

# 中國城市軌道交通科技控股

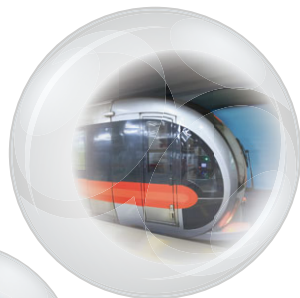
CHINA CITY RAILWAY TRANSPORTATION TECHNOLOGY

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

Stock code: 1522



Interim Report **2015**





# CONTENTS

Corporate Information	<b>2</b>
Unaudited Consolidated Statement of Profit or Loss	<b>4</b>
Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income	<b>5</b>
Unaudited Consolidated Statement of Financial Position	<b>6</b>
Unaudited Consolidated Statement of Changes in Equity	<b>8</b>
Unaudited Condensed Consolidated Cash Flow Statement	<b>11</b>
Notes to the Unaudited Interim Financial Report	<b>13</b>
Independent Review Report	<b>42</b>
Management Discussion and Analysis	<b>44</b>
Other Information	<b>58</b>

# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Cao Wei (*Chief executive officer*)

Ms. Xuan Jing

Mr. Shao Kai

### Non-Executive Directors

Dr. Tian Zhenqing (*Chairman*)

Mr. Hao Weiya

Mr. Zhang Jie

### Independent Non-Executive Directors

Mr. Bai Jinrong

Mr. Luo Zhenbang *CPA*

Mr. Huang Lixin

### AUTHORISED REPRESENTATIVES

Mr. Cao Wei

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

### COMPANY SECRETARY

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

### AUDIT COMMITTEE

Mr. Luo Zhenbang *CPA (Chairman)*

Mr. Bai Jinrong

Mr. Huang Lixin

### REMUNERATION COMMITTEE

Mr. Bai Jinrong (*Chairman*)

Mr. Cao Wei

Mr. Huang Lixin

### NOMINATION COMMITTEE

Dr. Tian Zhenqing (*Chairman*)

Mr. Bai Jinrong

Mr. Huang Lixin

### AUDITORS

KPMG

### LEGAL ADVISERS TO THE COMPANY

Chiu & Partners

### PRINCIPAL BANKERS

The Hong Kong and Shanghai Banking Corporation Limited

### REGISTERED OFFICE

Floor 4, Willow House

Cricket Square, PO Box 2804

Grand Cayman, KY1-1112

Cayman Islands



**HEAD OFFICE AND  
PRINCIPAL PLACE OF  
BUSINESS IN HONG  
KONG**

Unit 4407, 44/F, COSCO Tower  
183 Queen's Road Central,  
Sheung Wan  
Hong Kong

**WEBSITE**

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

**STOCK CODE**

1522

**PRINCIPAL SHARE  
REGISTRAR AND  
TRANSFER OFFICE**

Royal Bank of Canada Trust Company  
(Cayman) Limited  
4th Floor, Royal Bank House  
24 Shedden Road, George Town  
Grand Cayman, KY1-1107  
Cayman Islands

**BRANCH SHARE  
REGISTRAR AND  
TRANSFER OFFICE**

Tricor Investor Services Limited  
Level 22, Hopewell Centre  
183 Queen's Road East  
Wanchai, Hong Kong

# Unaudited Consolidated Statement of Profit or Loss

For the Six Months Ended 30 June 2015  
(Expressed in Hong Kong dollars ("HK\$"))

	Note	Six months ended 30 June	
		2015 HK\$'000	2014 HK\$'000
Revenue	4	<b>147,284</b>	291,801
Cost of sales		<b>(79,754)</b>	(215,011)
Gross profit	4(b)	<b>67,530</b>	76,790
Other revenue		<b>2,059</b>	1,285
Other net (loss)/income		<b>(203)</b>	137
Selling, general and administrative expenses		<b>(40,882)</b>	(47,359)
Profit from operations and before taxation	5	<b>28,504</b>	30,853
Income tax	6	<b>(4,131)</b>	(8,242)
Profit for the period		<b>24,373</b>	22,611
Attributable to:			
Equity shareholders of the Company		<b>25,935</b>	20,686
Non-controlling interests		<b>(1,562)</b>	1,925
Profit for the period		<b>24,373</b>	22,611
Earnings per share			
– Basic (HK\$)	7(a)	<b>0.0196</b>	0.0206
– Diluted (HK\$)	7(b)	<b>0.0193</b>	0.0201

The notes on pages 13 to 41 form part of this interim financial report.

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

For the Six Months Ended 30 June 2015  
(Expressed in HK\$)

	Six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
Profit for the period	<b>24,373</b>	22,611
Other comprehensive income for the period (before and after tax):		
Items that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation into presentation currency	<b>337</b>	(3,214)
Total comprehensive income for the period	<b>24,710</b>	19,397
Attributable to:		
Equity shareholders of the Company	<b>26,268</b>	17,528
Non-controlling interests	<b>(1,558)</b>	1,869
Total comprehensive income for the period	<b>24,710</b>	19,397

The notes on pages 13 to 41 form part of this interim financial report.

# Unaudited Consolidated Statement of Financial Position

At 30 June 2015  
(Expressed in HK\$)

	Note	At 30 June 2015 HK\$'000	At 31 December 2014 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	8	<b>62,616</b>	68,108
Intangible assets	9	<b>108,143</b>	114,597
Goodwill	10	<b>69,197</b>	69,175
Deferred tax assets	17	<b>13,244</b>	9,127
		<b>253,200</b>	261,007
<b>Current assets</b>			
Available-for-sale investments	11	<b>11,412</b>	–
Inventories	12	<b>35,281</b>	33,087
Trade and other receivables	13	<b>597,233</b>	604,447
Cash and cash equivalents	14	<b>711,897</b>	528,044
		<b>1,355,823</b>	1,165,578
<b>Current liabilities</b>			
Trade and other payables	15	<b>282,665</b>	364,034
Current taxation		<b>42,621</b>	44,766
		<b>325,286</b>	408,800
Net current assets		<b>1,030,537</b>	756,778
Total assets less current liabilities		<b>1,283,737</b>	1,017,785
<b>Non-current liabilities</b>			
Deferred tax liabilities	17	<b>17,266</b>	18,199
<b>NET ASSETS</b>		<b>1,266,471</b>	999,586

The notes on pages 13 to 41 form part of this interim financial report.

Unaudited Consolidated Statement of Financial Position  
 At 30 June 2015  
 (Expressed in HK\$)



	<i>Note</i>	<b>At 30 June 2015 HK\$'000</b>	At 31 December 2014 HK\$'000
<b>CAPITAL AND RESERVES</b>			
Share capital	18	<b>14,219</b>	13,060
Reserves		<b>1,239,845</b>	972,561
<hr/>			
Total equity attributable to equity shareholders of the Company		<b>1,254,064</b>	985,621
Non-controlling interests		<b>12,407</b>	13,965
<hr/>			
Total equity		<b>1,266,471</b>	999,586

The notes on pages 13 to 41 form part of this interim financial report.



# Unaudited Consolidated Statement of Changes in Equity

For the Six Months Ended 30 June 2015

(Expressed in HK\$)

	Attributable to equity shareholders of the Company								Total equity HK\$'000
	Share capital	Share premium	Capital reserve	Statutory reserves	Exchange reserve	Retained profits	Total	Non-controlling interests	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Balance at 1 January 2014	9,542	285,606	20,855	17,949	11,721	167,001	512,674	7,663	520,337
Changes in equity for the six months ended 30 June 2014:									
Profit for the period	-	-	-	-	-	20,686	20,686	1,925	22,611
Other comprehensive income	-	-	-	-	(3,158)	-	(3,158)	(56)	(3,214)
Total comprehensive income	-	-	-	-	(3,158)	20,686	17,528	1,869	19,397
Issuance of new shares	3,327	411,638	-	-	-	-	414,965	-	414,965
Shares issued under share option scheme	4	303	(44)	-	-	-	263	-	263
Equity-settled share-based transactions (Note 16)	-	-	1,866	-	-	-	1,866	-	1,866
Appropriation to reserves	-	-	-	2,000	-	(2,000)	-	-	-
	3,331	411,941	1,822	2,000	-	(2,000)	417,094	-	417,094
Balance at 30 June 2014	12,873	697,547	22,677	19,949	8,563	185,687	947,296	9,532	956,828

The notes on pages 13 to 41 form part of this interim financial report.

Unaudited Consolidated Statement of Changes in Equity  
 For the Six Months Ended 30 June 2015  
 (Expressed in HK\$)

	Attributable to equity shareholders of the Company								Total equity HK\$'000
	Share capital	Share premium	Capital reserve	Statutory reserves	Exchange reserve	Retained profits	Total	Non-controlling interests	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Balance at 1 July 2014	12,873	697,547	22,677	19,949	8,563	185,687	947,296	9,532	956,828
Changes in equity for the six months ended 31 December 2014:									
Profit for the period	-	-	-	-	-	20,207	20,207	4,320	24,527
Other comprehensive income	-	-	-	-	3,962	-	3,962	113	4,075
Total comprehensive income	-	-	-	-	3,962	20,207	24,169	4,433	28,602
Shares issued under share option scheme	187	14,655	(2,581)	-	-	-	12,261	-	12,261
Equity-settled share-based transactions (Note 16)	-	-	1,895	-	-	-	1,895	-	1,895
	187	14,655	(686)	-	-	-	14,156	-	14,156
Balance at 31 December 2014	13,060	712,202	21,991	19,949	12,525	205,894	985,621	13,965	999,586

The notes on pages 13 to 41 form part of this interim financial report.

Unaudited Consolidated Statement of Changes in Equity  
 For the Six Months Ended 30 June 2015  
 (Expressed in HK\$)

	Attributable to equity shareholders of the Company								Total equity
	Share capital	Share premium	Capital reserve	Statutory reserves	Exchange reserve	Retained profits	Total	Non-controlling interests	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Balance at 1 January 2015	13,060	712,202	21,991	19,949	12,525	205,894	985,621	13,965	999,586
Changes in equity for the six months ended 30 June 2015:									
Profit/(loss) for the period	-	-	-	-	-	25,935	25,935	(1,562)	24,373
Other comprehensive income	-	-	-	-	333	-	333	4	337
Total comprehensive income	-	-	-	-	333	25,935	26,268	(1,558)	24,710
Issuance of new shares (Note 18(b))	1,146	236,173	-	-	-	-	237,319	-	237,319
Shares issued under share option scheme (Note 18(c))	13	1,196	(173)	-	-	-	1,036	-	1,036
Equity-settled share-based transactions (Note 16)	-	-	3,820	-	-	-	3,820	-	3,820
	1,159	237,369	3,647	-	-	-	242,175	-	242,175
Balance at 30 June 2015	14,219	949,571	25,638	19,949	12,858	231,829	1,254,064	12,407	1,266,471

The notes on pages 13 to 41 form part of this interim financial report.

# Unaudited Condensed Consolidated Cash Flow Statement

For the Six Months Ended 30 June 2015  
(Expressed in HK\$)

	Note	Six months ended 30 June	
		2015 HK\$'000	2014 HK\$'000
Cash (used in)/generated from operations		<b>(32,615)</b>	1,554
Interest income received		<b>1,725</b>	115
Income tax paid		<b>(11,318)</b>	(16,437)
Net cash used in operating activities		<b>(42,208)</b>	(14,768)
Investing activities			
Payments for the purchase of property, plant and equipment and intangible assets		<b>(1,041)</b>	(1,795)
Other cash flows arising from investing activities		<b>81</b>	125
Net cash used in investing activities		<b>(960)</b>	(1,670)
Financing activities			
Proceeds from issuance of new shares, net of transaction costs	18(b)	<b>237,319</b>	414,965
Proceeds from issuance of shares under share option scheme	18(c)	<b>1,036</b>	263
Net cash generated from financing activities		<b>238,355</b>	415,228

The notes on pages 13 to 41 form part of this interim financial report.

Unaudited Condensed Consolidated Cash Flow Statement  
 For the Six Months Ended 30 June 2015  
 (Expressed in HK\$)

	Note	Six months ended 30 June	
		2015 HK\$'000	2014 HK\$'000
Net increase in cash and cash equivalents		<b>195,187</b>	398,790
Cash and cash equivalents at the beginning of the period	14	<b>528,044</b>	207,521
Effect of foreign exchange rate changes		<b>78</b>	653
Cash and cash equivalents at the end of the period	14	<b>723,309</b>	606,964

The notes on pages 13 to 41 form part of this interim financial report.

# Notes to the Unaudited Interim Financial Report

(Expressed in HK\$ unless otherwise indicated)

## 1 CORPORATE INFORMATION

China City Railway Transportation Technology Holdings Company Limited (the “Company”) was incorporated in the Cayman Islands on 7 January 2011 as an exempted company with limited liability under the Companies Law (2011 Revision), Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The shares of the Company were listed on the Growth Enterprise Market (the “GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 16 May 2012. The listing of the Company’s shares was transferred from the GEM to the Main Board of the Stock Exchange on 6 December 2013. The condensed consolidated interim financial statements of the Company as at and for the six months ended 30 June 2015 comprise the Company and its subsidiaries (collectively referred to as the “Group”). 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, and the lease of civil communication transmission systems to telecommunication companies.

## 2 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange, including compliance with International Accounting Standard (“IAS”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (the “IASB”). It was authorised for issue on 28 August 2015.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2014 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2015 annual financial statements. Details of these changes in accounting policies are set out in Note 3.

## 2 BASIS OF PREPARATION (Continued)

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2014 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. KPMG's independent review report to the board of directors (the "Directors") of the Company is included on pages 42 to 43.

The financial information relating to the financial period ended 31 December 2014 that is included in the interim financial report as comparative information does not constitute the Company's statutory consolidated financial statements for that financial period but is derived from those financial statements. The financial statements for the eighteen months ended 31 December 2014 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 25 March 2015.



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

The IASB has issued several amendments to IFRSs that are first effective for the current accounting period of the Group.

- *Annual improvements to IFRSs 2010-2012 cycle*
- *Annual improvements to IFRSs 2011-2013 cycle*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### **4 REVENUE AND SEGMENT REPORTING**

#### **(a) Revenue**

Revenue represents contract revenue from the provision of design and implementation of application solution services, contract revenue from the provision of maintenance of application solution services, sales of application solution software, sales of application solution related hardware and spare parts, and rental income from the lease of civil communication transmission systems. The amount of each significant category of revenue recognised during the period is as follows:



## 4 REVENUE AND SEGMENT REPORTING (Continued)

### (a) Revenue (Continued)

	Six months ended	
	30 June	
	2015	2014
	HK\$'000	HK\$'000
Revenue from the provision of design and implementation of application solution services	<b>14,784</b>	91,089
Revenue from the provision of maintenance of application solution services	<b>26,208</b>	26,132
Sales of application solution software	<b>60,403</b>	28,035
Sales of application solution related hardware and spare parts	<b>19,924</b>	146,545
Rental income from the lease of civil communication transmission systems	<b>25,965</b>	–
	<b>147,284</b>	291,801

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



## 4 REVENUE AND SEGMENT REPORTING (Continued)

### (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 five 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.
- Rental income: this segment leases civil communication transmission systems.

## **4 REVENUE AND SEGMENT REPORTING** (Continued)

### **(b) Segment reporting** (Continued)

#### *(i) Segment results*

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments. The measure used for reporting segment profit is gross profit. No inter-segment sales have occurred for the six months ended 30 June 2015 and 2014. The Group's other income and expense items, such as selling, general and administrative expenses, 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 and interest income is presented.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2015 and 2014 is set out below.



## 4 REVENUE AND SEGMENT REPORTING (Continued)

### (b) Segment reporting (Continued)

#### (i) Segment results (Continued)

	Six months ended 30 June 2015					
	Design and implementation	Maintenance	Software	Hardware and spare parts	Rental income	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers and reportable segment revenue	14,784	26,208	60,403	19,924	25,965	147,284
Reportable segment gross profit	4,468	19,157	24,724	8,874	10,307	67,530

	Six months ended 30 June 2014				
	Design and implementation	Maintenance	Software	Hardware and spare parts	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers and reportable segment revenue	91,089	26,132	28,035	146,545	291,801
Reportable segment gross profit	20,500	15,749	22,584	17,957	76,790

## 5 PROFIT BEFORE TAXATION

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

(a) Staff costs:

	Six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
Salaries, wages and other benefits	<b>31,737</b>	34,540
Contributions to defined retirement plans	<b>3,407</b>	3,854
Equity-settled share-based payment expenses ( <i>Note 16</i> )	<b>3,820</b>	1,866
	<b>38,964</b>	40,260

(b) Other items:

	Six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
Cost of inventories ( <i>Note 12(b)</i> )	<b>16,764</b>	139,860
Depreciation and amortisation	<b>13,011</b>	4,226
Operating lease charges in respect of office premises	<b>4,632</b>	5,685
Interest income	<b>(1,725)</b>	(115)
Net foreign exchange loss/(gain)	<b>261</b>	(306)
Gain on disposal of property, plant and equipment ( <i>Note 8</i> )	<b>(65)</b>	(84)



## 6 INCOME TAX

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

	<b>Six months ended</b>	
	<b>30 June</b>	
	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Current taxation:		
– Hong Kong Profits Tax	<b>295</b>	360
– The People's Republic of China (the "PRC") Corporate Income Tax	<b>8,878</b>	9,510
	<b>9,173</b>	9,870
Deferred taxation ( <i>Note 17</i> ):		
– Origination and reversal of temporary differences	<b>(5,042)</b>	(1,628)
	<b>4,131</b>	8,242

The Company and the subsidiaries of the Group incorporated in Hong Kong are subject to Hong Kong Profits Tax rate of 16.5% for the six months ended 30 June 2015 (six months ended 30 June 2014: 16.5%).

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.

## 6 INCOME TAX (Continued)

The subsidiaries of the Group established in the PRC are subject to PRC Corporate Income Tax rate of 25% for the six months ended 30 June 2015 (six months ended 30 June 2014: 25%).

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 enjoyed a preferential PRC Corporate Income Tax rate of 15% for the calendar years from 2013 to 2015.

## 7 BASIC AND DILUTED EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2015 is based on the profit attributable to ordinary equity shareholders of the Company of HK\$25,935,000 (six months ended 30 June 2014: HK\$20,686,000) and the weighted average of 1,323,338,000 ordinary shares (six months ended 30 June 2014: 1,002,487,000 ordinary shares) in issue during the six months 30 June 2015, calculated as follows:

Weighted average number of ordinary shares:

	Six months ended 30 June	
	2015 '000	2014 '000
Issued ordinary shares at 30 June	1,305,976	954,192
Effect of shares issued under share option scheme (Note 18(c))	898	73
Effect of issuance of new shares (Note 18(b))	16,464	48,222
Weighted average number of ordinary shares at 30 June	1,323,338	1,002,487



## 7 BASIC AND DILUTED EARNINGS PER SHARE (Continued)

### (b) Diluted earnings per share

The calculation of diluted earnings per share for the six months ended 30 June 2015 is based on the profit attributable to ordinary equity shareholders of the Company of HK\$25,935,000 (six months ended 30 June 2014: HK\$20,686,000) and the weighted average number of ordinary shares (diluted) of 1,344,928,000 (six months ended 30 June 2014: 1,028,735,000 ordinary shares (diluted)), calculated as follows:

	Six months ended 30 June	
	2015 '000	2014 '000
Weighted average number of ordinary shares at 30 June	<b>1,323,338</b>	1,002,487
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	<b>21,590</b>	26,248
Weighted average number of ordinary shares (diluted) at 30 June	<b>1,344,928</b>	1,028,735

## 8 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2015, the Group acquired items of property, plant and equipment with a cost of HK\$1,026,000 (six months ended 30 June 2014: HK\$1,795,000).

Property, plant and equipment with a carrying amount of HK\$16,000 was disposed of during the six months ended 30 June 2015, resulting in a net gain on disposal of HK\$65,000 (six months ended 30 June 2014: carrying amount of HK\$41,000 was disposed of, resulting in a net gain on disposal of HK\$84,000).



## 9 INTANGIBLE ASSETS

Intangible assets of the Group at 30 June 2015 mainly comprise self-developed software and income rights acquired with an aggregate carrying amount of HK\$107,383,000 (31 December 2014: HK\$113,837,000).

## 10 GOODWILL

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

	Note	At 30 June 2015 HK\$'000	At 31 December 2014 HK\$'000
Operations in the provision of application solutions related services	(i)	57,827	57,810
Operations related to the civil communication transmission systems business	(ii)	11,370	11,365
		<b>69,197</b>	69,175

*Note (i):* Goodwill was arisen from the Group's acquisition of the 100% equity interests of Innovation Holding Co., Ltd. in 2013.

*Note (ii):* Goodwill was arisen from the Group's acquisition of the civil communication transmission systems and the respective income rights of seven subway lines and the civil communication income rights of the airport line of the Beijing Subway in 2014.



## 11 AVAILABLE-FOR-SALE INVESTMENTS

	<b>At 30 June 2015 HK\$'000</b>	At 31 December 2014 HK\$'000
Unlisted debt investments	<b>11,412</b>	–

The unlisted debt investments represent wealth management products issued by a financial institution with guaranteed principal amounts plus variable returns.

## 12 INVENTORIES

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

	<b>At 30 June 2015 HK\$'000</b>	At 31 December 2014 HK\$'000
Application solution related hardware and spare parts	<b>8,772</b>	7,479
Application solution software	<b>22,813</b>	22,810
Materials to be assigned to service contracts	<b>3,696</b>	2,798
	<b>35,281</b>	33,087

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

	<b>Six months ended 30 June 2015 HK\$'000</b>	2014 HK\$'000
Carrying amount of inventories sold	<b>16,764</b>	139,860

## 13 TRADE AND OTHER RECEIVABLES

	<b>At 30 June 2015 HK\$'000</b>	At 31 December 2014 HK\$'000
Trade receivables due from <i>(Notes 13(a) and 13(c))</i> :		
– third parties	<b>259,510</b>	223,475
– an affiliate of an equity shareholder of the Company	<b>78,956</b>	60,719
– an equity holder of the non-controlling equity holder of a subsidiary of the Group	<b>15,918</b>	20,052
	<b>354,384</b>	304,246
Gross amount due from customers for contract work <i>(Note 13(b))</i> :		
– third parties	<b>154,611</b>	190,766
– an affiliate of an equity shareholder of the Company	<b>54,366</b>	75,861
– an equity holder of the non-controlling equity holder of a subsidiary of the Group	<b>3,364</b>	3,365
	<b>212,341</b>	269,992
Amounts due from related parties <i>(Note 13(d))</i> :		
– equity shareholders of the Company and their affiliates	<b>674</b>	174
– the ultimate holding company of the Company	–	6,402
	<b>674</b>	6,576
Prepayments, deposits and other receivables	<b>29,834</b>	23,633
	<b>597,233</b>	604,447



### 13 TRADE AND OTHER RECEIVABLES (Continued)

Except for retention receivables of HK\$14,325,000 (31 December 2014: HK\$14,325,000), all of the trade and other receivables are expected to be settled or recognised as expenses within one year.

#### (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:

	<b>At 30 June 2015 HK\$'000</b>	<b>At 31 December 2014 HK\$'000</b>
Within 1 month	<b>91,575</b>	214,048
More than 1 month but less than 3 months	<b>28,870</b>	10,084
More than 3 months but less than 6 months	<b>2,834</b>	6,482
More than 6 months	<b>231,105</b>	73,632
	<b>354,384</b>	304,246

The Group generally requires customers to settle progress billings and retention receivables in accordance with contracted terms. Credit terms of 30 days may be granted to certain customers for progress billings. In accordance with general industry practices, one to three years may be granted to customers for retention receivables.

#### (b) Project contracts in progress

At 30 June 2015, 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\$487,257,000 (31 December 2014: HK\$472,473,000).

## 13 TRADE AND OTHER RECEIVABLES (Continued)

### (c) Retention receivables

At 30 June 2015, included in trade receivables are retention receivables in respect of project contracts of HK\$16,900,000 (31 December 2014: HK\$16,900,000).

### (d) Amounts due from related parties

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

## 14 CASH AND CASH EQUIVALENTS

	<b>At 30 June 2015 HK\$'000</b>	<b>At 31 December 2014 HK\$'000</b>
Cash at bank and on hand in the consolidated statement of financial position	<b>711,897</b>	528,044
Add: short-term investments ( <i>Note 11</i> )	<b>11,412</b>	–
Cash and cash equivalents in the condensed consolidated cash flow statement	<b>723,309</b>	528,044

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



## 15 TRADE AND OTHER PAYABLES

	<b>At 30 June 2015 HK\$'000</b>	At 31 December 2014 HK\$'000
Trade payables due to third parties <i>(Note 15(a))</i> :	<b>188,997</b>	288,792
Bills payable <i>(Note 15(a))</i>	<b>25,226</b>	10,428
	<b>214,223</b>	299,220
<hr style="border-top: 1px dashed #000;"/>		
Amounts due to related parties <i>(Note 15(b))</i> :		
– an affiliate of an equity shareholder of the Company	<b>2,963</b>	10,970
– the ultimate holding company of the Company	–	4,969
	<b>2,963</b>	15,939
<hr style="border-top: 1px dashed #000;"/>		
Other taxes payables	<b>14,026</b>	21,187
Accrued expenses and other payables	<b>6,287</b>	10,932
	<b>20,313</b>	32,119
<hr style="border-top: 1px dashed #000;"/>		
Financial liabilities measured at amortised cost	<b>237,499</b>	347,278
<hr style="border-top: 1px dashed #000;"/>		
Receipts in advance from:		
– third parties	<b>36,860</b>	16,756
– an equity holder of the non-controlling equity holder of a subsidiary of the Group	<b>8,306</b>	–
	<b>45,166</b>	16,756
<hr style="border-top: 1px dashed #000;"/>		
	<b>282,665</b>	364,034

## 15 TRADE AND OTHER PAYABLES (Continued)

At 30 June 2015, 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:

	<b>At 30 June 2015 HK\$'000</b>	At 31 December 2014 HK\$'000
Due within 1 month or on demand	<b>188,997</b>	288,792
Due after 1 month but within 6 months	<b>25,226</b>	10,428
	<b>214,223</b>	299,220

### (b) Amounts due to related parties

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



## 16 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

The Company has a share option scheme which was adopted on 8 December 2011 and revised on 24 September 2013 whereby the Directors 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 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 ordinary shares in the Company.

For the share options granted on 26 July 2012, 31 December 2013 and 5 December 2014, 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, 30 December 2018 and 4 December 2019 respectively. Each share option gives the holder the right to subscribe for one ordinary share in the Company.



## 16 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

(Continued)

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

	Number of instruments	Vesting conditions	Contractual life of options
<b>Options granted to directors:</b>			
- 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
- on 5 December 2014	100,000	One year from the date of grant	5 years
- on 5 December 2014	250,000	Two years from the date of grant	5 years
- on 5 December 2014	150,000	Three years from the date of grant	5 years
<b>Options granted to equity shareholder:</b>			
- on 5 December 2014	260,000	One year from the date of grant	5 years
- on 5 December 2014	650,000	Two years from the date of grant	5 years
- on 5 December 2014	390,000	Three years from the date of grant	5 years
<b>Options granted to employees:</b>			
- 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
- on 31 December 2013	4,000,000	One year from the date of grant	5 years
- on 31 December 2013	10,000,000	Two years from the date of grant	5 years
- on 31 December 2013	6,000,000	Three years from the date of grant	5 years
- on 5 December 2014	3,640,000	One year from the date of grant	5 years
- on 5 December 2014	9,100,000	Two years from the date of grant	5 years
- on 5 December 2014	5,460,000	Three years from the date of grant	5 years
Total share options granted	<u>79,200,000</u>		



## 16 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

(Continued)

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

	Six months ended 30 June 2015		Eighteen months ended 31 December 2014	
	Weighted average exercise price	Number of share options '000	Weighted average exercise price	Number of share options '000
Outstanding at the beginning of the period	<b>HK\$1.548</b>	<b>55,136</b>	HK\$0.656	35,732
Granted during the period	-	-	HK\$1.885	40,000
Exercised during the period	<b>HK\$0.817</b>	<b>(1,268)</b>	HK\$0.656	(19,092)
Forfeited during the period	<b>HK\$1.438</b>	<b>(520)</b>	HK\$0.656	(1,504)
Outstanding at the end of the period	<b>HK\$1.566</b>	<b>53,348</b>	HK\$1.548	55,136
Exercisable at the end of the period	<b>HK\$0.846</b>	<b>7,848</b>	HK\$0.842	9,118

The weighted average share price at the date of exercise for share options exercised during the six months ended 30 June 2015 was HK\$2.31 (eighteen months ended 31 December 2014: HK\$2.20).

The share options outstanding at 30 June 2015 had a weighted average exercise price of HK\$1.566 (31 December 2014: HK\$1.548) and a weighted average remaining contractual life of 3.47 years (31 December 2014: 3.94 years).

## 17 DEFERRED TAX ASSETS AND LIABILITIES

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

Deferred tax arising from:	Assets		Liabilities		Net
	Amortisation and depreciation expenses in excess of the tax allowances	Unused tax losses	Total	Fair value adjustments on intangible assets and related amortisation	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31 December 2013	7,275	2,277	9,552	(4,855)	4,697
Exchange adjustments	(31)	–	(31)	(14)	(45)
(Charged)/credited to the consolidated statement of profit or loss (Note 6)	(383)	1,756	1,373	255	1,628
At 30 June 2014	6,861	4,033	10,894	(4,614)	6,280
Exchange adjustments	23	10	33	(23)	10
(Charged)/credited to the consolidated statement of profit or loss	(193)	(1,607)	(1,800)	710	(1,090)
Addition through acquisition of business	–	–	–	(14,272)	(14,272)
At 31 December 2014	6,691	2,436	9,127	(18,199)	(9,072)
Exchange adjustments	1	12	13	(5)	8
(Charged)/credited to the consolidated statement of profit or loss (Note 6)	(378)	4,482	4,104	938	5,042
At 30 June 2015	6,314	6,930	13,244	(17,266)	(4,022)



## 18 CAPITAL, RESERVES AND DIVIDENDS/DISTRIBUTIONS

### (a) Dividends/distributions

- (i) *Dividends/distributions payable to equity shareholders of the Company attributable to the interim period*

The Directors do not recommend the payment of an interim dividend/distribution for the six months ended 30 June 2015 (six months ended 30 June 2014: HK\$Nil).

- (ii) *Distributions to equity shareholders of the Company attributable to the previous financial year, approved during the interim period*

The Directors did not recommend a final dividend/distribution for the eighteen months ended 31 December 2014 and year ended 30 June 2013.

### (b) Issuance of ordinary shares

On 5 June 2015, the Company issued 114,617,534 new ordinary shares to a third party at a price of HK\$2.081 each. The proceeds of HK\$1,146,000 received by the Company, representing the par value, were credited to the Company's share capital. The remaining proceeds received by the Company, net of transaction costs, of HK\$236,173,000 were credited to the Company's share premium account.

### (c) Issuance of shares under share option scheme

During the six months ended 30 June 2015, share options were exercised to subscribe for 1,268,000 ordinary shares in the Company at a consideration of HK\$1,036,000 (*see Note 16*), of which HK\$13,000 was credited to share capital and the balance of HK\$1,023,000 was credited to the share premium account. HK\$173,000 has been transferred from the capital reserve to the share premium account.

## 18 CAPITAL, RESERVES AND DIVIDENDS/DISTRIBUTIONS

(Continued)

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

Exercise period	Exercise price	At 30 June 2015 Number '000
26 July 2013 to 25 July 2017	<b>HK\$0.656</b>	<b>1,063</b>
26 July 2014 to 25 July 2017	<b>HK\$0.656</b>	<b>3,265</b>
26 July 2015 to 25 July 2017	<b>HK\$0.656</b>	<b>9,700</b>
31 December 2014 to 30 December 2018	<b>HK\$1.080</b>	<b>3,520</b>
31 December 2015 to 30 December 2018	<b>HK\$1.080</b>	<b>10,000</b>
31 December 2016 to 30 December 2018	<b>HK\$1.080</b>	<b>6,000</b>
5 December 2015 to 4 December 2019	<b>HK\$2.690</b>	<b>3,960</b>
5 December 2016 to 4 December 2019	<b>HK\$2.690</b>	<b>9,900</b>
5 December 2017 to 4 December 2019	<b>HK\$2.690</b>	<b>5,940</b>
		<b>53,348</b>

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 to the interim financial report.



## 19 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

### (a) Financial instruments measured at fair value

(i) *Fair value hierarchy*

The following table presents the fair value of the Group’s financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

	Fair value measurements categorised into Level 2	
	At	At
	30 June 2015	31 December 2014
Recurring fair value measurements	HK\$'000	HK\$'000
Unlisted debt investments (Note 11)	11,412	–

## 19 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(Continued)

### (a) Financial instruments measured at fair value (Continued)

#### (ii) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of unlisted debt investments are the estimated amount that the Group would receive at the end of the reporting period, taking into account current market interest rates of debt instruments with similar risk profile.

### (b) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values at 30 June 2015 and 31 December 2014.

## 20 OPERATING LEASE COMMITMENTS

At 30 June 2015, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	<b>At 30 June 2015 HK\$'000</b>	<b>At 31 December 2014 HK\$'000</b>
Within 1 year	<b>6,320</b>	9,227
After 1 year but within 5 years	<b>3,955</b>	5,598
	<b>10,275</b>	14,825

The Group leases certain office premises under operating leases. The leases typically run for an initial period of 1 to 5 years, with an option to renew when all terms are renegotiated. None of the leases includes contingent lease rentals.



## 21 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the balances disclosed elsewhere in this interim financial report, the material related party transactions entered into by the Group during the six months ended 30 June 2015 are set out below.

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

	Six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
Provision of design and implementation of application solution services	1,143	21,212
Provision of maintenance of application solution services	21,805	21,999
Sales of application solution software	4,014	1,199
Sales of application solution related hardware and spare parts	1,534	2,006
Technical service costs	–	2,258
Operating lease expenses	2,956	4,592
Net increase/(decrease) in advances granted	500	(2)

### (b) Transactions with an equity holder of the non-controlling equity holder of a subsidiary of the Group

	Six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
Net increase in advances received	8,306	6,287



## 21 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

### (c) Key management personnel remuneration

	Six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
Short-term employee benefits	6,640	6,329
Retirement scheme contributions	274	174
Equity compensation benefits	1,348	240
	<b>8,262</b>	<b>6,743</b>

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

### (d) Transactions with other state-controlled entities in the PRC

The ultimate holding company of the Company, Beijing Infrastructure Investment Co., Ltd. ("BII"), is a state-controlled enterprise controlled by the PRC government. Apart from transactions with BII and its affiliates which were disclosed in Note 21(a) above, the Group also has transactions with other state-controlled entities include but not limited to the following:

- provision of design and implementation of application solution services;
- sales of application solution related hardware and spare parts;
- lease of civil communication transmission systems; and
- bank deposits.



## **22 EVENTS AFTER THE REPORTING PERIOD**

### **(a) Acquisition of business**

On 29 June 2015, the Company, via a wholly-owned subsidiary, entered into an acquisition agreement with BII, where the Company has conditionally agreed to acquire the civil communication transmission systems and the respective income rights of 49 underground stations of three subway lines of the Beijing Subway at a consideration of RMB76,500,000 (equivalent to approximately HK\$97,007,000).

The above acquisition was approved by the independent equity shareholders of the Company in an extraordinary general meeting held on 11 August 2015.

### **(b) Issuance of new shares**

On 7 July 2015, the Company issued 665,427,302 new ordinary shares to Beijing Infrastructure Investment (Hong Kong) Limited, an existing equity shareholder of the Company at a price of HK\$2.081 each. Upon the completion of the issuance of shares, the Company ordinary shares issued was increased from 1,421,861,203 shares to 2,087,288,505 shares.

# Independent Review Report



## **Review Report to the Board of Directors of China City Railway Transportation Technology Holdings Company Limited**

*(Incorporated in the Cayman Islands with limited liability)*

### **INTRODUCTION**

We have reviewed the interim financial report set out on pages 4 to 41 which comprises the consolidated statement of financial position of China City Railway Transportation Technology Holdings Company Limited as of 30 June 2015 and the related consolidated statement of profit or loss, statement of profit or loss and other comprehensive income and statement of changes in equity and condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, Interim financial reporting, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.



## **SCOPE OF REVIEW**

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

## **CONCLUSION**

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2015 is not prepared, in all material respects, in accordance with International Accounting Standard 34, Interim financial reporting.

## **KPMG**

*Certified Public Accountants*  
8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

28 August 2015

# Management Discussion and Analysis

## BUSINESS REVIEW

As at 30 June 2015, the total number of issued shares of the Company increased to 1,421,861,203 shares. On 5 June 2015, a total of 114,617,534 new shares were allotted by the Company to 中再資產管理股份有限公司 (China Re Asset Management Company Ltd.\*) (“China Re Asset Management”) with a two-year lock-up period. After this subscription, China Re Asset Management became the third largest shareholder of our Company, owning approximately 8.06% of the issued share capital of our Company as of the date of this report.

China Re Asset Management is one of the four insurance asset management companies firstly established in China. In May 2014, its registered capital increased from RMB200 million initially to RMB500 million. The business scope of China Re Asset Management covers the management and use of its own funds and insurance funds, entrusted funds management and consultancy services relating to funds management. The controlling shareholder of China Re Asset Management is 中國再保險(集團)股份有限公司 (China Reinsurance (Group) Corporation)\* (“China Re Group”). China Re Group was co-founded by the Ministry of Finance of the PRC and Central Huijin Investment Ltd. with a registered capital of RMB36.408 billion, in which each of the Ministry of Finance and Central Huijin Investment Ltd. holds 15.09% and 84.91% of shares respectively. China Re Group currently is the only state-owned reinsurance group in China. With a comprehensive insurance industry chain covering reinsurance, direct insurance, asset management, insurance brokerage and insurance media, China Re Group established a diversified and specialised business and management structure while accumulating vast resources and building up strong capital strength. China Re Asset Management is one of the leading institutional investors. Placing with a two-year lock-up period showed that the institutional investors highly recognise and are optimistic about the Group’s future development.

\* For identification purpose only



At the same time, the Company entered into a subscription agreement with Beijing Infrastructure Investment (Hong Kong) Limited (“BII HK”) on 18 May 2015, pursuant to which the Company allotted and issued 665,427,302 new shares to BII HK with a two-year lock-up period. On 7 July 2015, the Company convened an extraordinary general meeting in respect of the subscription towards BII HK and obtained the relevant approval. Conditional upon fulfillment of the relevant conditions precedent in the agreement, the shareholding of BII HK in the Group will increase from approximately 33.94% to 55% upon completion of the subscription towards BII HK. Beijing Infrastructure Investment Co., Ltd. (“BII”) will become the absolute controlling shareholder of the Group and the Group will also become the only listed company being absolutely controlled by BII.

BII HK is a wholly-owned subsidiary of BII, a renowned state-owned enterprise in China. BII was established by the State-owned Assets Supervision and Administration Commission of People’s Government of Beijing Municipality and is engaged in investment and financing, preliminary planning, capital operation and related resources development and management of infrastructure projects in Beijing. Being an influential wholly state-owned company in China, the total assets of BII currently amounted to approximately RMB327 billion. The subscription does not only allow both parties to jointly explore new development and investment opportunities to create mutual benefits, it also lays the foundation for the Group to capitalise on the opportunities arising from the Chinese government’s development of infrastructure.

On 18 May 2015, the Group entered into a memorandum of understanding with BII and 北京市地鐵運營有限公司 (Beijing Mass Transit Railway Operation Corp., Ltd.)\* (“Beijing MTR Operation Ltd.”) in relation to the establishment of a joint venture to be formed by the Group and Beijing MTR Operation Ltd. to jointly manage the operation of the existing Airport Express line of the Beijing Subway and attempt to obtain the operating income rights of the new Airport Express line of the Beijing Subway. It is intended that this joint venture would be held as to 51% by Beijing MTR Operation Ltd. and 49% by the Group and it would firstly acquire the operating income rights of the existing Airport Express line of the Beijing Subway owned by BII. Hence, the business of the Group will be extended to the most important part of urban railway transportation – entity operation, and provides a wide variety of development directions for the Group’s business development in the future.

\* For identification purpose only

On 29 June 2015, the Group announced that, pursuant to an acquisition agreement (“Acquisition Agreement”) entered into between 北京京投卓越科技發展有限公司 (Beijing BII Technology Development Co., Ltd\*), an indirect wholly-owned subsidiary of the Company as the purchaser, and BII as the vendor, it would acquire the civil communication transmission systems and the respective income rights of BII’s 49 underground stations of the three subway lines of the Beijing Subway (including Phase 1 of Line 6, Phase 2 of Line 8 (including south section) and Phase 2 of Line 10), and accordingly, the rights and obligations under certain underlying contracts. The income derived from the above assets would be included in the Group since 1 April 2015. Meanwhile, BII, the substantial shareholder, undertakes to transfer the fixed assets and the income rights to be derived from the civil communication transmission systems for other lines of the Beijing Subway in which BII has invested in construction but yet to be completed and settled as at the date of the Acquisition Agreement at an appropriate time at a reasonable consideration to the Group. BII also undertakes that it shall not engage in any business or activity similar to or which competes directly or indirectly or may compete with the civil communication business of the Group. In respect of the future civil communication business, the Group may invest and construct as it deems appropriate, thus placing it in an advantageous position when negotiating with operators regarding resources usage agreements and cooperative business agreements in the future.

The subway civil communication business mainly involves the provision of civil communication coverage for telecommunication operators within the subway system, the mobile phone network operators may provide information services to customers through leasing civil communication system equipment, allowing passengers to gain proper access to the mobile communication equipment within the subway system. On 29 September 2014, the Group announced the completion of acquisition for the civil communication transmission assets of 85 stations of eight subway lines of the Beijing Subway under BII. Together with this acquisition, the Group will own the civil communication transmission assets of 134 stations of 11 subway lines of the Beijing Subway, which will further broaden the business scope of the Group. The new light asset subway business, in addition to the Group’s city railway transportation system, would bring stable income to the Group in the future with a bright prospect.



As at 20 June 2015, since its acquisition of 北京京投億雅捷交通科技有限公司 (Beijing BII-ERG Transportation Technology Company Limited\*) (“BII ERG”), the Group has been dedicated to raising the Group’s overall capabilities in designing and providing application solutions both at line-level and network-level in order to integrate the systems at these two levels more efficiently and ensuring their compatibility, and also be able to maintain and manage these systems more efficiently and improve their overall competitiveness, so that the Group will be able to provide a better and wider range of services to our existing customers.

Meanwhile, the Group is also committed to expanding various types of self-developed products. In order to solve the problems arising from the existing technology, such as long queue time for buying and inspecting subway tickets and high equipment costs, the Group has developed its own ticketing software during the period under review. By downloading the software and scanning a two-dimensional code, users can purchase tickets quickly. As a result, the ticketing efficiency in stations can be enhanced. This is a technology for selling and inspecting tickets based on two-dimensional code recognition, by which tickets are sold through smart phones and two-dimensional codes and ticket selling and inspection procedures can be done by inspecting the two-dimensional codes by the ticket inspection system. This invention enhances ticketing efficiency, saves time for ticketing, cuts down ticket costs and reduces the use of papers and at the same time ensures the timeliness and uniqueness of tickets, subway tickets can be sold and inspected in a fast, efficient and safe manner. This invention has been completed and is being deployed and installed on the automated fare collection system (“AFC”) in Beijing Subway so as to be put into practical use in the Beijing Subway as soon as possible.

\* For identification purpose only



During the period under review, the Group's business operations remained focused on the following five segments: 1) the provision of design and implementation of application solution services, which mainly represent, among others, the design, testing, installation, debugging, integration, upgrading and replacement of railway transportation application solution and associated systems; 2) the provision of maintenance of application solution services, which mainly represent, among others, repair and maintenance of application solution systems developed by the Group as well as other software developers; 3) the sales of application solution software, which mainly represent, among others, the sales of self-developed railway transportation application solution software products; 4) the sales of application solution related hardware and spare parts, which mainly represent, among others, the sales of railway transportation application solution systems related hardware and spare parts; and 5) the rental business of civil communication transmission systems for subways.

## **FINANCIAL REVIEW**

The Group's revenue decreased by approximately 50% from approximately HK\$291.8 million for the six months ended 30 June 2014 to approximately HK\$147.3 million for the six months ended 30 June 2015, while the Group's cost of sales decreased by approximately 63% from approximately HK\$215.0 million for the six months ended 30 June 2014 to approximately HK\$79.8 million for the six months ended 30 June 2015, resulting in a decrease in the Group's gross profit by approximately 12% from approximately HK\$76.8 million for the six months ended 30 June 2014 to approximately HK\$67.5 million for the six months ended 30 June 2015.

Taking into account for other revenue, other net loss, overhead expenses, income tax and the effect of non-controlling interests, the Group recorded an increase in net profit attributable to equity shareholders of the Company of approximately 25% from approximately HK\$20.7 million for the six months ended 30 June 2014 to approximately HK\$25.9 million for the six months ended 30 June 2015.



Further discussions on the Group's financial performance are set out below.

## **Revenue**

### *Provision of design and implementation of application solution services*

The Group's revenue arising from the provision of design and implementation of application solution services decreased by approximately 84% from approximately HK\$91.1 million for the six months ended 30 June 2014 to approximately HK\$14.8 million for the six months ended 30 June 2015. The decrease was mainly due to the slowdown of urban railway transportation construction in Beijing recently which led to fewer projects offered for tender. The main project for the six months ended 30 June 2014 had been running since previous financial year. The situation was in contrary to the 12th Five-Year Plan of China to speed up urban railway transportation construction. According to the 12th Five-Year Plan of China, Beijing planned to complete the construction of the 324 km-long urban railway transport network by the end of 2015. As 2015 is the last year of the 12th Five-Year Plan of China, it is expected that Beijing will make an effort to meet its target and more business opportunities are expected to be opened up accordingly.

### *Provision of maintenance of application solution services*

The Group's revenue arising from the provision of maintenance of application solution services increased by approximately 0.4% from approximately HK\$26.1 million for the six months ended 30 June 2014 to approximately HK\$26.2 million for the six months ended 30 June 2015. The revenue generated from the provision of maintenance of application solution services basically remained stable as all of the service contracts were still within the contract terms during the period under review, with a slight increase due to the provision of a small scale one-off spare parts maintenance service during the six months ended 30 June 2015 as compared to the corresponding period in 2014.

*Sales of application solution software*

The Group's revenue arising from the sales of application solution software increased by approximately 116% from approximately HK\$28.0 million for the six months ended 30 June 2014 to approximately HK\$60.4 million for the six months ended 30 June 2015. Such increase was primarily attributable to the sale of the self-developed ticketing software. The Group will continue to develop more high value added products to maintain its competitive edge.

*Sales of application solution related hardware and spare parts*

The Group's revenue arising from the sales of application solution related hardware and spare parts decreased by approximately 86% from approximately HK\$146.5 million for the six months ended 30 June 2014 to approximately HK\$19.9 million for the six months ended 30 June 2015. Same as design and implementation of application solution services segment, the recent slowdown of urban railway transportation construction in Beijing had narrowed the business pipelines in this segment and there were fewer projects offered for tender during the six months ended 30 June 2015. Likewise, it is expected that Beijing will pick up its momentum in urban railway transportation construction, more business opportunities may open up accordingly.

*Civil communication transmission system leasing service*

The Group's revenue arising from civil communication transmission system leasing service was approximately HK\$26.0 million for the six months ended 30 June 2015. There was no such revenue for the six months ended 30 June 2014 as the Group only commenced this business since September 2014 following the acquisition of the civil communication assets as disclosed in the announcement of our Company dated 8 July 2014 and 29 September 2014 and the circular of our Company dated 8 August 2014.



The revenue for the six months ended 30 June 2015 comprised 2G and 3G leasing income from three telecom operators as well as 4G leasing income from one telecom operator in relation to the civil communication assets acquired since September 2014.

It is expected that this business will provide a sustainable rental income stream for the Group and will continue to grow as the Group had completed the acquisition of additional civil communication assets in August 2015 as disclosed in the announcement of the company dated 29 June 2015 and 11 August 2015 and the circular of the Company dated 27 July 2015, and the 4G transmission systems in relation to all of the civil communication assets owned by the Group are yet to be fully leased to all telecom operators in Beijing.

### **Cost of sales**

The Group's cost of sales decreased by approximately 63% from approximately HK\$215.0 million for the six months ended 30 June 2014 to approximately HK\$79.8 million for the six months ended 30 June 2015. During the period under review, the Group's revenue was mainly generated from the provision of maintenance service, sale of application solution software and leasing of civil communication transmission system, of which the main cost was direct labour. While for the six months ended 30 June 2014, the Group's revenue was mainly generated from the provision of hardware oriented projects like platform screen doors installation projects of which the main cost was hardware procurement. As such, the cost of sales for the six months ended 30 June 2015 was fundamentally lower as compared to the corresponding period in 2014, regardless of contract values.

### **Gross profit**

The Group's gross profit decreased by approximately 12% from approximately HK\$76.8 million for the six months ended 30 June 2014 to approximately HK\$67.5 million for the six months ended 30 June 2015. The decrease in gross profit was mainly the result of the counter effect of the drop in revenue and the reduction in cost of sales for the six months ended 30 June 2015 as compared to the corresponding period in 2014.

### **Selling, general and administrative expenses**

The Group's selling, general and administrative expenses reduced by approximately 14% from approximately HK\$47.4 million for the six months ended 30 June 2014 to approximately HK\$40.9 million for the six months ended 30 June 2015. Such decrease was mainly attributable to the reduction in salaries and wages.

### **Profit attributable to equity shareholders of the Company**

The Group's profit attributable to equity shareholders of the Company increased by approximately 25% from approximately HK\$20.7 million for the six months ended 30 June 2014 to approximately HK\$25.9 million for the six months ended 30 June 2015. The increase was mainly attributable to the decrease in overheads during the six months ended 30 June 2015 as compared to the corresponding period in 2014. In addition, the decrease in income tax and non-controlling interests had further increase the profit attributable to equity shareholders of the Company for the six months ended 30 June 2015 as compared to the six months ended 30 June 2014.

## **LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES**

### **Capital structure**

As at 30 June 2015, the Company's total number of issued shares was 1,421,861,203 ordinary shares of HK\$0.01 each (31 December 2014: 1,305,975,669 ordinary shares of HK\$0.01 each).

### **Cash position**

As at 30 June 2015, the Group's cash and cash equivalents amounted to approximately HK\$711.9 million (31 December 2014: approximately HK\$528.0 million).



## **Bank borrowings and charges on the Group's assets**

As at 30 June 2015, the Group has no bank borrowings or charges on assets.

## **Working capital and gearing ratio**

As at 30 June 2015, the Group had current assets of approximately HK\$1,355.8 million (31 December 2014: approximately HK\$1,165.6 million), while its current liabilities were approximately HK\$325.3 million (31 December 2014: approximately HK\$408.8 million), resulting in net current assets of approximately HK\$1,030.5 million (31 December 2014: approximately HK\$756.8 million). Current ratio as at 30 June 2015, calculated based on current assets divided by current liabilities, was approximately 4.2 (31 December 2014: approximately 2.9).

Gearing ratio is calculated based on total debt at the end of the period divided by total assets at the end of the period multiplied by 100%. As at 30 June 2015, the Group had no bank borrowings, long term debts and payables incurred not in the ordinary course of business, thus the gearing ratio was nil (31 December 2014: Nil).

## **FOREIGN EXCHANGE EXPOSURE**

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

## **CONTINGENT LIABILITIES**

As at 30 June 2015, the Group had no material contingent liabilities.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2015, the Group had 267 employees (including executive Directors) (30 June 2014: 261). The total staff costs, including Directors' remuneration, were approximately HK\$39.0 million (for the six months ended 30 June 2014: HK\$40.3 million).

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

## **SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

Save for the proposed establishment of a joint venture with Beijing MTR Operation Ltd. and the proposed acquisition of the operating income rights of the airport express line of the Beijing Subway as disclosed in the announcement of the Company dated 20 May 2015 as well as the acquisition of the civil communication assets (民用通信資產) as disclosed in the announcement of the Company dated 29 June 2015 and 11 August 2015, and the circular of the Company dated 27 July 2015, there were no other significant investments held, material acquisition or disposal of subsidiaries and affiliated companies, and other plans for material investments or capital assets during the six months ended 30 June 2015.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2015 (for the six months ended 30 June 2014: Nil). The Group will retain cash to finance the continuing development of its business as well as prospective investment opportunities.



## OUTLOOK

With rapid economic development and population increase in China, the Chinese government will vigorously develop urban public transport systems. Of which, urban railway construction, the vastly beneficial and most efficient way to relieve urban traffic issues, possesses the greatest potential for development. According to the 12th Five-Year Plan of China, from 2011 to 2015, it is expected that funds to be invested in urban railway construction will reach about RMB1.4 trillion, while urban railway transport mileage in the PRC will increase by 2,800 km, reaching 4,185 km in total. It is expected that 50 cities will possess railway transport by 2020 in China while the scale of railway transport will reach about 7,000 km. Investments in railway transportation will amount to RMB4 trillion.

Beijing plans to complete the construction of the 324 km-long urban railway transport network by the end of 2015. As 2015 is the last year of the 12th Five-Year Plan, it is expected that Beijing will make a strong effort to meet its target of 660 km of railways with 29 routes by the end of 2015. It is expected that the transport mileage will reach about 1,000 km by 2020. Besides, the Political Bureau of the Communist Party of China Central Committee formally adopted the “Collaborative Development Plan Outline for Beijing-Tianjin-Hebei (京津冀協同發展規劃綱要)” on 20 April 2015. Transport integration is the backbone as well as the pilot of the synergic development of Beijing, Tianjin and Hebei. Beijing plans to construct a 1,000 km-long suburban railway for connecting Beijing, Tianjin and Hebei.

Benefited from the National Policy, the Group possesses significant growth potential. As one of the major suppliers of railway transportation systems in Beijing, the Group will adhere to the principle of “innovation, pragmatism and integrity” and undertake to build the asset-light “Beijing version of MTR”.



The Group will endeavour to provide systematic and technical professional support based on project enhancement and technology research and development (“R&D”), to the network operation of Beijing railway transportation. While it is implementing our long term goal towards commercialising and standardising application solutions for the industry, it will continue to build on our industry experience, expand our customer base and consolidate our market position in Beijing. The Group expects to bring its extensive experience obtained in Beijing, its operation models and products to China’s second-tier or third-tier and fourth-tier cities through business development. In the second half of 2015, there will be several new high-valued open tenders for Beijing railway transportation at network-level and line-level, including but not limited to phase two of the ticket improvement project of Beijing Subway, full reconstruction of AFC system for Beijing Subway, construction of AFC system for new lines, construction project of subway platform doors, construction and reconstruction of passenger information system (“PIS”) system, and construction of the passenger information system control centre system (“PCC”).

With the continuous expansion of “smart cities” and the importance of subways in public transport getting more prominent, to provide a convenient and efficient communication services to citizens travelling on urban railway so as to satisfy passengers’ diversified communication needs while they are on the move has been an integral part of the value-added services provided by subway. In the second half of 2015, the Group will implement the 4G contracts for the 11 existing lines entered with three telecommunication operators, fully expanding the 4G business. Also, the investment and construction of new lines will be commenced as soon as possible. The Group will also follow the technological development trends in the civil communications field, such as 4G, 5G and 5.8G technologies. It will also research the development trends of the internet in order to establish a development model which accommodates the characteristics of subways. Aiming at enhancing the standard of subway integrated services and the influence on the society, the Group will actively explore new value-added information business, such as information channels rental business and WiFi business. By deploying and setting up WiFi hotspots along the lines and in the stations of railway transport in Beijing City, it will provide high-quality wireless broadband Internet access services for passengers, including basic Internet access, portal site access, as well as innovative and diversified value-added businesses, such as advertising business and self-operated websites business.



In addition, the Group seizes the opportunity of cooperating with Beijing MTR Operation Ltd. by jointly establishing a joint venture with Beijing MTR Operation Ltd., which helps the Group to gain experience in managing and operating the Beijing Subway while completing the expansion of the Group's business and transforming such business to the operation sector of subway. Supported by the experience of the Beijing MTR Operation Ltd. as the partner, the acquisition of the operating income rights of the existing Airport Express line of the Beijing Subway is the first step for the Group's expansion into the Beijing Subway lines operation business. Such reproducible and extensible operation mode lays a solid foundation for the Group's future development on new lines projects. The Group will actively seize market opportunities and continue to seek high quality assets acquisition opportunities relating to city railway to enhance the Group's core competitiveness and profitability so as to share the future revenue growth with the shareholders and investors.

## Other Information

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS

As at 30 June 2015, the interests and short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Cap 571 of the Laws of Hong Kong ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were deemed or taken to have under such provisions of the SFO) or which were required pursuant to section 352 of the SFO to be entered in the register referred to therein or which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") as adopted by the Company, to be notified to the Company and the Stock Exchange were as follows:

#### Long positions in the ordinary Shares and underlying Shares

Name of Director	The Company/ name of associated corporation	Capacity	Interest in shares	Interest in underlying shares of share options	Approximate percentage of issued share capital of the Company/ associated corporation
Mr. Cao Wei ("Mr. Cao")	The Company	Interest in a controlled corporation (Note 1)	245,509,815 Shares		17.27%
	The Company	Beneficial owner		1,300,000 Shares (L) (Notes 2 and 3)	0.09%



*Notes:*

1. More Legend is owned as to 75% by Mr. Cao and as to 25% by Ms. Wang Jiangping, the spouse of Mr. Cao. By virtue of the SFO, Mr. Cao is deemed to be interested in the 245,509,815 shares which More Legend is interested in. Mr. Cao is the sole director of More Legend.
2. On 26 July 2012, Mr. Cao was granted 800,000 options under the share option scheme of the Company to subscribe for 800,000 shares of the Company, exercisable at a price of HK\$0.656 per share during a period from 26 July 2012 to 25 July 2017. These options are vested and become exercisable in three tranches in the proportion of 20%, 70% and 100% on 26 July 2013, 26 July 2014 and 26 July 2015 respectively.
3. On 5 December 2014, Mr. Cao was granted 500,000 options under the share options scheme of the Company to subscribe for 500,000 shares of the Company, exercisable at a price of HK\$2.690 per share during a period from 5 December 2014 to 4 December 2019. These options are vested and become exercisable in three tranches in the proportion of 20%, 70% and 100% on 5 December 2015, 5 December 2016 and 5 December 2017 respectively.

Save as disclosed herein, as at 30 June 2015, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions in which they were deemed or taken to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or pursuant to the Model Code.

## INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 30 June 2015, substantial shareholders of the Company and other persons (other than Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

### Long Positions in Shares and Underlying Shares of the Company

Name of Person	Capacity	Number of Shares	Approximate percentage of interest
More Legend	Beneficial owner (Note 1)	245,509,815 Shares (L)	17.27%
Ms. Wang Jiangping ("Ms. Wang")	Interest of spouse (Note 2)	246,809,815 Shares (L)	17.36%
BII HK	Beneficial owner (Note 3)	482,581,376 Shares (L)	33.94%
BII	Interest of controlled corporation (Note 4)	482,581,376 Shares (L)	33.94%
中國財產再保險有限公司 (China Property and Casualty Reinsurance Company Limited*)	Beneficial owner (Note 5)	114,617,534 Shares (L)	8.06%
中國再保險(集團)股份有限公司 (China Reinsurance (Group) Corporation*)	Interest of controlled corporation (Note 5)	114,617,534 Shares (L)	8.06%

\* For identification purpose only



*Notes:*

1. More Legend is the legal and beneficial owner of approximately 17.27% of the entire issued share capital of the Company. Mr. Cao and Ms. Wang are the legal and beneficial owners as to 75% and 25%, respectively, of the entire issued share capital of More Legend. Mr. Cao is the sole director of More Legend.
2. Ms. Wang is the spouse of Mr. Cao and is deemed to be interested in 246,809,815 shares and underlying shares of the Company held by Mr. Cao.
3. BII HK is a wholly-owned subsidiary of BII. Dr. Tian Zhenqing is a director of BII HK.
4. BII is the legal and beneficial owner of the entire issued share capital of BII HK, a company established under PRC law with limited liability and wholly owned by the State owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality.
5. 中國再保險(集團)股份有限公司 (China Reinsurance (Group) Corporation\*) is the controlling shareholder of 中國財產再保險有限責任公司 (China Property and Casualty Reinsurance Company Limited\*).

Save as disclosed above, as at 30 June 2015, the Company was not notified by any persons (other than Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 or Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in the Model Code. The Company periodically issues notices to its Directors reminding them of the general prohibition on dealing in the Company's listed securities during the blackout periods before the publication of announcements of financial results. The Company has confirmed, having made specific enquiry of the Directors that all the Directors have complied with the required standards of dealings throughout the period under review. The Company was not aware of any non-compliance during the six months ended 30 June 2015.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2015.

## **SHARE OPTION SCHEME**

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

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

To cope with the Transfer of Listing, the Company adopted a revised share option scheme (the "Revised Scheme") on 24 September 2013 with changes including (i) all the references to the GEM of the Stock Exchange were changed to the Main Board of the Stock Exchange; and (ii) all the references to the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited were changed to the Listing Rules. Save as disclosed above, there are no material differences between the Share Option Scheme and the Revised Scheme.

During the six months ended 30 June 2015, the Company had not granted any share option to its employees.

## Other Information

As at 30 June 2015, there were 53,348,000 outstanding share options granted under the Share Option Scheme, details as follows:

Grantee	Position/ Capacity	Date of grant	Exercise price HK\$	Vesting period	Exercise period	Number of Share Options				
						Balance as at 1 January 2015	Granted during the period	Exercise during the period	Cancelled/ lapsed/ during the period	Balance as at 30 June 2014
BII HK	Substantial Shareholder	5 December 2014	2.690	5 December 2014 to 4 December 2015 (Note 3)	5 December 2015 to 4 December 2015 (Note 3)	1,300,000	-	-	-	1,300,000
Mr. Cao	Chief Executive Officer and Executive Director	26 July 2012  5 December 2014	0.656  2.690	26 July 2012 to 25 July 2013 (Note 1)	26 July 2013 to 25 July 2017 (Note 1)	800,000	-	-	-	800,000
				5 December 2014 to 4 December 2015 (Note 3)	5 December 2015 to 4 December 2015 (Note 3)	500,000	-	-	-	500,000
Others	Employees	26 July 2012	0.656	26 July 2012 to 25 July 2013 (Note 1)	26 July 2013 to 25 July 2017 (Note 1)	14,336,000	-	(788,000)	(320,000)	13,228,000
Others	Employees	31 December 2013	1.080	31 December 2013 to 30 December 2014 (Note 2)	31 December 2014 to 30 December 2018 (Note 2)	20,000,000	-	(480,000)	-	19,520,000
Others	Employees	31 December 2013	1.080	31 December 2013 to 30 December 2014 (Note 2)	31 December 2014 to 30 December 2018 (Note 2)	18,200,000	-	-	(200,000)	18,000,000
						55,136,000	-	(1,268,000)	(520,000)	53,348,000



*Notes:*

1. On 26 July 2012, a total of 39,200,000 share options were granted to certain Directors and employees of the Company under the Share Option Scheme to subscribe for shares of the Company, exercisable at a price of HK\$0.656 per share during a period from 26 July 2012 to 25 July 2017. These options are vested and become exercisable in three tranches in the proportion of 20%, 70% and 100% on 26 July 2013, 26 July 2014 and 26 July 2015 respectively.
2. On 31 December 2013, a total of 20,000,000 share options were granted to certain employees of the Company under the Share Option Scheme to subscribe for shares of the Company, exercisable at a price of HK\$1.080 per share during a period from 31 December 2013 to 30 December 2018. These options are vested and become exercisable in three tranches in the proportion of 20%, 70% and 100% on 31 December 2014, 31 December 2015 and 31 December 2016 respectively.
3. On 5 December 2014, a total of 20,000,000 share options were granted to a substantial shareholder, a Director and certain employees of the Company under the Share Option Scheme to subscribe for shares of the Company, exercisable at a price of HK\$2.690 per share during a period from 5 December 2014 to 4 December 2019. These options are vested and become exercisable in three tranches in the proportion of 20%, 70% and 100% on 5 December 2015, 5 December 2016 and 5 December 2017 respectively.

## **CHANGE OF DIRECTOR**

During the six months ended 30 June 2015, Mr. Shao Kai was appointed as executive Director with effect from 4 March 2015. Details of the appointment were set out in the announcements of the Company dated 4 March 2015 and 9 March 2015.



## **AUDIT COMMITTEE**

The Company established an audit committee (the “Audit Committee”) with written terms of reference in compliance with Rule 3.21 and Rule 3.22 of the Listing Rules. The written terms of reference of the Audit Committee was adopted in compliance with paragraphs C.3.3 and C.3.7 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The primary duties of the Audit Committee, among other things, are to make recommendation to the Board on the appointment, re-appointment and removal of external auditor; review the financial statements and material advice in respect of financial reporting; and oversee internal control procedures of the Company.

As at 30 June 2015, the Audit Committee comprises three independent non-executive Directors, namely Mr. Luo Zhenbang *CPA* (Chairman of the Audit Committee), Mr. Bai Jinrong and Mr. Huang Lixin.

## **REVIEW OF INTERIM FINANCIAL INFORMATION**

The condensed consolidated financial statements for the six months ended 30 June 2015 (the “Interim Financial Information”) are unaudited, but have been reviewed by KPMG, the Company’s independent auditor, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants, whose report on review of the Interim Financial Information is set out on pages 42 to 43 of the report and nothing has come to their attention that causes them to believe that such information have not been prepared, in all material aspects, in accordance with International Accounting Standard 34, Interim Financial Reporting.

In addition, the Audit Committee has also reviewed the Interim Financial Information and is of the opinion that such information comply with applicable accounting standards, the requirements under the Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

The Board considers that the Company has complied with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules during the six months ended 30 June 2015.

By order of the Board

**China City Railway Transportation  
Technology Holdings Company Limited**

**Cao Wei**

*Executive Director*

*Chief Executive Officer*

Hong Kong, 28 August 2015