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**中國城市軌道交通科技控股**

CHINA CITY RAILWAY TRANSPORTATION TECHNOLOGY

中國城市軌道交通科技控股有限公司

CHINA CITY RAILWAY TRANSPORTATION TECHNOLOGY HOLDINGS COMPANY LIMITED

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

**(Stock Code: 1522)**



**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2016**

The board (the “Board”) of directors (the “Directors”) of China City Railway Transportation Technology Holdings Company Limited (the “Company”) is pleased to announce the consolidated financial results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2016.

The consolidated financial results set out in this announcement are extracted from the Group’s audited consolidated financial statements for the year ended 31 December 2016.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS***For the year ended 31 December 2016 (Expressed in Hong Kong dollars (“HK\$”))*

	<i>Note</i>	<b>2016</b> <b>HK\$'000</b>	2015 <i>HK\$'000</i>
<b>Revenue</b>	4	<b>479,309</b>	320,782
Cost of sales		<u>(375,324)</u>	<u>(199,330)</u>
<b>Gross profit</b>	4(b)	<b>103,985</b>	121,452
Other income		<b>3,563</b>	4,935
Selling, general and administrative expenses		<u>(77,751)</u>	<u>(94,258)</u>
<b>Profit from operations</b>		<b>29,797</b>	32,129
Share of profits of joint ventures		<u>128</u>	<u>–</u>
<b>Profit before taxation</b>	5	<b>29,925</b>	32,129
Income tax	6	<u>(1,531)</u>	<u>(11,649)</u>
<b>Profit for the year</b>		<b><u>28,394</u></b>	<u>20,480</u>
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>25,728</b>	22,945
Non-controlling interests		<u>2,666</u>	<u>(2,465)</u>
<b>Profit for the year</b>		<b><u>28,394</u></b>	<u>20,480</u>
<b>Earnings per share</b>			
– Basic (HK\$)	7(a)	<b><u>0.017</u></b>	<u>0.017</u>
– Diluted (HK\$)	7(b)	<b><u>0.017</u></b>	<u>0.017</u>

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016 (Expressed in HK\$)

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
<b>Profit for the year</b>	<b>28,394</b>	20,480
<b>Other comprehensive income for the year (after tax):</b>		
Items that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements into presentation currency	<u>(50,326)</u>	<u>(45,774)</u>
<b>Total comprehensive income for the year</b>	<b><u>(21,932)</u></b>	<b><u>(25,294)</u></b>
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>(23,358)</b>	(21,731)
Non-controlling interests	<b><u>1,426</u></b>	<u>(3,563)</u>
<b>Total comprehensive income for the year</b>	<b><u>(21,932)</u></b>	<b><u>(25,294)</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2016 (Expressed in HK\$)

	<i>Note</i>	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>134,529</b>	100,326
Intangible assets		<b>125,771</b>	140,734
Goodwill		<b>61,113</b>	65,265
Interests in joint ventures		<b>312,570</b>	–
Deferred tax assets		<b>20,288</b>	8,887
		<u><b>654,271</b></u>	<u>315,212</u>
<b>Current assets</b>			
Available-for-sale debt investments		<b>128,564</b>	17,904
Inventories		<b>69,021</b>	50,819
Trade and other receivables	8	<b>524,610</b>	535,506
Cash and cash equivalents		<b>1,118,431</b>	626,837
		<u><b>1,840,626</b></u>	<u>1,231,066</u>
<b>Current liabilities</b>			
Trade and other payables	9	<b>317,908</b>	254,975
Current taxation		<b>36,205</b>	44,720
		<u><b>354,113</b></u>	<u>299,695</u>
<b>Net current assets</b>		<u><b>1,486,513</b></u>	<u>931,371</u>
<b>Total assets less current liabilities</b>		<b>2,140,784</b>	1,246,583
<b>Non-current liabilities</b>			
Deferred tax liabilities		<b>24,257</b>	25,081
<b>NET ASSETS</b>		<u><b>2,116,527</b></u>	<u>1,221,502</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	10	<b>21,062</b>	14,233
Reserves		<b>2,083,637</b>	1,196,867
<b>Total equity attributable to Equity shareholders of the Company</b>		<b>2,104,699</b>	1,211,100
<b>Non-controlling interests</b>		<b>11,828</b>	10,402
<b>TOTAL EQUITY</b>		<u><b>2,116,527</b></u>	<u>1,221,502</u>

## **NOTES TO THE FINANCIAL INFORMATION**

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

### **1 CORPORATE INFORMATION**

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 consolidated financial statements of the Company as at and for the year ended 31 December 2016 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 for use in public transportation systems to telecommunication companies.

### **2 SIGNIFICANT ACCOUNTING POLICIES**

#### **(a) Statement of compliance**

The consolidated financial information for the year ended 31 December 2016 (the “Financial Information”) set out in this announcement are extracted from the Group’s audited consolidated financial statements for the year ended 31 December 2016 (the “Financial Statements”).

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

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in the Financial Statements.

#### **(b) Basis of preparation**

The Financial Statements comprise the Group and the Group’s interests in joint ventures.

The measurement basis used in the preparation of the Financial Statements is the historical cost basis except for available-for-sale debt investments which are stated at their fair values.

The Financial Information 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 Financial Statements for the year ended 31 December 2016. The Financial Information and notes thereon do not include all of the information required for full set of the Financial Statements prepared in accordance with IFRSs.

### 3 CHANGES IN ACCOUNTING POLICIES

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

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 for use in public transportation systems to telecommunication companies.

Revenue represents contract revenue from the provision of design, implementation and sale of application solution services, contract revenue from the provision of maintenance of application solution services, and rental income from the lease of civil communication transmission systems. The amount of each significant category of revenue recognised during the year is as follows:

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Revenue from the provision of design, implementation and sale of application solution services	<b>315,252</b>	180,624
Revenue from the provision of maintenance of application solution services	<b>52,854</b>	57,425
Rental income from the lease of civil communication transmission systems	<b>111,203</b>	82,733
	<b><u>479,309</u></b>	<u>320,782</u>

For the year ended 31 December 2016, revenues from transactions with three (2015: five) customers have exceeded 10% of the Group's revenue. Revenue from these customers amounted to approximately HK\$190,381,000 for the year ended 31 December 2016 (2015: HK\$216,341,000).

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

**(b) Segment reporting**

The Group manages its businesses by business lines. In view of the continuous integration of the design and implementation of application solutions with their related software, hardware and spare parts in the contracts with customers, the management of the Group considers it has been increasingly difficult to present these activities separately and decided to change the way in how information is to be reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment. The three operating segments, namely "Design and implementation", "Software" and "Hardware and spare parts" as previously reported for the year ended 31 December 2015 have been combined into one operating segment, namely "System integration" for the year ended 31 December 2016. As a result, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments:

- System integration: this segment provides design, implementation and sale of application solution services, which includes related software, hardware and spare parts.
- Maintenance: this segment provides application solution maintenance services.
- Rental income: this segment leases civil communication transmission systems.

Comparative figures have been adjusted to conform to the current year's segments presentation.

*(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 years ended 31 December 2016 and 2015. The Group's other income and expense items, such as other income, selling, general and administrative expenses and share of losses of joint ventures, 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 years ended 31 December 2016 and 2015 is set out below.

	<b>2016</b>			
	<b>System integration HK\$'000</b>	<b>Maintenance HK\$'000</b>	<b>Rental income HK\$'000</b>	<b>Total HK\$'000</b>
Revenue from external customers and reportable segment revenue	<b>315,252</b>	<b>52,854</b>	<b>111,203</b>	<b>479,309</b>
Reportable segment gross profit	<b>29,233</b>	<b>28,365</b>	<b>46,387</b>	<b>103,985</b>
	<b>2015</b>			
	<b>System integration HK\$'000</b>	<b>Maintenance HK\$'000</b>	<b>Rental income HK\$'000</b>	<b>Total HK\$'000</b>
Revenue from external customers and reportable segment revenue	180,624	57,425	82,733	320,782
Reportable segment gross profit	46,816	33,149	41,487	121,452

(ii) *Geographic information*

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

	<b>2016 HK\$'000</b>	2015 HK\$'000
Mainland China	<b>431,157</b>	276,975
Hong Kong	<b>48,152</b>	43,703
The People's Republic of China (the "PRC") (place of domicile)	<b>479,309</b>	320,678
Thailand	–	104
	<b>479,309</b>	320,782

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



## 5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

### (a) Staff costs

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Salaries, wages and other benefits	70,223	77,495
Contributions to defined retirement plans	6,621	7,202
Equity-settled share-based payment expenses	3,931	7,898
	<u>80,775</u>	<u>92,595</u>

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

The Group also operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Scheme Ordinance for employees employed by the Group's subsidiaries incorporated in Hong Kong under a trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the MPF Scheme vest immediately.

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

### (b) Other items

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Cost of inventories	194,256	80,906
Auditor's remuneration:		
– statutory audit services	2,917	2,849
– other services	725	861
Depreciation and amortisation	36,095	29,836
Operating lease charges in respect of office premises	8,328	9,397
	<u>8,328</u>	<u>9,397</u>

## 6 INCOME TAX

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Current taxation		
– Hong Kong Profits Tax	807	826
– PRC Corporate Income Tax	12,045	11,467
– PRC Withholding Tax	–	2,755
	<u>12,852</u>	<u>15,048</u>
Deferred taxation		
– Origination and reversal of temporary differences	(11,321)	(2,733)
– Effect on deferred tax balances at 1 January resulting from a change in tax rate	–	(666)
	<u>(11,321)</u>	<u>(3,399)</u>
	<u>1,531</u>	<u>11,649</u>

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Profit before taxation	<u>29,925</u>	<u>32,129</u>
Expected tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned (Notes (i), (ii) and (iii))	8,852	10,329
Tax effect of non-deductible expenses	1,734	4,474
Tax effect of non-taxable income	(21)	(77)
Tax concessions (Note (iv))	(9,034)	(5,166)
Tax effect of PRC Withholding Tax	–	2,755
Effect on deferred tax balances at 1 January resulting from a change in tax rate	–	(666)
Income tax	<u>1,531</u>	<u>11,649</u>

Notes:

- (i) The Company and the subsidiaries of the Group incorporated in Hong Kong are subject to Hong Kong Profits Tax rate of 16.5% for the year ended 31 December 2016 (2015: 16.5%).
- (ii) The Company and the subsidiaries of the Group incorporated in countries other than the PRC (including Hong Kong) are not subject to any income tax pursuant to the rules and regulations of their respective countries of incorporation.
- (iii) The subsidiaries of the Group established in the PRC (excluding Hong Kong) are subject to PRC Corporate Income Tax rate of 25% for the year ended 31 December 2016 (2015: 25%).
- (iv) Certain subsidiaries of the Group established in the PRC have obtained approvals from the tax bureau to be taxed as enterprises with advanced and new technologies. As a result, these subsidiaries enjoyed a preferential PRC Corporate Income Tax rate of 15% for the three years ending 31 December 2017 or 31 December 2018.

## 7 BASIC AND DILUTED EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2016 is based on the profit attributable to ordinary equity shareholders of the Company of HK\$25,728,000 (2015: HK\$22,945,000) and the weighted average of 1,540,269,000 ordinary shares (2015: 1,373,331,000 ordinary shares) in issue during the year, calculated as follows:

	2016 '000	2015 '000
Issued ordinary shares at 1 January	1,423,321	1,305,976
Effect of issuance of shares ( <i>Note 10(c)(ii)</i> )	107,853	65,944
Effect of shares issued under share option scheme ( <i>Note 10(c)(iii)</i> )	9,095	1,411
	<u>1,540,269</u>	<u>1,373,331</u>
Weighted average number of ordinary shares at 31 December		

### (b) Diluted earnings per share

The calculation of diluted earnings per share for the year ended 31 December 2016 is based on the profit attributable to ordinary equity shareholders of the Company of HK\$25,728,000 (2015: HK\$22,945,000) and the weighted average number of ordinary shares (diluted) of 1,547,780,000 (2015: 1,393,182,000 ordinary shares (diluted)), calculated as follows:

	2016 '000	2015 '000
Weighted average number of ordinary shares at 31 December	1,540,269	1,373,331
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	7,511	19,851
	<u>1,547,780</u>	<u>1,393,182</u>
Weighted average number of ordinary shares (diluted) at 31 December		

## 8 TRADE AND OTHER RECEIVABLES

	<i>Note</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade receivables due from:	8(a), (b), (d)		
– third parties		246,746	269,977
– the ultimate holding company of the Company		27	28
– an affiliate of an equity shareholder of the Company		86,326	63,993
– an equity holder of the non-controlling equity holder of a subsidiary of the Group		20,605	32,883
		<u>353,704</u>	<u>366,881</u>
Gross amount due from customers for contract work:	8(c)		
– third parties		122,178	106,782
– an affiliate of an equity shareholder of the Company		14,606	21,402
– an equity holder of the non-controlling equity holder of a subsidiary of the Group		4,485	3,169
		<u>141,269</u>	<u>131,353</u>
Amounts due from related parties:	8(e)		
– equity shareholders of the Company and their affiliates		186	688
– the ultimate holding company of the Company		84	8,911
		<u>270</u>	<u>9,599</u>
Prepayments, deposits and other receivables		<u>29,367</u>	<u>27,673</u>
		<u>524,610</u>	<u>535,506</u>

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:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Within 1 month	119,628	169,682
More than 1 month but less than 3 months	10,161	26,076
More than 3 months but less than 6 months	7,367	12,594
More than 6 months	216,548	158,529
	<u>353,704</u>	<u>366,881</u>

**(b) Trade receivables that are not impaired**

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Current	25,371	16,564
Less than 1 month past due	112,824	168,740
1 to 3 months past due	10,161	26,076
3 to 6 months past due	7,367	12,594
More than 6 months past due	197,981	142,907
	<u>353,704</u>	<u>366,881</u>

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

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

**(c) Project contracts in progress**

At 31 December 2016, 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 approximately HK\$657,237,000 (2015: HK\$382,089,000).

**(d) Retention receivables**

At 31 December 2016, included in trade receivables are retention receivables in respect of project contracts of approximately HK\$18,567,000 (2015: HK\$16,292,000).

**(e) Amounts due from related parties**

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

## 9 TRADE AND OTHER PAYABLES

	<i>Note</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade payables due to third parties		211,939	185,683
Bills payables		<u>21,354</u>	<u>3,467</u>
	<i>9(a)</i>	<u>233,293</u>	<u>189,150</u>
Amounts due to related parties:	<i>9(b)</i>		
– an affiliate of an equity shareholder of the Company		235	–
– a non-controlling equity holder of a subsidiary of the Group		<u>5,400</u>	<u>–</u>
		<u>5,635</u>	<u>–</u>
Other taxes payables		17,487	12,614
Accrued expenses and other payables		<u>15,275</u>	<u>12,364</u>
		<u>32,762</u>	<u>24,978</u>
Financial liabilities measured at amortised cost		271,690	214,128
Receipts in advance from:			
– third parties		37,276	40,847
– an equity holder of the non-controlling equity holder of a subsidiary of the Group		<u>8,942</u>	<u>–</u>
		<u>317,908</u>	<u>254,975</u>

At 31 December 2016, 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 payables with the following ageing analysis, based on the maturity date, as of the end of the reporting period:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Due within 1 month or on demand	213,608	185,683
Due after 1 month but within 6 months	<u>19,685</u>	<u>3,467</u>
	<u>233,293</u>	<u>189,150</u>

### (b) Amounts due to related parties

The amounts are unsecured and non-interest bearing. Except for an amount of HK\$5,400,000 at 31 December 2016 (2015: HK\$nil) which is repayable within one year, all of the remaining balances have no fixed terms of repayment.

## 10 CAPITAL, RESERVES AND DIVIDENDS

### (a) Movements in components of equity

Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share capital HK\$'000 <i>(Note 10(c))</i>	Share premium HK\$'000	Capital reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
<b>At 1 January 2015</b>	13,060	712,202	45,382	(49,236)	721,408
<b>Changes in equity for 2015:</b>					
Total comprehensive income	–	–	–	(12,290)	(12,290)
Issuance of shares	1,146	236,173	–	–	237,319
Shares issued under share option scheme	27	2,444	(478)	–	1,993
Equity-settled share-based transactions	–	–	7,898	–	7,898
	<u>1,173</u>	<u>238,617</u>	<u>7,420</u>	<u>(12,290)</u>	<u>234,920</u>
<b>At 31 December 2015</b>	<u>14,233</u>	<u>950,819</u>	<u>52,802</u>	<u>(61,526)</u>	<u>956,328</u>
<b>At 1 January 2016</b>	<u>14,233</u>	<u>950,819</u>	<u>52,802</u>	<u>(61,526)</u>	<u>956,328</u>
<b>Changes in equity for 2016:</b>					
Total comprehensive income	–	–	–	(13,065)	(13,065)
Issuance of shares <i>(Note 10(c)(ii))</i>	6,691	896,032	–	–	902,723
Shares issued under share option scheme <i>(Note 10(c)(iii))</i>	138	12,616	(2,451)	–	10,303
Equity-settled share-based transactions	–	–	3,931	–	3,931
	<u>6,829</u>	<u>908,648</u>	<u>1,480</u>	<u>(13,065)</u>	<u>903,892</u>
<b>At 31 December 2016</b>	<u>21,062</u>	<u>1,859,467</u>	<u>54,282</u>	<u>(74,591)</u>	<u>1,860,220</u>

### (b) Dividends

#### i. Dividends payable to equity shareholders of the Company attributable to the year

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2016 (2015: HK\$nil).

#### ii. Dividends to equity shareholders of the Company attributable to the previous financial period, approved during the current year

The Directors did not recommend the payment of a final dividend for the year ended 31 December 2015 (eighteen months ended 31 December 2014: HK\$nil).

(c) **Share capital**

(i) *Authorised and issued share capital*

	2016		2015	
	<i>Number of shares</i>	<i>HK\$'000</i>	<i>Number of shares</i>	<i>HK\$'000</i>
<b>Authorised:</b>				
Ordinary shares of HK\$0.01 each	<b>5,000,000,000</b>	<b>50,000</b>	5,000,000,000	50,000
<b>Issued and fully paid:</b>				
At 1 January	<b>1,423,321,203</b>	<b>14,233</b>	1,305,975,669	13,060
Issuance of shares (Note 10(c)(ii))	<b>669,053,524</b>	<b>6,691</b>	114,617,534	1,146
Shares issued under share option scheme (Note 10(c)(iii))	<b>13,780,000</b>	<b>138</b>	2,728,000	27
At 31 December	<b>2,106,154,727</b>	<b>21,062</b>	1,423,321,203	14,233

Pursuant to the resolution passed at the Company's annual general meeting on 12 May 2015, the Company's authorised share capital was increased to HK\$50,000,000 divided into 5,000,000,000 shares of HK\$0.01 each.

(ii) *Issuance of shares*

On 3 November 2016, the Company issued 669,053,524 new ordinary shares to the immediate holding company of the Company, Beijing Infrastructure Investment (Hong Kong) Limited ("BII HK"), at a price of HK\$1.35 each. The proceeds of HK\$6,691,000 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\$896,032,000 were credited to the Company's share premium account.

(iii) *Shares issued under share option scheme*

During the year ended 31 December 2016, share options were exercised to subscribe for 13,780,000 ordinary shares in the Company at a consideration of HK\$10,303,000, of which HK\$138,000 was credited to share capital and the remaining balance of HK\$10,165,000 was credited to the share premium account. HK\$2,451,000 has been transferred from the capital reserve to the share premium account in accordance with the accounting policy.

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

Exercise period	Exercise price	At 31 December
		2016 Number '000
26 July 2013 to 25 July 2017	HK\$0.656	174
26 July 2014 to 25 July 2017	HK\$0.656	438
26 July 2015 to 25 July 2017	HK\$0.656	1,068
31 December 2014 to 30 December 2018	HK\$1.080	2,668
31 December 2015 to 30 December 2018	HK\$1.080	7,270
31 December 2016 to 30 December 2018	HK\$1.080	5,082
5 December 2015 to 4 December 2019	HK\$2.690	3,430
5 December 2016 to 4 December 2019	HK\$2.690	8,575
5 December 2017 to 4 December 2019	HK\$2.690	5,145
		<b>33,850</b>

Each share option entitles the holder to subscribe for one ordinary share in the Company.



## 11 ACQUISITION OF BUSINESS

On 1 November 2016, the Group acquired the civil communication transmission systems and the respective income rights of 41 underground stations in aggregate of four subway lines and the civil communication wireless coverage system of one subway line of the Beijing Subway from the ultimate holding company of the Company, Beijing Infrastructure Investment Co., Ltd.\* (北京市基礎設施投資有限公司) (“BII”), at a consideration of RMB57,800,000 (equivalent to approximately HK\$66,178,000).

The Directors consider the acquisition represents the continuous expansion of the Group’s business operation in the provision of civil communication services to the Beijing Subway. The acquisition is expected to enable the Group to further expand its business scope with an objective to broaden its income source and enhance its financial performance.

The identifiable assets acquired and liabilities assumed in the above acquisition were as follows:

	<b>Pre-acquisition carrying amounts</b>	<b>Fair value adjustments</b>	<b>Recognised values on the acquisition</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Property, plant and equipment	54,965	–	54,965
Intangible assets	–	10,979	10,979
Other receivables	84	–	84
Deferred tax assets	2,803	–	2,803
Deferred tax liabilities	–	(2,653)	(2,653)
	<u>57,852</u>	<u>8,326</u>	<u>66,178</u>
Net fair value of the identifiable assets acquired and liabilities assumed in the acquisition			<u>66,178</u>
Consideration settled in cash			<u>66,178</u>

Pre-acquisition carrying amounts of the acquirees’ assets and liabilities were determined based on applicable IFRSs immediately before the acquisition. The values of assets and liabilities recognised on acquisition are their estimated fair values. In determining the fair values of property, plant and equipment and intangible assets, the Directors have referenced the fair value adjustment to valuation report issued by an independent valuer. The valuation methods adopted for property, plant and equipment and intangible assets were the depreciated replacement cost method and the multi-period excess earnings method, respectively.

From the date of the acquisition to 31 December 2016, the above acquisition contributes turnover of HK\$2,840,000 and net profit of HK\$608,000 to the Group for the year ended 31 December 2016. If the acquisition had occurred on 1 January 2016, management estimates that consolidated turnover and consolidated net profit for the year ended 31 December 2016 would have been HK\$490,303,000 and HK\$29,867,000, respectively.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **OPERATION REVIEW**

For the twelve months ended 31 December 2016, our business operation focused on three business segments, namely 1) system integration related application solution service; 2) application solution maintenance service; and 3) civil communication transmission system leasing service. Discussion on each of the three business segments is set out below:

#### **System integration related application solution service**

System integration related application solution service mainly represents, among others, design, testing, installation, debugging, integration, upgrading and replacement of railway transportation application solution and associated systems; sales of self developed software products relating to railway transportation application solution; sales of hardware and spare parts relating to railway transportation application solution system.

For the twelve months ended 31 December 2016, in addition to the projects that had commenced in previous financial years, the Group also generated revenue from certain new projects in connection with the system integration related application solution service, including alteration of platform doors of Beijing Subway Line No.2, and phase 2 of the Automated Fare Collection Clearing Centre (“ACC”) system fare reform project regarding Beijing Subway tickets and pricing system. The system integration related application solution service business during the year outperformed that of the previous financial year, which was mainly attributable to the continuous business development in Beijing, and also the development of Phase one of the Changchun Subway Line No.1 project and the Shenzhen Network Operation Control Centre (“NOCC”) project. It is expected that the performance of this segment will improve with the support of development plans in relation to inter-city railway and urban railway transport, including the “Collaborative Development Plan Outline for Beijing-Tianjin-Hebei (《京津冀協同發展規劃綱要》)”, the “Second Phase of the Construction Plan of the Urban Railway Transport Project in Beijing (2015–2021)”(《北京市城市軌道交通第二期建設規劃(2015–2021年)》) and the draft of “13th Five-Year Plan” (《十三五規劃綱要草案》).

#### **Application solution maintenance service**

Application solution maintenance service mainly represents, among others, repair and maintenance of application solution systems developed by the Group as well as other software developers. For the twelve months ended 31 December 2016, our Group continued to provide Octopus system maintenance service to Kowloon Motor Bus Company (1933) Limited and New World First Bus Services Limited in Hong Kong. While in Beijing, the Group continued to provide the ACC system, Traffic Control Centre (“TCC”) system and inspection centre maintenance services to the Beijing Subway. Most of the existing maintenance service contracts that the Group entered into with its customers did not expire until the end of 2016, and the Group is in the process of renewing such contracts with the Beijing Subway. If the renewal goes well, it will bring constant stable income to the Group during the three contract periods, namely 2017, 2018 and 2019.

## **Civil communication transmission system leasing service**

Civil communication transmission system leasing service mainly represents the provision of communication transmission system leasing service to mobile operators.

For the twelve months ended 31 December 2016, the Group's revenue from the civil communication transmission system leasing service was mainly generated from providing 2G, 3G and 4G civil communication transmission system leasing service to 174 stations of 15 subway lines of the Beijing Subway. Among the civil communication transmission systems of the above 174 stations of 15 subway lines, the acquisition of the civil communication transmission systems of 41 stations of 4 subway lines were completed by the Company on 1 November 2016 upon approval at the extraordinary general meeting of the Company held on 1 November 2016. Meanwhile, the Group is also considering developing transmission system value-added leasing service in new fields. The civil communication transmission system leasing service is expected to deliver constant stable income to the Group.

## **FINANCIAL REVIEW**

### **REVENUE**

The Group recorded an increase of approximately 49.4% in revenue from approximately HK\$320,800,000 for the year ended 31 December 2015 to approximately HK\$479,300,000 for the year ended 31 December 2016. The increase was mainly attributable to the Shenzhen NOCC project, alteration of platform doors of Beijing Subway Line No.2, phase 2 of the ACC system fare reform project regarding the Beijing Subway tickets and pricing system, together with recognition of the entire-year revenue from 49 stations of 3 subway lines acquired in August 2015 and recognition of the two-month revenue (for November and December 2016) from 41 stations of 4 subway lines acquired in November 2016 from civil communication transmission leasing service business.

Discussion on each of the business segments is set out below:

### **Provision of design, implementation and sale of application solution service**

Revenue from provision of design, implementation and sale of application solution services increased by approximately 74.6% from approximately HK\$180,600,000 for the year ended 31 December 2015 to approximately HK\$315,300,000 for the year ended 31 December 2016. The increase was mainly benefitted from recognition of stage revenue of certain system integration projects, including recognition of revenue in this year from Beijing Subway Line No.2 platform door alteration project in respect of hardware supply and installation, and recognition of revenue from phase 2 of the ACC system fare reform project regarding the Beijing Subway tickets and pricing system and the Shenzhen NOCC project upon completion of engineering supply during the year.

### **Application solution maintenance service**

Revenue of the Group from maintenance of application solution service decreased by approximately 7.8% from approximately HK\$57,400,000 for the year ended 31 December 2015 to approximately HK\$52,900,000 for the year ended 31 December 2016. As compared to the corresponding period of 2015, revenue for the year ended 31 December 2016 recorded a slight decrease, which was mainly due to the fluctuations in exchange rate.

### **Civil communication transmission system leasing service**

For the year ended 31 December 2016, the revenue of the Group from civil communication transmission system leasing service was approximately HK\$111,200,000, representing an increase of approximately 34.5% as compared to approximately HK\$82,700,000 for the year ended 31 December 2015. The increase was mainly attributable to the recognition of revenue for the full year of 2016 from the civil communication assets acquired by the Group in August 2015, and the recognition of partial revenue from the civil communication assets of four new lines acquired by the Group in November 2016.

### **COST OF SALES**

For the year ended 31 December 2016, the cost of sales of the Group increased by approximately 88.3% to approximately HK\$375,300,000 from approximately HK\$199,300,000 for the year ended 31 December 2015. During the year under review, the Group generated its revenue mainly from provision of system integration business, operation and maintenance service and civil communication transmission system leasing service, and costs of these business segments were mainly related to equipment procurement, direct labour cost, maintenance and depreciation of civil communication equipment. The increase in cost of sales in the year was mainly due to that a majority of hardware costs relating to the system integration business contracts newly executed this year was recognised this year. Besides, as the Group increased acquisition of civil communication assets year by year, relevant operating costs would increase accordingly.

### **GROSS PROFIT**

For the year ended 31 December 2016, the gross profit of the Group decreased by approximately 14.4% to approximately HK\$104,000,000 from approximately HK\$121,500,000 for the year ended 31 December 2015. The decrease in gross profit as compared to the corresponding period of 2015 was mainly due to increase in cost of sales.

### **SELLING, GENERAL AND ADMINISTRATIVE EXPENSES**

The Group's selling, general and administrative expenses decreased by approximately 17.5% from approximately HK\$94,300,000 for the year ended 31 December 2015 to approximately HK\$77,800,000 for the year ended 31 December 2016. Such decrease was mainly due to exclusion of research and development costs relating to software products in the year and the fluctuations in exchange rate.

## **PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY**

The Group's profit attributable to equity shareholders of the Company increased by approximately 12.2% from approximately HK\$22,900,000 for the year ended 31 December 2015 to approximately HK\$25,700,000 for the year ended 31 December 2016. Such increase was mainly due to increase in revenue as compared to the corresponding period of 2015.

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

### **Capital structure**

As at 31 December 2016, the Group's issued share capital consisted of 2,106,154,727 ordinary shares of HK\$0.01 each (31 December 2015: 1,423,321,203 ordinary shares of HK\$0.01 each).

### **Cash position**

As at 31 December 2016, the Group's cash and cash equivalents were approximately HK\$1,118,400,000 (31 December 2015: approximately HK\$626,800,000).

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

In 2016, the Group has no bank borrowings and charges on assets (2015: Nil).

### **Working capital and gearing ratio**

As at 31 December 2016, the Group had current assets of approximately HK\$1,840,600,000 (31 December 2015: HK\$1,231,100,000), while its current liabilities were approximately HK\$354,100,000 (31 December 2015: HK\$299,700,000), resulting in net current assets of approximately HK\$1,486,500,000 (31 December 2015: HK\$913,400,000). Current ratio as at 31 December 2016, calculated based on current assets divided by current liabilities, was approximately 5.2 (31 December 2015: approximately 4.1).

Gearing ratio is calculated based on total debts at the end of a period divided by total assets at the end of such period multiplied by 100%. As at 31 December 2016, as the Group had no bank borrowings, long term debts or trade payables incurred not in the ordinary course of business, the gearing ratio was nil (31 December 2015: Nil).

## **FOREIGN EXCHANGE EXPOSURE**

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

## **CONTINGENT LIABILITY**

As at 31 December 2016, the Group did not have any material contingent liability (31 December 2015: Nil).

## BUSINESS OUTLOOK

In the year 2017, 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 implementing our long term goal towards commercialising and standardising application solutions for the industry, the Group will continue to build on its industry experience and establish macro data analysis platform, and to monitor and manage the operation of the Beijing Subway equipment. Meanwhile, the Group targets to provide a complete command control centre related solution and implementation programs to customers through business division and technology availability, thus to consolidate its market position in Beijing. It will also seek for potential business opportunities in other provinces, expand its customer base through introducing its extensive experience obtained in Beijing, and bring the operation models and products to the second-tier or third-tier and fourth-tier cities across the nation through business development. In 2017, 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 the Beijing Subway, construction and reconstruction of the passenger information system, and construction of the Passenger Control Centre (“PCC”) system.

With the continuous expansion of “smart cities” and the increasing importance of subways in public transport, it has been an integral part of the subway value-added services to provide a convenient and efficient communication services to citizens travelling by urban railway transport vehicles so as to satisfy their diversified communication needs while they are on the move. The Group acquired the civil communication assets of the 41 stations of another 4 Beijing Subway lines and the civil communication wireless coverage system of one subway line of the Beijing Subway from BII for which the final settlement had been completed during the year. Upon completion of the acquisition of the civil communication assets of 41 stations of the 4 subway lines aforesaid, the Group would complete the acquisition of all the civil communication assets of the Beijing Subway held by BII. In 2017, the Group will continue to accelerate investment and construction of the civil communication assets of the newly developed subway lines in Beijing so as to further expand its presence in subway civil communication business. The Group will also follow the technological development trends in the civil communication field, such as the 4G, 5G and 5.8G technologies. It will also study the development of the internet in order to establish a development model which accommodates the characteristics of subways. The Group will actively explore new value-added information business, such as optimisation of the existing fiber optic network and provision of fiber optic transmission service. Besides, the Group also plans to construct 10 Gigabit Ethernet running for railway transport to serve railway transport value-added business.

In addition, the Group seizes the opportunity of cooperating with Beijing Mass Transit Railway Operation Corp., Ltd.\* (北京市地鐵運營有限公司) (“Beijing MTR Operation”) by jointly establishing Beijing City Metro Ltd.\* (北京京城地鐵有限公司) (“City Metro”) with Beijing MTR Operation, which helps the Group gain experience in managing and operating the Beijing Subway while completing its business expansion and transforming business model to subway operation. Supported by the experience of its partner, Beijing MTR Operation, the Group acquired the operating income rights of the existing Airport Express line of the Beijing Subway, as the first step for it to expand into the Beijing Subway lines operation business. Such reproducible and extensible operation model lays a solid foundation for the Group to develop new line projects in future.

Furthermore, the Group, through cooperation with Beijing MTR Operation, established Beijing Metro Technology Development Co., Ltd.\* (北京地鐵科技發展有限公司) (“Metro Technology Development”), to deliver a market-oriented operating platform which resulted in innovation of the equipment maintenance model, production organisation means and management methods of the Automated Fare Collection (“AFC”) system, enabling the Group to improve its core competitive strengths thereby. By major repair, update and alteration of the AFC system equipment and provision of technological supports for construction of new line projects, the Group becomes one of the first class innovative professional railway transport service providers in domestic railway transport industry with sustainable development.

The Group will actively seize any market opportunities and continue to seek high quality assets acquisition opportunities relating to city railway transportation to enhance the Group’s core competitiveness and profitability so as to reward its shareholders and investors.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2016, the Group employed a total of 297 (31 December 2015: 291) employees, including its executive directors. The total staff costs, including Directors’ remuneration, were approximately HK\$80.78 million (for the year ended 31 December 2015: HK\$92.60 million).

The Group reviews remuneration package annually by reference to the prevailing market conditions and individual staff’s working performance, qualification and experience. In addition to basic remuneration, the Group also pays bonus based on performance and individual staff’s contribution to the Group. Other staff benefits mainly refer to share option, contribution to social insurance scheme in China, contribution to the Mandatory Provident Fund scheme and relevant insurances in Hong Kong. The Group also organised professional and vocational trainings for its employees.

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

As disclosed in the announcements of the Company dated 20 May 2015 and 5 November 2015, the Company and Beijing MTR Operation established a joint venture, namely City Metro, which was owned by Beijing MTR Operation and the Company as to 51% and 49%, respectively. City Metro was officially incorporated on 15 February 2016 with registered capital of RMB500 million, for which, Beijing MTR Operation and the Company made capital injection of RMB255 million and RMB245 million, respectively according to their respective proportions of shareholding in City Metro.

China City Railway Transportation Technology Investment Company Limited (中國城市軌道交通科技投資有限公司) (“CCRTTI”), a subsidiary held as to 70% indirectly by the Company, and Beijing MTR Operation established a joint venture named Metro Technology Development which was owned by Beijing MTR Operation and CCRTTI as to 51% and 49%, respectively. Metro Technology Development was officially incorporated on 18 February 2016 with registered capital of RMB30 million, for which, Beijing MTR Operation and CCRTTI made capital injection of RMB15.3 million and RMB14.7 million, respectively according to their respective proportions of shareholding in Metro Technology Development.

Beijing BII Zhuoyue Technology Development Co., Ltd\* (北京京投卓越科技發展有限公司) (“BII Zhuoyue”), an indirect wholly-owned subsidiary of the Company, Beijing Cornerstone Entrepreneurial Investment Administration Centre (“Cornerstone Administration Centre”) and Suqian Chuangweiyang Investment Management Centre\* (宿遷創為盈投資管理中心) (“Chuangweiyang”) jointly established Beijing Cornerstone Chuangying Investment Management Centre (Limited Liability Partnership)\* (北京基石創盈投資管理中心(有限合夥)) (“Cornerstone Chuangying Centre”). As a limited liability partnership, Cornerstone Chuangying Centre was owned as to 20% by BII Zhuoyue, 30% by Cornerstone Administration Centre and 50% by Chuangweiyang. Cornerstone Chuangying Centre was incorporated on 25 February 2016, subject to subscription of a total capital injection of RMB1,000,000, for which, BII Zhuoyue, Cornerstone Administration Centre and Chuangweiyang made capital contribution of RMB200,000, RMB300,000 and RMB500,000, respectively by reference to their respective proportions of holding in Cornerstone Chuangying Centre.

BII Zhuoyue, ICBC Credit Suisse Investment Management Co., Ltd. (“ICBC Credit Suisse”), Dr. Peng Telecom Media Group Co., Ltd. (“Dr. Peng”), Shenzhen Ever-Rising Industrial Group Co., Ltd. (“Ever-Rising Industrial”), Beijing Tonglingtong Telecom Technology Co., Ltd\* (北京通靈通電訊技術有限公司) (“Tonglingtong Telecom”) and Cornerstone Chuangying Centre jointly established Beijing Cornerstone Chuangying Investment Centre (Limited Liability Partnership)\* (北京基石創盈投資中心(有限合夥)) (“Cornerstone Chuangying”) which was a limited liability partnership incorporated on 10 January 2017. The total capital injection subject to subscription for this partnership was RMB201 million, for which, BII Zhuoyue, ICBC Credit Suisse, Dr. Peng, Ever-Rising Industrial, Tonglingtong Telecom and Cornerstone Chuangying Centre made capital contribution of RMB50 million, RMB100 million, RMB20 million, RMB20 million, RMB10 million and RMB1 million, respectively. Accordingly, it is owned as to 24.88% by BII Zhuoyue as limited partner, 49.75% by ICBC Credit Suisse as limited partner, 9.95% by Dr. Peng as limited partner, 9.95% by Ever-Rising Industrial as limited partner, 4.97% by Tonglingtong Telecom as limited partner and 0.50% by Cornerstone Chuangying Centre as general partner.

Besides, as disclosed in the announcement of the Company dated 26 September 2016 and the circular of the Company dated 14 October 2016, the Company had completed acquisition of the civil communication assets of 41 underground stations in aggregate of 4 Beijing Subway lines and the civil communication wireless coverage system of one subway line of the Beijing Subway. For details, please refer to the section headed “Connected Transactions” in the 2016 Annual Report of the Company to be published and despatched to the shareholders of the Company.

Save for the above, there were no other significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies, and other plans for material investments or capital assets during the year ended 31 December 2016.

## **EVENTS AFTER THE REVIEW PERIOD**

Save for the establishment of Cornerstone Chuangying Centre and Cornerstone Chuangying as disclosed in the paragraph headed “Significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies, and plans for material investments or capital assets”, there is no other material events after the reporting period as at the date of this announcement.



## **AUDIT COMMITTEE**

The Company established the audit committee (the “Audit Committee”) with written terms of reference in compliance with Rule 3.21 and Rule 3.22 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”). The written terms of reference of the Audit Committee was adopted (and amended on 30 December 2015) in compliance with code provisions C.3.3 and C.3.7 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the “CG Code”). The primary duties of the Audit Committee, among other things, are to make recommendations to the Board on the appointment, re-appointment and removal of external auditor; review the financial statements and make material advice in respect of financial reporting; and oversee internal control and risk management systems of the Company.

As at 31 December 2016, 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 FINANCIAL STATEMENTS**

The Audit Committee has reviewed the annual results of the Group for the year ended 31 December 2016 and has recommended for the Board’s approval thereof. The Company’s auditors have agreed that the figures in respect of the Company’s financial results and the accompanied financial information for the year ended 31 December 2016 as set out in this announcement are consistent with those set out in the Company’s audited consolidated financial statements for the year ended 31 December 2016.

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

During the year ended 31 December 2016, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

## **CORPORATE GOVERNANCE**

The Company has adopted the CG Code as its code of corporate governance. The Board considers that the Company has complied with the CG Code for the year ended 31 December 2016.

## **DIVIDENDS**

The Board did not recommend the payment of any dividend for the year ended 31 December 2016 (year ended 31 December 2015: Nil). The Group will retain cash to finance the continuing development of its business as well as prospective investment opportunities.

## **CLOSURE OF REGISTER OF MEMBERS**

To determine the eligibility of the shareholders of the Company to attend the annual general meeting (“AGM”) to be held on Wednesday, 28 June 2017, the register of members will be closed from Friday, 23 June 2017 to Wednesday, 28 June 2017, both days inclusive, during which period no transfer of shares will be effected. In order to be entitled to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 22 June 2017.

## **ANNUAL GENERAL MEETING**

The AGM will be held on Wednesday, 28 June 2017. Shareholders should refer to details regarding the AGM in the circular to be despatched by the Company and the notice of meeting and form of proxy accompanying therewith.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This announcement is published on the websites of the Company ([www.ccrtt.com.hk](http://www.ccrtt.com.hk)) and Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)). The 2016 Annual Report of the Company will be despatched to shareholders of the Company and available on the above websites in due course.

By Order of the Board  
**China City Railway Transportation Technology  
Holdings Company Limited**  
**XUAN JING**  
*Executive Director*  
*Chief Executive Officer*

Hong Kong, 24 March 2017

*As at the date of this announcement, the executive Directors are Mr. Cao Wei and Ms. Xuan Jing; the non-executive Directors are Mr. Guan Jifa, Mr. Hao Weiya and Mr. Ren Yuhang; and the independent non-executive Directors are Mr. Bai Jinrong, Mr. Luo Zhenbang and Mr. Huang Lixin.*

\* *For identification purposes only*