This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a transportation infrastructure technology solutions and services provider in China. Our turnkey and specialized Intelligent Transportation Systems ("ITS") solutions address the fundamental needs of safety, reliability, efficiency, pollution reduction and secure revenue collection in the expressway, railway and urban traffic sectors. Our business consists of our Turnkey Solutions, Specialized Solutions and Value-Added Services segments, each as further discussed below, and we conduct our business in the expressway, railway, urban traffic and energy sectors of the China ITS market. For the year ended December 31, 2009, 37.2%, 61.5% and 1.3% of our revenue was attributable to our Turnkey Solutions, Specialized Solutions and Value-Added Services segments, respectively, and 53.4%, 38.3%, 4.0% and 4.3% of our revenue arose from projects in the expressway, railway, urban traffic and energy sectors, respectively.

Our Financial Highlights

During the Track Record Period, we generated an aggregate of RMB3,980.5 million in new contract value, and our annual new contract value increased at a two-year CAGR of 25.7%, from RMB1,066.5 million for the year ended December 31, 2007 to RMB1,686.3 million for the year ended December 31, 2009. Our revenue increased from RMB694.1 million for the year ended December 31, 2007 to RMB1,405.4 million for the year ended December 31, 2009, representing a two-year CAGR of 42.3%. Our Adjusted EBITDA increased from RMB140.2 million for the year ended December 31, 2007 to RMB261.8 million for the year ended December 31, 2009, representing a two-year CAGR of 36.7%. Our net profit for the year increased from RMB114.8 million in 2007 to RMB214.7 million in 2009, representing a two-year CAGR of 36.8%. Our contract backlog as of December 31, 2009 was RMB917.5 million. Backlog is defined as the aggregate value of contracts signed or secured with third-party customers as of the indicated date, *less* revenues recognized in connection with such contracts up to and including the same date.

Our Market Position

According to the OC&C Industry Report commissioned by the Company, in 2009, we were ranked number one in market share by total contract value in the expressway, railway wired and wireless communications sectors of China's ITS market with in excess of 70% market share for communications and surveillance ITS solutions and in excess of 10% market share for tolling ITS solutions in the expressway sector, a 70% market share for ITS solutions in the wired communications segment of the railway sector and a 60% market share for ITS solutions in the wireless communications segment of the railway sector. Also according to OC&C, in 2009, with expressway projects in 29 provinces (including provincial-level cities) in China, we had more extensive geographical coverage than any of our major competitors in the expressway sector of China's ITS market and had higher gross margins than any of our major competitors in each of the expressway and railway communication sectors. In addition to our strong position in the expressway and railway sectors, we have expanded into the urban traffic sector of China's ITS market with positive initial traction as evidenced by the increasing number of contracts awarded during the Track Record Period.

Our Segments

Our business consists of the following segments:

Turnkey Solutions ("Turnkey Solutions") Our Turnkey Solutions involve the integration of information technology with the physical transportation infrastructure. Our Turnkey Solutions activities focus on understanding the needs and requirements of clients, and then defining, choosing and optimizing multiple specialized solutions (as described below), such as tolling, communication and surveillance systems, and integrating them into a single tailor-made system through engineering implementation. Engineering implementation involves negotiation and coordination with numerous equipment contractors, system integration and comprehensive management of ITS projects. The Turnkey Solutions projects that we undertake may involve certain of our proprietary technology. We, as the Turnkey Solutions provider, are the project manager, accountable to the clients, who are local or provincial-level transportation related public institutions and state-owned enterprises. The end-users of our Turnkey Solutions are the drivers and passengers who use the expressways and urban roadways on a daily basis. Our landmark Turnkey Solutions projects include the design, installation and coordination of surveillance, communication and tolling systems on the Chongqing Hu-Rong Expressway Fenshuiling-Zhongxian Segment with five tunnels along the way and located in a mountainous area, an integrated tunnel ITS system in the Qinling Zhongnanshan Tunnel in Shaanxi Province consisting of two 18-kilometer long parallel tunnels, which is the longest tunnel in Asia and the second-longest tunnel in the world, and the design, installation and coordination of a comprehensive ITS system in the 278-kilometer long Shaoyang-Huaihua-Xinhuang Expressway in Hunan Province with 303 bridges and 24 tunnels.

Specialized Solutions ("Specialized Solutions") Our Specialized Solutions provide efficient and effective solutions to discrete problems occurring in a client's existing or planned transportation infrastructure through the design, development and implementation of hardware- and software-based systems. We have developed highly specialized tolling, communication and surveillance systems used primarily in expressway, railway and urban traffic projects in China. Clients of our Specialized Solutions include Turnkey Solutions providers, as well as local or provincial-level transportation related public institutions and state-owned enterprises. We have developed modules for our Specialized Solutions that can be customized to meet the specific needs of the ITS project. Our Specialized Solutions typically integrate hardware and software from multiple external suppliers as well as proprietary content. We have provided Specialized Solutions to most of the primary Turnkey Solutions contractors in the ITS industry in China. Our tolling, communication and surveillance solution modules can be found extensively in China's expressways. Our communication solutions can also be found extensively in China's railways and have growing application in the urban traffic—rapid transit sector. We have broadened the application of our specialized surveillance solutions from expressways into the urban traffic—roadway sector. Our landmark Specialized Solutions projects include the development of tolling solutions which have been installed in Hunan and Liaoning Provinces, the development of the specialized communication system for the Wuhan-Guangzhou high-speed railway, the longest passenger-dedicated railway in China, traveling at speeds of up to 350 kilometers per hour, and the application of our communication solutions in the first phase of Shanghai Subway Line 10 with a length of 36 kilometers which is currently in operation for 2010 Shanghai World Expo.

Value-Added Services ("VA Services") We currently provide post-construction maintenance and follow-up services for completed Turnkey and Specialized Solutions projects. Building on our technical expertise, knowledge and relationships developed as a Turnkey and Specialized Solutions provider, we intend to expand our VA Services to (i) provide a full-service package to expressway and railway operators, (ii) develop enterprise resource planning solutions particularly targeted at expressway operators, and (iii) develop information platform services to serve end-users. Our landmark VA Services projects include the development of an electromechanical facility operation and maintenance management system for the Beijing-Qinghuangdao Expressway and the innovation and maintenance of the communication systems installed in the expressway network of Liaoning Province.

The table below sets forth the revenue generated from each business segment and the percentage of our overall revenue contributed by our operations in such business segment for the years indicated:

	For the year ended December 31,		
	2007	2008	2009
	RMB'000, except percentages		
Turnkey Solutions	375,054	572,592	534,462
% of total	52.9%	49.6%	37.2%
Specialized Solutions	325,210	568,486	882,997
% of total	45.9%	49.3%	61.5%
VA Services	8,136	12,240	18,328
% of total	1.2%	1.1%	1.3%
Subtotal	708,400	1,153,318	1,435,787
Inter-segment Elimination	(14,257)	(26,388)	(30,340)
Total revenue	694,143	1,126,930	1,405,447

As shown in the table, during the Track Record Period, our revenue has primarily been generated from our Turnkey Solutions and Specialized Solutions segments, and our Specialized Solutions segment makes up an increasingly large portion of our revenue, growing from 45.9% of our total revenue for the year ended December 31, 2007 to 61.5% of our total revenue for the year ended December 31, 2009.

Our revenue generated from our Turnkey Solutions segment increased by RMB159.4 million, or 42.5%, from RMB375.1 million for the year ended December 31, 2007 to RMB534.5 million for the year ended December 31, 2009. Our revenue generated from our Specialized Solutions segment increased by RMB557.8 million, or 171.5%, from RMB325.2 million for the year ended December 31, 2007 to RMB883.0 million for the year ended December 31, 2009. Our revenue generated from our VA Services segment increased by RMB10.2 million, or 125.9%, from RMB8.1 million for the year ended December 31, 2007 to RMB18.3 million for the year ended December 31, 2009.

Our Industry Sectors

We conduct our business operations in four industry sectors in the ITS market in China: expressway, railway, urban traffic and energy. Our major customers are PRC public institutions, which are public services institutions set up by the government or other organizations using state-owned assets, and state-owned enterprises. For the year ended December 31, 2007, 2008 and 2009, our sales to PRC public institutions and state-owned enterprises together represented over 50%, 75% and 75% of our total revenue for such period, respectively. The table below summarizes the services that we currently provide in each industry sector:

	Expressway	Railway	Urban traffic	Energy
Turnkey Solutions	✓	-	✓	-
Specialized Solutions	✓	✓	✓	✓
VA Services	✓	-	-	-

The table below sets forth the revenue generated from each industry sector and the percentage of our overall revenue contributed by our operations in such sector for the years indicated:

	For the year ended December 31,		
	2007	2008	2009
	RMB'000, except percentages		
Expressway	567,814	761,040	750,080
% of total	81.8%	67.5%	53.4%
Railway	39,702	283,746	537,743
% of total	5.7%	25.2%	38.3%
Urban traffic	1,666	21,824	56,810
% of total	0.3%	1.9%	4.0%
Energy	84,961	60,320	60,814
% of total	12.2%	5.4%	4.3%
Total revenue	694,143	1,126,930	1,405,447

As shown in the table, during the Track Record Period, our revenue has primarily been generated from projects in the expressway and railway sectors, and projects in the railway sector make up an increasingly large portion of our revenue, growing from 5.7% of our total revenue for the year ended December 31, 2007 to 38.3% of our total revenue for the year ended December 31, 2009. Our revenue generated from the expressway sector increased by RMB182.3 million, or 32.1%, from RMB567.8 million for the year ended December 31, 2007 to RMB750.1 million for the year ended December 31, 2009. Our revenue generated from the railway sector increased by RMB498.0 million, from RMB39.7 million for the year ended December 31, 2007 to RMB537.7 million for the year ended December 31, 2009. Our revenue generated from the urban traffic sector increased by RMB55.1 million, from RMB1.7 million for the year ended December 31, 2007 to RMB56.8 million for the year ended December 31, 2009. Our revenue generated from the energy sector decreased by RMB24.2 million, or 28.5%, from RMB85.0 million for the year ended December 31, 2007 to RMB60.8 million for the year ended December 31, 2009.

Pricing of Our Products and Business Mix

Each of our Turnkey Solutions, Specialized Solutions and VA Services business segments enjoys a different profit margin and within each business segment our profit margins may be subject to variation based upon the specific mix of industry sectors and solutions provided. Such fluctuations in profit margins also have a corresponding impact on our working capital structure and business risk profile. As our business model continues to evolve, the relative revenue contribution from our various business segments has changed, leading to fluctuations in our overall margins, working capital structure and business risk profile.

We typically target gross margins of 15-18% for our traditional Turnkey Solutions projects. However, for tunnel solutions, we are typically able to embed higher margins in our pricing due to the high complexity and our strong track record and market share within these types of solutions.

With respect to our Specialized Solutions, we typically target gross margins of approximately 40-45% for the expressway sector and 25-30% for the railway sector, where we have a strong position and our solutions have reached wide acceptance in the marketplace. However, for new geographic markets or new industry sectors, such as the urban traffic sector, where we are still building our presence and contract value is often high, we may price in lower gross margins in order to build market share. For example, in 2008 we made a strategic decision to undertake large Specialized Solutions projects in Liaoning and Jilin Provinces at lower than targeted gross margins to utilize the Company's then idle capacity as well as to solidify its geographic presence in the local market. These projects had contract values of RMB36.3 million and RMB13.2 million, respectively. In the case of the Liaoning project, we incurred approximately RMB2.1 million in costs in excess of the revenue generated from the project and in the case of Jilin, we enjoyed a gross margin of just under 30%, as compared to our targeted gross margins for such projects of 40-45%. With respect to the Specialized Solutions for the energy sector, the solutions we provide are generally less complicated and generate more stable margins which are typically not as high as those of the expressway business.

For VA Services, the gross margins typically remain above 60% mainly due to the fact that we have been able to target our existing customer base and also leverage existing resources within the Company to deploy these services at a lower marginal cost to us. Furthermore, as this is a relatively new product concept to our clients, similar to other typical services oriented business model, we managed to achieve higher margins.

The pricing of our Turnkey and Specialized Solutions and VA Services has a direct impact on our profit margin and, as our business model continues to evolve, the relative revenue contribution from our various business segments may change, leading to fluctuations in our overall margins. During the Track Record Period, we continued to grow our Specialized Solutions business segment, and in particular, our railway Specialized Solutions. As a result, there was an increase in the percentage revenue contribution of our Specialized Solutions business from 45.9% of our total revenue for the year ended December 31, 2007 to 61.5% of our total revenue for the year ended December 31, 2009.

Projects in each of our segments have different project lifecycles and working capital requirements, and variations in our business mix may also lead to fluctuations in our working capital requirements. For example, due to the complexity of work as well as the generally large size of the projects, our Turnkey Solutions projects and Specialized Solutions projects in the railway sector typically have longer project lifecycles than our Specialized Solutions projects in the expressway sector. In addition, such projects require a longer period of joint design and product customization as compared to more standardized communications or surveillance solutions in the expressway and urban traffic sectors. These longer lifecycles generally lead to increases in amounts due from contract customers and trade and notes receivables because, although revenue is recognized according to IFRS under a percentage completion method, we are not yet to a stage in the project where invoicing the customer for such revenue is possible. Furthermore, our railway Specialized Solutions business usually targets state-owned enterprises customers with good credit history, who generally enjoy longer credit terms of six to nine months offered by the Company, and this will directly contribute to higher turnover days of our trade and notes receivables.

We commenced business in the railway sector in the second half of 2007, as we expected growing ITS market potential in the railway sector and the opportunity to leverage the expertise and experience from our expressway solutions in the railway sector. Accordingly, during the Track Record Period, revenue generated from our Specialized Solutions segment and, in particular, from projects in the railway sector, made up an increasingly large portion of our revenue. As discussed in greater detail in the sections entitled “Financial Information—Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Financial Information—Liquidity and Capital Resources,” our railway Specialized Solutions typically have a lower gross profit margin than our expressway Specialized Solutions and require greater amounts of working capital. During the Track Record Period, our overall gross profit margins decreased from 32.5% to 28.5%, our net amounts due from contract customers, which represents amounts from contracts with revenue recognized, but not yet invoiced increased from RMB331.2 million to RMB540.6 million and our trade receivables increased from RMB111.5 million to RMB414.1 million.

Our Financial Information

The following table sets forth the revenue, gross profit, gross profit margin, operating profit and operating profit margin for each of our three business segments, for the year ended December 31, 2007, 2008 and 2009.

	For the year ended December 31,		
	2007	2008	2009
	RMB'000, except percentages		
Turnkey Solutions	375,054	572,592	534,462
Specialized Solutions	325,210	568,486	882,997
VA Services	8,136	12,240	18,328
Subtotal	708,400	1,153,318	1,435,787
Elimination	(14,257)	(26,388)	(30,340)
Revenue	**694,143**	**1,126,930**	**1,405,447**
Turnkey Solutions	68,524	100,657	109,017
Specialized Solutions	151,725	179,699	280,555
VA Services	5,463	9,939	11,489
Gross Profit	**225,712**	**290,295**	**401,061**
Turnkey Solutions	18.3%	17.6%	20.4%
Specialized Solutions	46.7%	31.6%	31.8%
VA Services	67.1%	81.2%	62.7%
Gross Profit Margin	**32.5%**	**25.8%**	**28.5%**
Turnkey Solutions	43,913	71,396	84,350
Specialized Solutions	89,946	85,640	167,675
VA Services	4,063	8,680	10,714
Segment Result	137,922	165,716	262,739
Unallocated gains	2,497	—	11,108
Corporate and other unallocated expenses	(7,317)	(72,740)	(20,230)
Operating Profit(1)	133,102	92,976	253,617
Turnkey Solutions	11.7%	12.5%	15.8%
Specialized Solutions	27.7%	15.1%	19.0%
VA Services	49.9%	70.9%	58.5%
Operating Profit Margin	**19.2%**	**8.3%**	**18.0%**

Note:

(1) Total operating profit represents total of segment results *plus* unallocated income gains and *minus* corporate and other unallocated expenses

Our Projects

The table below sets forth brief information about our major existing projects. Backlog information presented in this prospectus has been derived, in part, based on contracts for these projects. All of the contracts for these projects had been entered into as of December 31, 2009 and are expected to be completed by the end of 2010. Accordingly, revenue under the relevant contracts, other than any revenue to be recognized upon expiration of post-construction service periods, are also expected to be completely recognized by the end of 2010. For more details on certain of our existing and completed projects, see the sections headed "Business — Turnkey Solutions" and "Business — Specialized Solutions."

Contract Name	Location	Contract Value (RMB in millions)	Commencement Date	Expected Completion Date
Turnkey Solutions: Expressway				
Fujian Yong'an-Wuping Expressway Longyan Segment	Fujian	68.2	April 2009	July 2010
Hubei Wuhan-Yingshan Expressway	Hubei	67.0	April 2009	August 2010
Chongqing Outer-Ring Expressway	Chongqing	64.3	May 2009	September 2010
Inner Mongolia Expressway Surveillance, Tolling and Communications Management Center	Inner Mongolia	42.7	October 2009	October 2010
Specialized Solutions: Expressway				
Shanxi Traffic Information Communication Network	Shanxi	11.5	November 2009	July 2010
Liaoning Expressway Communication Network Renovation	Liaoning	9.6	December 2009	August 2010
Specialized Solutions: Railway				
Taiyuan-Zhongwei-Yinchuan Railway	Shanxi to Ningxia	161.9	September 2009	September 2010
Beijing-Kowloon Railway	Beijing to Hong Kong	79.4	June 2009	August 2010
Shanghai-Nanjing Intercity Railway	Shanghai to Jiangsu	54.6	July 2009	July 2010
Guangzhou-Shenzhen-Hong Kong Passenger Dedicated Railway (Guangzhou-Shenzhen Segment)	Guangdong	39.4	November 2009	November 2010
Chengdu-Dujiangyan Railway	Sichuan	37.0	October 2009	August 2010
Longyan-Xiamen Railway	Fujian	31.4	October 2009	October 2010
Shanghai-Hangzhou Passenger Dedicated Railway	Shanghai to Zhejiang	17.8	November 2009	October 2010
Specialized Solutions: Urban Traffic				
Phase I of Line 15, Beijing Subway	Beijing	19.3	December 2009	September 2010
Phase I of Line 2, Xi'an Subway	Shaanxi	12.9	December 2009	October 2010
Daxing Line, Beijing Subway	Beijing	7.9	December 2009	October 2010

OUR COMPETITIVE STRENGTHS

We believe we have the following principal competitive strengths:

- leading market position in China's ITS market with proven track record and industry reputation;
- extensive geographical coverage and local market presence;
- dedicated focus on the ITS sector and integrated business model;
- strategically positioned to capture opportunities in the rapidly growing ITS market in China;
- effective and efficient R&D capabilities that enable us to develop widely accepted Specialized Solutions; and
- experienced and highly incentivized management team.

OUR STRATEGIES

Our strategies to achieve our goals include the following:

- expanding our range of Specialized Solutions in China's railway ITS sector;
- strengthening our leading position in both Turnkey and Specialized Solutions in China's expressway ITS sector;
- broadening our Specialized Solutions platform and expanding our Turnkey Solutions in China's urban traffic ITS sector;
- leveraging our expertise, knowledge and relationships to roll out VA Services in China's expressway and railway ITS sectors;
- continued emphasis on R&D efforts to develop new Specialized Solutions; and
- gradual expansion into overseas markets in cooperation with Chinese infrastructure construction contractors.

SUMMARY HISTORICAL FINANCIAL INFORMATION

The consolidated financial data set forth below presents the summary consolidated financial information of the Company for the year ended December 31, 2007, 2008 and 2009. The financial information contained herein and in the Accountants' Report in Appendix I has been prepared in accordance with IFRS. Investors should read these selected financial data together with Appendix I to this prospectus and discussion under the subsection headed "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the "Financial Information" section in this prospectus.

Summary consolidated income statement data:

	For the year ended December 31,		
	2007	**2008**	**2009**
		RMB'000	
Revenue	**694,143**	**1,126,930**	**1,405,447**
Cost of revenue	(468,431)	(836,635)	(1,004,386)
Gross profit	**225,712**	**290,295**	**401,061**
Other income	5,337	2,437	16,420
Selling, general and administrative expenses	(97,463)	(198,199)	(163,761)
Other expenses	(484)	(1,557)	(103)
Operating profit	**133,102**	**92,976**	**253,617**
Finance income	952	659	809
Finance costs	(3,416)	(6,370)	(7,985)
Share of profits of jointly-controlled entities	3,314	647	291
Gain on disposal of a subsidiary	39	—	—
Profit before tax	**133,991**	**87,912**	**246,732**
Income tax	(19,219)	3,947	(32,060)
PROFIT FOR THE YEAR	**114,772**	**91,859**	**214,672**
Attributable to:			
Owners of the parent	113,190	91,286	214,672
Minority interests	1,582	573	—
	114,772	**91,859**	**214,672**
Adjusted EBITDA[(1)]	140,205	164,732	261,843

Note:

(1) The following table sets forth a full quantitative reconciliation of Adjusted EBITDA to its most direct comparable IFRS measure, profit for the year, and the calculation of Adjusted EBITDA margin. Adjusted EBITDA is not a calculation based on IFRS. The amounts included in the Adjusted EBITDA calculation, however, are derived from amounts included in the consolidated income statements data. We have presented Adjusted EBITDA data in this prospectus as we believe that Adjusted EBITDA is a useful supplement to cash flow data because it enables us to measure operating performance and provides a general indicator of the ability to service and incur debt as well as to internally fund capital expenditures. However, Adjusted EBITDA should not be considered in isolation or construed as an alternative to net income or operating income, or as an indicator of our operating performance or other consolidated operations or cash flow data prepared in accordance with IFRS, or as an alternative to cash flow as a measurement of liquidity. Adjusted EBITDA does not consider any functional or legal requirements of the business that may require us to conserve and allocate funds for purposes other than debt service or funding of capital expenditures. Potential investors should be aware that the Adjusted EBITDA measure presented in this prospectus may not be comparable to similarly titled measures reported by other companies due to differences in the components of the calculation. As shown below, Adjusted EBITDA refers to the profit for the year *plus* or *minus* income tax expense or credit, *minus* gain on disposal of a subsidiary, *minus* share of profits of jointly-controlled entities, *plus* finance costs, *minus* finance income, *plus* amortization of acquired intangible assets, *plus* depreciation of property, plant and equipment reflected in the selling, general and administrative expenses, *plus* share-based payment expenses related to our Pre-IPO Share Incentive Scheme, *plus* expenses related to this Global Offering and *minus* or *plus* net gain or loss from fair value adjustment on investment properties.

	For the year ended December 31,		
	2007	**2008**	**2009**
		RMB'000	
Profit for the year	114,772	91,859	214,672
Plus/(minus):			
Income tax expense/(credit)	19,219	(3,947)	32,060
Gains on disposal of interests in subsidiaries	(39)	—	—
Share of profits of jointly-controlled entities	(3,314)	(647)	(291)
Finance costs	3,416	6,370	7,985
Finance income	(952)	(659)	(809)
Amortization of acquired intangible assets	2,283	—	—
Depreciation of property, plant and equipment reflected in the Selling, general and administrative expenses	4,328	5,213	7,370
Share-based payment expenses	—	44,791	9,886
Expenses related to this offering	2,989	21,090	2,078
Net (gain)/loss from fair value adjustment on investment properties	(2,497)	662	(11,108)
Adjusted EBITDA	**140,205**	**164,732**	**261,843**

Summary consolidated statement of financial position data:

	As of December 31,		
	2007	**2008**	**2009**
		RMB'000	
Non-current assets			
Property, plant and equipment	45,094	47,739	26,223
Investment properties	32,665	32,003	80,100
Interests in jointly-controlled entities	7,695	9,442	8,544
Goodwill	230,664	230,664	230,664
Deferred tax assets	6,097	8,322	5,946
Other assets	570	555	540
	322,785	328,725	352,017
Current assets			
Amount due from contract customers	387,604	596,419	679,579
Trade and notes receivables	109,618	247,427	411,394
Prepayments, deposits and other receivables	87,897	165,196	213,313
Inventories	4,625	8,334	6,432
Due from related parties	1,848	2,670	3,900
Pledged deposits	43,840	52,497	173,607
Cash and cash equivalents	101,596	169,473	177,173
	737,028	1,242,016	1,665,398
Current liabilities			
Amount due to contract customers	56,406	103,904	138,956
Trade and notes payables	177,363	411,269	488,590
Other payables and accruals	154,933	252,413	227,413
Interest-bearing loans	65,201	100,000	170,150
Due to related parties	173,625	9,125	4,567
Tax payable	11,052	11,781	12,792
	638,580	888,492	1,042,468
Net current assets	98,448	353,524	622,930
Total assets less current liabilities	421,233	682,249	974,947
Non-current liabilities			
Deferred tax liabilities	18,360	11,783	21,788
	18,360	11,783	21,788
Net assets	402,873	670,466	953,159
Represented by:			
Equity attributable to owners of the parent			
Issued capital	205	205	216
Statutory reserves	12,755	20,263	55,069
Capital reserve	221,024	391,695	673,771
Surplus reserve	—	—	7,782
Foreign currency translation reserve	7,419	15,236	16,889
Retained earnings	159,289	243,067	199,432
	400,692	670,466	953,159
Minority interests	2,181	—	—
Total equity	402,873	670,466	953,159

Our amounts due from contract customers represent amounts from contracts with revenue recognized, but not yet invoiced. The net amount due from contract customers increased at a rate of 48.7% from RMB331.2 million as of December 31, 2007 to RMB492.5 million as of December 31, 2008, primarily due to the build-up of work in progress as a result of the increase in Turnkey Solutions business. The net amount due from contract customers increased at a rate of 9.8% from RMB492.5 million as of December 31, 2008 to RMB540.6 million as of December 31, 2009, primarily due to the build-up of work in progress for expressway and railway Specialized Solutions businesses.

Our trade and notes receivables include amounts invoiced, but uncollected, from our customers and should be distinguished from amounts due from contract customers, which refers to amounts from contracts with revenue recognized, but not yet invoiced. Our trade and notes receivable increased from RMB109.6 million as of December 31, 2007 to RMB247.4 million as of December 31, 2008, primarily due to the increase in our Turnkey Solutions business volume. Our trade and notes receivables increased from RMB247.4 million as of December 31, 2008 to RMB411.4 million as of December 31, 2009, primarily due to a large increase in railway Specialized Solutions business volume in connection with its growth during the year ended December 31, 2009. Our railway Specialized Solutions business usually targets state-owned enterprises customers with good credit history, who generally enjoy longer credit terms of six to nine months offered by the Company, and this will directly contribute to higher turnover days of our trade and notes receivables.

The goodwill of RMB230.7 million as at December 31, 2007, 2008 and 2009, arose from the acquisition of Aproud Technology, which is considered by the Directors as a separate cash-generating unit.

Please refer to the section entitled “Financial Information—Working Capital” for further details on these and other balance sheet items.

Backlog

Backlog is defined as the aggregate value of contracts signed or secured with third-party customers as of the indicated date, *less* revenues recognized in connection with such contracts up to and including the same date. It is our estimate of the contract value of work that remains to be completed as of a certain date. The contract value of a project represents the amount that we expect to receive under the terms of the contract if the contract is performed in accordance with its terms. Backlog is not a measure defined by generally accepted accounting principles, and our methodology for determining backlog may not be comparable to the methodology used by other companies in determining their backlog. Backlog may not be indicative of future operating results. Not all of our revenue is recorded in backlog for a variety of reasons, including the fact that some projects begin and end within a short-term period. Many contracts do not provide for a fixed amount of work to be performed and are subject to modification or termination by the customer. The termination or modification of any one or more sizeable contracts or the addition of other contracts may have a substantial and immediate effect on backlog.

The following table sets out the aggregate value of projects in our backlog as of the dates specified. We expect that the majority of the projects outstanding as of December 31, 2009 will be completed within the next 18 to 24 months.

	As of December 31,		
	2007	2008	2009
		RMB ’000	
Turnkey Solutions	531,722	320,652	312,011
Specialized Solutions	87,134	359,057	604,215
VA Services	2,553	2,149	1,260
Total	621,409	681,858	917,486

New Contract Value

New contract value represents the aggregate value of the contracts we signed or secured with third-party customers during a specified period. The value of a contract is the amount that we expect to receive under the terms of the contract if the contract is performed in accordance with its terms. New contract value is not a measure defined by generally accepted accounting principles, and or methodology for determining new contract value may not be comparable to the methodology used by other companies in determining their new contract value.

The following table sets out the aggregate value of new contracts entered into for the period specified. We expect that the majority of the projects entered into during the year ended December 31, 2009 will be completed within the next 18 to 24 months.

	For the year ended December 31,		
	2007	**2008**	**2009**
		RMB ’000	
Turnkey Solutions	690,927	373,715	530,567
Specialized Solutions	365,594	841,843	1,137,933
VA Services	9,936	12,146	17,847
Total	1,066,457	1,227,704	1,686,347

FORECAST FOR THE HALF YEAR ENDING JUNE 30, 2010

We forecast that, in the absence of unforeseen circumstances and on the bases and assumptions set out in the Profit Forecast in Appendix III to this prospectus, and in accordance with IFRS, our net profit attributable to our shareholders for the half year ending June 30, 2010 is expected to be not less than RMB41.2 million.

The forecast is presented on a basis consistent in all material respects with the accounting policies currently adopted by us as set out in the Accountants’ Report in Appendix I to this prospectus dated the date of this prospectus.

Our Directors have prepared a profit forecast only for the half year ending June 30, 2010, as the factors described under the sections headed “Risk Factors” and “Financial Information—Factors Affecting Our Results of Operations and Financial Condition” make any forecast for a longer period subject to too many uncertainties.

The unaudited pro forma fully diluted earnings per Share for the half year ending June 30, 2010 is expected to be not less than RMB0.027. This amount has been calculated based on the forecast consolidated profit attributable to equity holders of our Company for the half year ending June 30, 2010 and assuming that our Company had been listed since January 1, 2010 and a total of 1,550,296,334 Shares were in issue during the half year ended June 30, 2010, without taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme.

Our revenue is generated primarily by three business segments: Turnkey Solutions, Specialized Solutions and VA Services.

Revenue from construction contracts, which is fixed price in nature, is recognized using the percentage of completion method when the contract activities have progressed to a stage where economic benefit can be reasonably foreseen and is measured by reference to the proportion of costs incurred to date to the estimated total cost of the relevant contract.

The estimate of our revenue for the half year ending June 30, 2010 for purposes of our profit forecast on, among other things:

(i) backlog as of December 31, 2009 (based on percentage completion milestones as set out in contracts signed or orders secured);

(ii) contracts signed to date (based on contracts entered into since December 31, 2009 and actual work done or projected percentage completion milestones as set out in such contracts); and

(iii) bids won to date (based on winning bid notification or other written notification and projected percentage completion milestones as set out in the bidding documents. The Directors confirm that based on past experience, bids won generally become actual contracts signed and that there will not be changes in the terms and conditions of the bids as compared to actual contracts entered into that will materially and adversely affect our contracts). The period from bid winning to contract signing is typically one to two months.

Sensitivity Analysis

The following table illustrates the sensitivity of net profit attributable to the equity holders of the Company to revenue recognized for all projects during the forecast period.

Reduction in net profit attributable to equity holders of the Company (revenue sensitivity analysis).

	If 2.5% of revenue is not recognized	If 5.0% of revenue is not recognized
	RMB million	RMB million
Reduction in net profit attributable to equity holders of the Company	(2.4)	(4.8)

The following table illustrates the sensitivity of net profit attributable to the equity holders of the Company to cost overrun for all projects during forecast period.

Reduction in net profit attributable to equity holders of the Company (cost sensitivity analysis).

	If cost is overrun by 1.0%	If cost is overrun by 2.5%
	RMB million	RMB million
Reduction in net profit attributable to equity holders of the Company	(2.5)	(6.2)

The above sensitivity analysis is intended for reference only, and any variation could exceed the ranges given. Investors should note in particular that (i) this sensitivity analysis is not intended to be exhaustive and is limited to the impact of the variance in revenue recognition and cost for all projects for the half year ending June 30, 2010 and (ii) the profit forecast is subject to further and additional uncertainties generally.

We have considered for the purposes of the profit forecast what we believe is the best estimate of the sensitivity in revenue recognized and cost overrun for all projects as at June 30, 2010. However, the sensitivity in revenue recognized and cost overrun for all projects and/or any changes of the sensitivity in revenue recognized and cost overrun for all projects as at the relevant time may differ materially from our estimate, and is dependent on market conditions and other factors that are beyond our control. Our profit forecast involves estimates and assumptions in this regard which may prove to be incorrect.

You may find the texts of the letters from Ernst & Young, our auditors and reporting accountants, and the Joint Sponsors for the Listing, in respect of the Profit Forecast in Appendix III to this prospectus.

USE OF PROCEEDS

We estimate that the aggregate net proceeds from the issue of new Shares (after deducting underwriting fees and estimated expenses payable by us in connection with the Global Offering), assuming an Offer Price of HK$3.375 per Share, being the mid-point of the proposed Offer Price range of HK$2.85 to HK$3.90 per Share, will be approximately HK$581.6 million. We currently intend to apply these net proceeds for the following purposes:

- approximately HK$261.7 million, or approximately 45%, for acquisitions or investments primarily related to our Turnkey Solutions and Specialized Solutions and, to a lesser degree, related to our VA Services businesses. With respect to our Turnkey Solutions business, we plan to selectively pursue acquisitions or investments that would allow us to broaden our geographical footprint in the expressway Turnkey Solutions and potentially the urban traffic segments in developed regions in the East and South. With respect to our Specialized Solutions business, although our acquisition or investment strategy may differ slightly among the expressway, railway and urban traffic segments, we plan to selectively target acquisitions or investments that will expand our overall PRC market share or allow us to introduce new Specialized Solutions to our current Specialized Solutions portfolio. While no specific acquisition candidates or investment opportunities had been identified as of the Latest Practicable Date, we expect to seek such acquisition targets or investment opportunities through our networks and partnerships in the ITS industry and day-to-day knowledge of the ITS industry in the PRC;
- approximately HK$203.6 million, or approximately 35%, for project-related working capital needs to finance increased business volume and the corresponding project and bid related bonds;
- approximately HK$58.2 million, or approximately 10%, for further investment and development in our Company's research and development team in order to facilitate market share gains in the expressway sector and support the expansion of our Specialized Solutions. In particular, we expect to allocate this portion of the net proceeds to (i) increasing the number of dedicated research and development personnel; (ii) acquiring new intellectual property; and (iii) enhancing our research capabilities and equipment. As our research and development capabilities continue to grow, we will focus on developing (i) signaling technology and other products for the railway sector; (ii) AID for the railway sector; (iii) next generation of ONU and AID products for the expressway sector; (iv) ETC for the expressway sector; and (v) our traffic information platform for both the urban and expressway sectors; and
- approximately HK$58.1 million, or approximately 10%, for general corporate purposes.

To the extent that our net proceeds from the Global Offering are not immediately required for the above purposes, we intend to deposit the proceeds with banks in interest-bearing bank accounts and/or other authorized financial institutions in other treasury instruments. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

To the extent that the net proceeds from the issue of new Shares are not sufficient to fund the uses set forth above, we intend to fund the balance through a variety of means including cash generated from our operations and bank financing. We currently believe that the net proceeds from the issue of new Shares, when combined with such alternate sources of financing, are sufficient for the uses set forth above.

In the event that the Over-allotment Option is exercised in full and based on the mid-point of the indicative Offer Price range, we estimate that we will receive additional net proceeds from the issue of addition new Shares of HK$116.8 million, deducting underwriting fees and estimated expenses payable by us.

In the event that the Offer Price is finally determined at the low end of the indicative Offer Price range, being HK$2.85 per Offer Share, the net proceeds from the issue of new Shares will decrease by approximately HK$102.4 million to approximately HK$479.3 million, as compared with the above computation (which is based on the mid-point of the indicative Offer Price range), assuming no exercise of the Over-allotment Option. Our Directors intend to apply the net proceeds from the issue of new Shares in the same manner as above.

In the event that the Offer Price is finally determined at the highest end of the indicative Offer Price range, being HK$3.90 per Offer Share, the net proceeds of the issue of new Shares will increase by approximately HK$102.4 million to approximately HK$684.0 million, as compared with the above computation (which is based on the mid-point of the indicative Offer Price range), assuming no exercise of the Over-allotment Option. Our Directors intend to apply such additional net proceeds in the same manner as above.

The Selling Shareholders will be selling a portion of their Shares in the Global Offering. We estimate that the net proceeds to be received by the Selling Shareholders from the Global Offering will be approximately HK$120.6 million (assuming the same mid-point of the proposed Offer Price range), after deducting the underwriting fees and commission payable by the Selling Shareholders in relation to the Global Offering and assuming the Over-allotment Option is not exercised. We will not receive any of the proceeds from the sale of Shares by the Selling Shareholders.

DIVIDEND POLICY

We may distribute dividends by way of cash or by other means that we consider appropriate. A decision to distribute any dividends would require the approval of our Board and will be at their discretion. In addition, any final dividend for a financial year will be subject to shareholders' approval.

A decision to declare or to pay any dividends in the future, and the amount of any dividends, depends on a number of factors, including our results of operations, financial condition, the payments by our subsidiaries of cash dividends to us, future prospects and other factors that our Directors may consider important.

No dividend was declared and paid by the Group in 2007 and 2008. On November 6, 2009, the Company declared a dividend of RMB71,501,000 to the shareholders registered at the close of business on December 31, 2008 and settled such dividend (i) with respect to RMB56.2 million thereof, by an offset of an advance from China ITS Co., Ltd. in December 2009 and (ii) with respect to the remaining RMB15.3 million thereof, out of cash on hand in February 2010. The shareholders registered at the close of business on December 31, 2008 included the Parent Company, CCBIAM and Baring.

In addition, pursuant to the resolutions of the board of Directors dated March 19, 2010 and the shareholders resolutions dated March 19, 2010, the Company declared a dividend of RMB50 million payable to shareholders registered at the close of business on December 31, 2008. The dividend will be paid out from the capital reserve account of the Company after completion of the Global Offering. Conyers Dill & Pearman, our Cayman Islands counsel, has advised, and our Directors, based on the advice given by our Cayman Islands counsel, have confirmed, that such declaration of dividend is in compliance with Cayman Islands law and the Company's Articles of Association.

RISK FACTORS

We believe that there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to our business; (ii) risks relating to our industry; (iii) risks relating to business operations in the PRC; and (iv) risks relating to the Global Offering. Additional risks and uncertainties not presently known to us, or not expressed or implied below, or that we deem immaterial, could also harm our business, financial condition and operating results. Set forth below is a summary of the risks referred to above. For further details on these risks, see "Risk Factors" in this prospectus.

Risks Relating to Our Business

- We may suffer losses on projects due to cost overrun, delay in meeting our schedule and other unforeseen circumstances.

- The global financial markets have experienced significant volatility recently, which have had negative repercussions on the global economy. As a result, our business, financial condition and results of operations could be materially and adversely affected.
- We have experienced significant growth in the past, and we may not be able to maintain such growth in the future.
- Ongoing evolution of our business model may result in variations in our business mix, corresponding fluctuations in our profit margins and working capital requirements, and increased exposure to regulatory risk.
- We require substantial capital and any failure to obtain the capital we need on acceptable terms, or at all, may adversely affect our expansion plans and growth prospects.
- We may experience delays or defaults in payment by our customers.
- Our backlog may not be indicative of our future results of operations.
- We depend on key personnel and failure to retain them could adversely affect our operations.
- We currently depend on certain major suppliers, including Huawei, for the supply of certain electronic equipment and devices to be used in our solutions. If our relationships with these suppliers deteriorate we may lose customers, market share and revenue and our profit margins may decrease.
- We depend on sub-contractors to complete many of our Turnkey Solutions contracts.
- We face risks associated with potential acquisitions, investments, strategic partnership, overseas expansion or other ventures.
- We may be unable to secure projects in the future.
- We rely on our trademark, copyrights, contractual rights and other intellectual property rights, and failure to protect our intellectual property rights may affect our ability to compete.
- We may be adversely affected by product liability claims.
- Our business relies heavily on proper operation and maintenance of our management information systems and any malfunction for any extended periods may have an adverse impact on our business.
- We may be required to indemnify each Pre-IPO Investor from all losses, damages, liabilities and expenses pursuant to the Listco IRA.

Risks Relating to Our Industry

- Our performance largely depends on public spending on transportation infrastructure.
- We face risks associated with contracting with public bodies and the related bidding processes.
- We are highly dependent on the ITS industry which is characterized by rapid technological change.
- We may be adversely affected by the seasonality of the transportation infrastructure construction industry.

Risks Relating to Business Operations in the PRC

- Political and economic policies of the PRC government could affect our business and results of operations.
- Changes in PRC foreign exchange regulations may adversely affect our results of operations and financial condition.
- Any termination of, or change in, preferential tax treatment in the PRC may have a negative impact on our results of operations.

- Dividends payable by our PRC subsidiaries to us may become subject to withholding taxes under PRC tax laws.
- Dividends payable by us to our foreign investors and gain on the sale of our Shares may become subject to withholding taxes under PRC tax laws.
- Recent PRC regulations relating to acquisitions of PRC companies by foreign entities may limit our ability to acquire PRC companies and adversely affect the implementation of our strategy as well as our business and prospects.
- We are subject to risks associated with the PRC legal system.
- Any recurrence of severe acute respiratory syndrome or any other epidemic in China may have a material adverse effect on our business and operations, financial condition and results of operations.
- Certain facts and statistics in this prospectus relating to the Chinese economy and the ITS industry in the PRC are derived from various publicly available official government publications and may not be fully reliable.

Risks Relating to the Global Offering

- We are controlled by our Controlling Shareholders, whose interest may differ from those of our other shareholders.
- There has been no prior public market for our Shares and there can be no assurance that an active market will develop.
- We are a holding company and our ability to pay dividends is dependent upon the earnings of, and distributions by, our subsidiaries.
- You may experience difficulty enforcing judgments against us and our management.
- The liquidity and market price of our Shares following the Global Offering may be volatile.
- Our Share price may be affected if additional Shares are sold by our substantial shareholders or are issued by us.
- You may experience dilution because of the issuance of Shares pursuant to the awards or options granted under the Share Option Scheme.
- You should not rely on any information contained in press articles or other media regarding the Group and the Global Offering.
- If we seek to determine the Offer Price below a certain price with the indicative offer price range, unless we receive the necessary consents from our Pre-IPO Investors, we will not proceed with price determination and the Global Offering will be terminated.

OFFERING STATISTICS[1]

	Based on an Offer Price of HK$2.85	Based on an Offer Price of HK$3.90
Market capitalization of our Shares[2]	HK$4,418.3 million	HK$6,046.2 million
Prospective price to earnings ratio on a pro forma fully diluted basis[3]	91.9 times	125.8 times
Unaudited pro forma adjusted net tangible asset value per Share[4]	RMB0.75	RMB0.86

Notes:

(1) All statistics in this table are presented on the assumption that the Over-allotment Option is not exercised.

(2) The calculation of market capitalization is based on 1,550,296,334 Shares expected to be in issue following completion of the Global Offering, assuming no Shares are issued pursuant to the exercise of any options granted under the Share Option Scheme and that the Over-allotment Option is not exercised.

(3) The calculation of the prospective price to earnings ratio on a pro forma fully diluted basis is based on the estimated earnings per Share on a pro forma diluted basis at the assumed Offer Price of HK$2.85 and HK$3.90 per Share assuming that no Shares are issued pursuant to the exercise of any options granted under the Share Option Scheme and that the Over-allotment Option is not exercised.

(4) The unaudited pro forma adjusted net tangible asset value per Share is calculated after making the adjustments referred to in "Unaudited Pro Forma Financial Information" included in Appendix II to this prospectus and on the basis of a total of 1,550,296,334 Shares expected to be in issue following the completion of the Global Offering. This calculation assumes respective Offer Prices of HK$2.85 and HK$3.90 and that no Shares are issued pursuant to the exercise of any options granted under the Share Option Scheme and that the Over-allotment Option is not exercised.

The Selling Shareholders are expected to sell an aggregate of 36,837,219 Shares (consisting of 31,837,219 Shares to be sold by CCBIAM and 5,000,000 Shares to be sold by Baring) in the International Placing, representing approximately 2.38% of the total issued share capital of our Company immediately following completion of the Global Offering, assuming the Over-allotment Option is not exercised.