Amounts due from related parties:	*11(e)*		
– equity shareholders of the Company and their affiliates		**1,151**	835
Prepayments, deposits and other receivables		**51,868**	8,494
		341,996	193,458

Except for retention receivables of HK$1,451,000 (2012: HK$353,000), all of the trade and other receivables are expected to be settled or recognised as expenses 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 month from the date of billing may be granted to customers, based on credit assessment carried out by management on an individual customer basis. Credit terms of one to three years may be granted to customers for retention receivables.

(a) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables, based on the invoice date, is as follows:

	2013 **HK$'000**	2012 HK$'000
Within 1 month	**57,314**	97,300
More than 1 month but less than 3 months	**28,385**	3,442
More than 3 months but less than 6 months	**12,361**	6,338
More than 6 months	**104,352**	28,628
	202,412	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:

	2013	2012
	HK$'000	*HK$'000*
Current	**2,805**	353
Less than 1 month past due	**54,790**	97,261
1 to 3 months past due	**28,385**	3,387
3 to 6 months past due	**12,361**	6,320
More than 6 months past due	**104,071**	28,387
	202,412	135,708

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

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

(c) Project contracts in progress

At 30 June 2013, 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$129,025,000 (2012: HK$57,155,000).

(d) Retention receivables

At 30 June 2013, included in trade receivables are retention receivables in respect of project contracts of HK$1,451,000 (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.

12 TRADE AND OTHER PAYABLES

	Note	2013 HK$'000	2012 HK$'000
Trade payables due to:	*12(a)*		
– third parties		**100,099**	24,821
– an associate of the Group		**–**	53,992
– affiliates of an equity shareholder of the Company		**7,272**	6,743
Bills payables		**14,090**	–
		121,461	85,556
Amounts due to related parties:	*12(b)*		
– an affiliate of an equity shareholder of the Company		**8,651**	–
Other taxes payables		**18,987**	18,139
Accrued expenses and other payables		**5,387**	2,358
		24,374	20,497
Financial liabilities measured at amortised cost		**154,486**	106,053
Receipts in advance from:			
– third parties		**3,325**	–
– an affiliate of a non-controlling equity holder of a subsidiary of the Group		**11,896**	–
		15,221	–
		169,707	106,053

At 30 June 2013, all of the trade and other payables are expected to be settled or recognised as revenue within one year or are repayable on demand.

(a) Ageing analysis

Included in trade and other payables are trade and bills payables with the following ageing analysis, based on the maturity date, as of the end of the reporting period:

	2013	2012
	HK$'000	*HK$'000*
Due within 1 month or on demand	**107,371**	85,556
Due after 1 month but within 6 months	**14,090**	–
	121,461	85,556

(b) Amounts due to related parties

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

13 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	2013	2012
	HK$'000	*HK$'000*
Income tax payable at 1 July	**18,714**	194
Provision for income tax on the estimated taxable profits for the year *(Note 4(a))*	**15,169**	20,373
Addition through acquisition of subsidiaries *(Note 15)*	**42**	–
Income tax paid during the year	**(5,517)**	(1,853)
Income tax payable at 30 June	**28,408**	18,714

(b) Deferred tax assets and liabilities recognised:

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

	Assets			Liabilities	
Deferred tax arising from:	**Amortisation and depreciation expenses in excess of the tax allowances**	**Accruals**	**Total**	**Fair value adjustments on intangible assets and related amortisation**	**Net**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 July 2011	53	–	53	–	53
Credited to the consolidated statement of profit or loss *(Note 4(a))*	1,858	–	1,858	–	1,858
At 30 June 2012	1,911	–	1,911	–	1,911
Exchange adjustments	68	–	68	–	68
Credited to the consolidated statement of profit or loss *(Note 4(a))*	1,536	–	1,536	–	1,536
Addition through acquisition of subsidiaries *(Note 15)*	–	19	19	(5,111)	(5,092)
At 30 June 2013	3,515	19	3,534	(5,111)	(1,577)

(c) Deferred tax assets not recognised

In accordance with the Group's accounting policy, the Group has not recognised deferred tax assets in respect of unused tax losses of HK$42,334,000 (2012: HK$18,694,000) at 30 June 2013, as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity.

(d) Deferred tax liabilities not recognised

At 30 June 2013, temporary differences relating to the retained profits of the subsidiaries of the Group established in the PRC amounted to HK$166,835,000 (2012: HK$98,949,000) of which no deferred tax liabilities in respect of the tax that would be payable on the distribution of these profits was provided as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that such profits will not be distributed in the foreseeable future.

14 CAPITAL, RESERVES AND DIVIDENDS/DISTRIBUTIONS

(a) Dividends/distributions

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

	2013	2012
	HK$'000	*HK$'000*
Final dividend/distribution proposed after the end of the reporting period of HK$Nil per ordinary share (2012: HK$0.025 per ordinary share)	**–**	20,000

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

	2013	2012
	HK$'000	*HK$'000*
Final distribution in respect of the previous financial year, approved and paid during the year, of HK$0.025 per ordinary share (2012: HK$Nil per ordinary share)	**20,000**	–

(b) Share capital

(i) Authorised and issued share capital

	2013		2012	
	Number of shares	***HK$'000***	Number of shares	*HK$'000*
Authorised:				
Ordinary shares of HK$0.01 each	**2,000,000,000**	**20,000**	2,000,000,000	20,000
Issued and fully paid:				
At 1 July	**800,000,000**	**8,000**	100	1
Issuance of shares on 6 July 2011	**–**	**–**	10,598	82
Cancellation of original issued shares on 25 November 2011	**–**	**–**	(10,698)	(83)
Re-issuance of shares on 25 November 2011	**–**	**–**	10,698	–
Capitalisation issue	**–**	**–**	599,989,302	6,000
Issuance of shares by initial public offering	**–**	**–**	200,000,000	2,000
Issuance of shares for the acquisition of subsidiaries *(Note 14(b)(ii))*	**154,192,094**	**1,542**	–	–
At 30 June	**954,192,094**	**9,542**	800,000,000	8,000

(ii) Issuance of shares

On 28 June 2013, 154,192,094 ordinary shares of HK$0.01 each were issued as the consideration for the acquisition of the additional 46% equity interests of Beijing BII-ERG Transportation Technology Co., Ltd ("BII ERG") (see Note 15). HK$1,542,000 of the deemed proceeds of these shares (determined based on the closing price of the Company's shares on the Stock Exchange on 28 June 2013, after taken into account the effect of marketability discount of 14%, measured with reference to the put option value using the Black-Scholes option pricing model, for the lock-up period of these shares), representing the par value, were credited to the Company's share capital. The remaining deemed proceeds of approximately HK$96,118,000 were credited to the Company's share premium account.

Upon completion of the issuance of the above ordinary shares, the Company's number of shares in issue increased from 800,000,000 to 954,192,094.

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

Exercise period	**Exercise price**	**2013 Number**
26 July 2013 to 25 July 2017	**HK$0.656**	**7,146,400**
26 July 2014 to 25 July 2017	**HK$0.656**	**17,866,000**
26 July 2015 to 25 July 2017	**HK$0.656**	**10,719,600**
		35,732,000

Each share option entitles the holder to subscribe for one ordinary share in the Company. Further details of these share options are set out in Note 16.

(c) Capital management

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

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

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

During the year ended 30 June 2013, the Group's strategy was to maintain the adjusted debt-to-capital ratio at a level similar to 2012. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends/distributions paid to equity shareholders, issue new shares, return capital to equity shareholders, raise new debt financing or sell assets to reduce debt.

The adjusted debt-to-capital ratio at 30 June 2013 and 2012 is as follows:

	2013	2012
	HK$'000	*HK$'000*
Trade and other payables	**169,707**	106,053
Add: proposed dividends/distributions	**–**	20,000
Adjusted debt	**169,707**	126,053
Total equity	**489,352**	339,814
Less: proposed dividends/distributions	**–**	(20,000)
Adjusted capital	**489,352**	319,814
Adjusted debt-to-capital ratio	**34.7%**	39.4%

15 ACQUISITION OF SUBSIDIARIES

On 28 June 2013, the Group acquired the 100% equity interests of Innovation Holding Co., Ltd. ("Innovation"), which holds 46% equity interests in BII ERG, with the consideration being the Company's issuance of 154,192,094 ordinary shares.

Upon completion of the above acquisition, the Group holds 100% equity interests in Innovation and the Group's effective interest in BII ERG increased from 44% to 90%. BII ERG ceased to be an associate and became a subsidiary of the Group. Accordingly, a gain of HK$1,795,000 on the remeasurement to fair value of the pre-existing 44% equity interests in BII ERG was recognised. The directors of the Company consider the acquisition of Innovation will benefit the Group by (i) enriching the Group's capabilities in the design and provision of application solutions; and (ii) enabling the Group to capture certain potential market opportunities.

The identifiable assets acquired and liabilities assumed in the above acquisition (not adjusted for the percentage of ownership interest held by the Group) were as follows:

	Pre-acquisition carrying amounts *HK$'000*	**Fair value adjustments** *HK$'000*	**Recognised values on the acquisition** *HK$'000*
Property, plant and equipment *(Note 7)*	634	–	634
Intangible assets *(Note 8)*	155	20,443	20,598
Deferred tax assets *(Note 13(b))*	19	–	19
Inventories	8,148	–	8,148
Trade and other receivables	184,382	–	184,382
Cash and cash equivalents	12,004	–	12,004
Trade and other payables	(147,417)	–	(147,417)
Current taxation *(Note 13(a))*	(42)	–	(42)
Deferred tax liabilities *(Note 13(b))*	–	(5,111)	(5,111)
Net fair value of the identifiable assets acquired and liabilities assumed in the acquisition	57,883	15,332	73,215
Fair value of the ordinary shares in the Company issued as consideration *(Note 14(b)(ii))*			97,660
Fair value of non-controlling interests			6,097
Fair value of the previously held 44% equity interests in BII ERG			26,826
Total consideration			130,583
Less: net fair value of the identifiable assets acquired and liabilities assumed			(73,215)
Goodwill *(Note 9)*			57,368
Cash and cash equivalents acquired			12,004

Pre-acquisition carrying amounts of the acquirees' assets and liabilities were determined based on applicable IFRSs immediately before the acquisition. The values of assets and liabilities recognised on acquisition are their estimated fair values. In determining the fair values of intangible assets, the directors of the Company have referenced the fair value adjustment to valuation report issued by an independent valuer. The valuation method adopted for intangible assets was the multi-period excess earnings method.

From the date of the above acquisition to 30 June 2013, the above acquisition did not contribute any profit to the Group for the year ended 30 June 2013. Had the above acquisition been occurred on 1 July 2012, the directors of the Company estimate that the consolidated turnover and consolidated net profit for the year ended 30 June 2013 would have been HK$453,907,000 and HK$61,598,000, respectively.

16 EQUITY SETTLED SHARE-BASED TRANSACTION

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 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 share options granted on 26 July 2012, 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 share 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
	39,200,000		

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

	2013 Weighted average exercise price	2013 Number of share options '000
Outstanding at the beginning of the year	–	–
Granted during the year	**HK$0.656**	**39,200**
Forfeited during the year	**HK$0.656**	**(3,468)**
Outstanding at the end of the year	**HK$0.656**	**35,732**
Exercisable at the end of the year	–	–

The share options outstanding at 30 June 2013 had an exercise price of HK$0.656 and a weighted average remaining contractual life of 4.07 years.

17 OPERATING LEASE COMMITMENTS

At 30 June 2013, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2013	2012
	HK$'000	*HK$'000*
Within 1 year	**2,472**	2,472
After 1 year but within 5 years	**473**	4,009
	2,945	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 POSSIBLE IMPACT OF NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 30 JUNE 2013

As at the date of these financial statements, the IASB has issued the following new standards, amendments to standards and interpretations which are not yet effective for the year ended 30 June 2013 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
IFRS 10, *Consolidated financial statements*	1 January 2013
IFRS 12, *Disclosure of interests in other entities*	1 January 2013
IFRS 13, *Fair value measurement*	1 January 2013
IAS 27, *Separate financial statements* (2011)	1 January 2013
Amendments to IFRS 1, *First-time adoption of International Financial Reporting Standards – Government loans*	1 January 2013
Amendments to IFRS 7, *Financial instruments: Disclosures – Disclosures – Offsetting financial assets and financial liabilities*	1 January 2013
Amendments to IFRS 10, *Consolidated financial statements,* IFRS 11, *Joint arrangements,* and IFRS 12, *Disclosure of Interests in other entities – Transition guidance*	1 January 2013
Annual improvements to IFRSs 2009 – 2011 Cycle	1 January 2013
Amendments to IFRS 10, IFRS 12 and IAS 27, *Investment entities*	1 January 2014
Amendments to IAS 32, *Financial instruments: Presentation – Offsetting financial assets and financial liabilities*	1 January 2014
Amendments to IAS 36, *Impairment of assets – Recoverable amount disclosures for non-financial assets*	1 January 2014
IFRS 9, *Financial instruments*	1 January 2015
Amendments to IFRS 9, *Financial instruments,* and IFRS 7*, Financial Instruments: Disclosures – Mandatory effective date and transition disclosures*	1 January 2015

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the following:

IFRS 10, Consolidated financial statements

IFRS 10 replaces the requirements in IAS 27, *Consolidated and separate financial statements*, relating to the preparation of consolidated financial statements and SIC 12, *Consolidation – Special purpose entities*. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

The application of IFRS 10 is not expected to change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 July 2013. However, it may in the future result in investees being consolidated which would not have been consolidated under the Group's existing policies or vice versa.

IFRS 12, Disclosure of interests in other entities

IFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required in IFRS 12 are generally more extensive than those required in the current standards. The Group may have to make additional disclosures about its interests in other entities when the standard is adopted for the first time.

IFRS 13, Fair value measurement

IFRS 13 replaces existing guidance in individual IFRSs with a single source of fair value measurement guidance. IFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. IFRS 13 is effective as from 1 January 2013, but retrospective adoption is not required. The Group estimates that the adoption of IFRS 13 will not have any significant impact on the fair value measurements of its assets and liabilities, but additional disclosures may need to be made in the 2014 financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

Operation Review

During the year under review, our business operations remained focused on the following four aspects: 1) the provision of design and implementation of application solution services; 2) the provision of maintenance of application solution services; 3) the sales of application solution software; and 4) the sales of application solution related hardware and spare parts. The operating revenue of the Group for the year ended 30 June 2013 recorded a year-on-year increase of approximately 33.6% to approximately HK$254.1 million.

Provision of design and implementation of application solution services

Design and implementation of application solution services mainly represent, among others, the design, testing, installation, debugging, integration, upgrading and replacement of railway transportation application solution and associated systems.

For the year ended 30 June 2013, revenue arising from the provision of design and implementation of application solution services increased by approximately 91.0% from approximately HK$49.9 million for the year ended 30 June 2012 to approximately HK$95.3 million. Such increase was mainly attributable to the winning of the projects in relation to 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 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 upgrade of the passenger information system ("**PIS**") for Line 5 of the Beijing Subway and the integration of the video signal for Line 6, Line 8, Line 9 and Line 10 of the Beijing Subway (the "**PIS Upgrade Project**").

Provision of maintenance of application solution services

Maintenance of application solution services mainly represent, among others, repair and maintenance of application solution systems developed by the Group as well as other software developers.

For the year ended 30 June 2013, revenue arising from the provision of maintenance of application solution services increased by approximately 120.3% from approximately HK$29.1 million for the year ended 30 June 2012 to approximately HK$64.1 million. Such increase was mainly attributable to the significant increase in revenue from maintenance services undertook by ERG BJ following completion of more new design and implementation of application solutions, including the TCC Phase II Project.

Sales of application solution software

Sales of application solution software mainly represent, among others, the sales of self-developed railway transportation application solution software products.

For the year ended 30 June 2013, revenue arising from the sales of application solution software decreased by approximately 84.0% from approximately HK$70.7 million for the year ended 30 June 2012 to approximately HK$11.3 million. Such decrease was primarily due to the software products we sold in financial year 2012 were not yet due for replacement or upgrade and were still in use by our customers. In addition, in order to fine-tune the pace of subway development in Beijing, throughout the financial year 2013, the general demand for railway transportation software products in Beijing decreased as a result of the slowdown in construction projects of Beijing Subway as compared with previous years. However, it is envisaged that the subway construction in Beijing will regain momentum gradually.

Sales of application solution related hardware and spare parts

Sales of application solution related hardware and spare parts mainly represent, among others, the sales of railway transportation application solution systems related hardware and spare parts.

For the year ended 30 June 2013, revenue arising from the sales of application solution related hardware and spare parts increased by approximately 106.2% from approximately HK$40.5 million for the year ended 30 June 2012 to approximately HK$83.5 million. Such increase was primarily attributable to the sales of hardware and spare parts in relation to the TCC Phase II Project.

Financial Review

Revenue

The Group's revenue increased by approximately 33.6% from approximately HK$190.2 million for the year ended 30 June 2012 to approximately HK$254.1 million for the year ended 30 June 2013. The increase was mainly attributable to the increase in revenue arising from the provision of sales of design and implementation of application solution services, provision of maintenance of application solution services and sales of application solution related hardware and spare parts. Details regarding the changes in revenue are set out in the section headed "Operation Review" above.

Cost of Sales

The Group's cost of sales increased by approximately 176.6% from approximately HK$56.4 million for the year ended 30 June 2012 to approximately HK$156.0 million for the year ended 30 June 2013. The increase was mainly attributable to the increase in i) the hardware procurement costs incurred largely for the execution of the TCC Phase II Project and the East Railway Gate Electronics Replacement Project; and ii) the increase in subcontracting fees arising mainly from the execution of the TCC Phase II Project and the the ACC System and TCC System integration project for Beijing Subway ("**ACC/TCC Integration Project**").

Gross profit

The Group's gross profit decreased by approximately 26.7% from approximately HK$133.8 million for the year ended 30 June 2012 to approximately HK$98.1 million for the year ended 30 June 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 financial year as compared to the last financial year.

For the year ended 30 June 2013, the Group's major source of revenue, including the TCC Phase II Project and the East Railway Gate Electronics Replacement Project, were more hardware related. The related major cost drivers for these kinds of work were mainly hardware procurement costs that were fundamentally costly, thus increased the cost of sales for the year ended 30 June 2013 and resulted in the reduction of gross profit. Besides, gross profit was also reduced resulting from the increased subcontracting fees arising from the ACC/TCC Integration Project. While for the year ended 30 June 2012, the Group's major source of income were derived from the sales of application solution products and application solution software design that were relatively more labour oriented. The related major cost drivers for these kinds of work were mainly labour costs that were relatively less costly, therefore the cost of sales for the year ended 30 June 2012 were much lower which resulted in higher gross profit.

Selling, General and Administrative Expenses

The Group's selling, general and administrative expenses increased by approximately 14.1% from approximately HK$29.7 million for the year ended 30 June 2012 to approximately HK$33.9 million for the year ended 30 June 2013. Eliminating the effect of the one off listing expenses incurred for the year ended 30 June 2012, the increase was mainly attributable to i) rise in staff costs due to annual salary review and recruitment of additional workforce to enhance our service team; ii) increase in director fees (director fees were only incurred since 16 May 2012 which was the date of listing of the Company, therefore, there were only approximately 1.5 months' directors fees recorded in the previous financial year, but the director fees for the whole year were recorded for the year ended 30 June 2013.

Profit Attributable to Equity Shareholders of the Company

The Group's profit attributable to equity shareholders of the Company decreased by approximately 26.9% from approximately HK$80.7 million for the year ended 30 June 2012 to approximately HK$59.0 million for the year ended 30 June 2013. The decrease was mainly attributable to the decrease of gross profit.

Liquidity, Financial and Capital Resources

Capital structure

As at 30 June 2013, the Company's total number of issued shares was 954,192,094 ordinary shares of HK$0.01 each (2012: 800,000,000 ordinary shares of HK$0.01 each). Details of the changes in the share capital and capital risk management of the Company during the year are set out in Note 14.

Cash position

As at 30 June 2013, the Group's cash and bank balances were approximately HK$207.2 million (2012: approximately HK$203.2 million).

Bank borrowing and charges on the Group's assets

As at 30 June 2013, the Group has no bank borrowings or charges on assets.

Working capital and gearing ratio

As at 30 June 2013, the Group had current assets of approximately HK$559.3 million (2012: approximately HK$398.2 million), while its current liabilities was approximately HK$198.1 million (2012: approximately HK$124.8 million), resulting a net current assets of approximately HK$361.2 million (2012: approximately HK$273.4 million).

Gearing ratio is calculated based on total debt at the end of the year divided by total assets at the three of the year multiplied by 100%. As at 30 June 2013, as the Group was at a net cash position without any bank borrowings, long term debts or payables incurred not in the ordinary course of business, the gearing ratio was Nil (2012: Nil).

Business Outlook

For the year ending 30 June 2014, according to the 12th Five-Year Plan of Beijing, it is expected that three or four new railway lines will be integrated into the automated fare collection clearing centre (ACC) and the traffic control centre (TCC). In addition, there will be several new high-valued open tenders for Beijing at railway network level, including but not limited to MLC project in Beijing undertaken by Beijing MTR Corporation Limited, reconstruction of AFC system for Beijing Subway, construction of AFC system for new lines, construction project of subway platform doors, construction and reconstruction of PIS system etc, generating more market opportunities for us than in the financial year ended 2013.

Meanwhile, the Group is also committed to expanding various types of self-developed products. Apart from the system software catering for the railway network, we will continue to invest manpower and resources to develop the system software for city public transport system at the line level, and accelerate the progress of commercialisation, thus achieving a diversified development. We believe that commercialisation in each professional field (including AFC and PIS) shall focus on the promotion of standardisation. On one hand, we aim to develop core software and hardware products for that professional field, so as to gradually transform our business model from project-oriented to product-oriented. On the other hand, we shall proactively participate in the maintenance work of each professional field, so as to acquire more accurate and detailed information in relation to the requirements of operation and product demand, and thus provide guidance for our R&D work and to form a business direction focusing on operational maintenance and technical services. For example, the repair, maintenance and upgrading of AFC system, standardisation of PIS system, construction of PCC system, and to focus on the construction of multi-line centers and the sales of standardised products.

While we are implementing our long term goal towards commercialising and standardising application solutions for the industry, we will continue to build on our industry experience, expand our customer base and consolidate our market position in Beijing and in the PRC and continue to put more effort to expand our business in Hong Kong and Southeast Asia. In the coming year, as mentioned in the prospectus of the Company dated 3 May 2012, the Group will be open to more merger and acquisition opportunities of related businesses; and will continue to enhance our expertise and knowhow for the development of new application solutions and new products, thus realising the diversification and standardisation of our products. The Group will also continue our research and development of new system solutions, so as to enhance our reputation and increase the sources of revenue.

DIVIDEND

The Board did not recommend the payment of any dividend for the year ended 30 June 2013 (2012: HK2.5 cents). The Group will retain cash to finance the continuing development of its business as well as prospective investment opportunities.

ANNUAL GENERAL MEETING

The AGM will be held on Tuesday, 12 November 2013. Shareholders should refer to details regarding the AGM in the circular of our Company, the notice of AGM and form of proxy accompanying thereto to be despatched by our Company.

CLOSURE OF REGISTER OF MEMBERS

To determine the eligibility of the shareholders of our Company to attend the AGM to be held on Tuesday, 12 November 2013, the register of members will be closed from Friday, 8 November 2013 to Monday, 11 November 2013, both days inclusive, during which period no transfer of shares will be effected. In order to be entitled to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with our Company's share registrars, Tricor Investor Services Limited, 26th Floor, Tesbury Centre 28 Queen's Road East Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 7 November 2013.

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

Neither our Company nor any of our subsidiaries purchased, sold or redeemed any of our Company's listed securities during the financial year ended 30 June 2013.

CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT

The Board considers that our Company has compiled with the code provisions in the Corporate Governance Code and Corporate Governance Report ("**CG Code**") as set out in Appendix 15 of the GEM Listing Rules during the year ended 30 June 2013.

AUDIT COMMITTEE

We established an audit committee ("**Audit Committee**") pursuant to a resolution of the Directors passed on 8 December 2011 with written terms of reference in compliance with Rule 5.28 and Rule 5.29 of the GEM Listing Rules. The written terms of reference of the Audit Committee was adopted in compliance with paragraph C.3.3 and C.3.7 of the CG Code. The primary duties of the Audit Committee, among other things, are to make recommendation to the Board on the appointment, re-appointment and removal of external auditor, review the financial statements and material advice in respect of financial reporting, and oversee internal control procedures of our Company. As at 30 June 2013, the Audit Committee consists of three independent non-executive Directors of the Company, namely Mr. Hu Zhaoguang, Mr. Bai Jinrong and Mr. Luo Zhenbang CPA. The Audit Committee is chaired by Mr. Luo Zhenbang CPA.

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

Our Group's consolidated financial statements for the year ended 30 June 2013 have been reviewed by the Audit Committee. The Audit Committee 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 consolidated financial statements for the year ended 30 June 2013 were audited by KPMG and they have issued an unqualified opinion. KPMG shall retire and, being eligible, offer themselves for re-appointment at the AGM. A resolution for the re-appointment of KPMG as auditor of our Company will be proposed at the AGM.

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

Hong Kong, 24 September 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, Mr. Hao Weiya and Mr. Steven Bruce Gallagher; and the independent non-executive Directors are Mr. Hu Zhaoguang, Mr. Bai Jinrong and Mr. Luo Zhenbang.

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