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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: 8240)



DISCLOSEABLE TRANSACTION:

**(I) CONNECTED TRANSACTION
AND
(II) CONTINUING CONNECTED TRANSACTION**

DISCLOSEABLE TRANSACTION: (I) CONNECTED TRANSACTION AND (II) CONTINUING CONNECTED TRANSACTION

The Board is pleased to announce that on 8 June 2012, ERG BJ, an indirect wholly-owned subsidiary of the Company, and Vix East Asia entered into the (i) Optimisation Project Technical Service Agreement; and (ii) ACC System Project Technical Service Agreement, pursuant to which Vix East Asia agrees to provide certain technical services to ERG BJ at a service fee of approximately HK\$8.09 million and an aggregate annual service fee of approximately HK\$1.78 million respectively.

IMPLICATIONS UNDER THE GEM LISTING RULES

As the applicable percentage ratios of the provision of technical services under the Optimisation Project Technical Service Agreement and the ACC System Project Technical Service Agreement under Chapter 19 of the GEM Listing Rules, in aggregate, are more than 5% but less than 25%, such transaction constitutes a discloseable transaction for the Company which is subject to the reporting and announcement requirements under the GEM Listing Rules.

As at the date of this announcement, ERG Greater China was a controlling shareholder of and a connected person of the Company which held approximately 60.16% of the total issued share capital of the Company. Vix East Asia was interested as to 30% in the equity interests of ERG Greater China. Accordingly, Vix East Asia is an associate of ERG Greater China, and is therefore a connected person of the Company. The transaction contemplated under each of the Optimisation Project Technical Service Agreement and the ACC System Project Technical Service Agreement constitutes a connected transaction and a continuing connected transaction for the Company under Chapter 20 of the GEM Listing Rules respectively. As the applicable percentage ratios of the transactions contemplated under the Optimisation Project Technical Service Agreement and the ACC System Project Technical Service Agreement are less than 25% and the annual consideration is less than HK\$10,000,000, such connected transaction and continuing connected transaction (as the case may be) will be subject to reporting, annual review (as the case may be) and announcement requirements but are exempt from the independent Shareholder's approval requirement under Chapter 20 of the GEM Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 8 June 2012, ERG BJ, an indirect wholly-owned subsidiary of the Company, and Vix East Asia entered into the (i) Optimisation Project Technical Service Agreement; and (ii) ACC System Project Technical Service Agreement, pursuant to which Vix East Asia agrees to provide certain technical services to ERG BJ at a service fee of approximately HK\$8.09 million and an aggregate annual service fee of approximately HK\$1.78 million respectively.

THE OPTIMISATION PROJECT TECHNICAL SERVICE AGREEMENT

Date: 8 June 2012

Parties:

- (a) ERG BJ; and
- (b) Vix East Asia

Major terms:

Pursuant to the Optimisation Project Technical Service Agreement, ERG BJ appoints Vix East Asia to provide ERG BJ with technical services in relation to the optimisation of the ACC System of Beijing Subway with effect from signing of such agreement, under which Vix East Asia provides technical services which include engineering construction, design, installation, debugging, test run, training, trial operation of the system, project management, the technical services during quality assurance, correlative technical direction and training for development of various software applications.

Service fees:

Vix East Asia will receive a service fee of approximately HK\$8.09 million under the Optimisation Project Technical Service Agreement. Such service fee was determined on an arm's length basis, with reference to the size of the project, the nature and amount of work and services to be provided by Vix East Asia.

The service fee will be payable by ERG BJ to Vix East Asia through cheque or telegraphic transfer upon achievement of the following milestones in accordance with the payment milestone plan set out in the Optimisation Project Technical Service Agreement:

- (i) 20% of the service fee is payable upon the Optimisation Project Technical Service Agreement becomes effective (i.e. 8 June 2012);
- (ii) 18.79% of the service fee is payable upon completion of the development of the multi-ride ticket apportionment system;
- (iii) 18.79% of the service fee is payable upon completion of the development of the regular ticket apportionment system;

- (iv) 12.85% of the service fee is payable upon completion of the development of the transaction analysis and handling system for smart card;
- (v) 17.80% of the service fee is payable upon completion of the development of the data storage and management system; and
- (vi) 11.77% of the service fee is payable upon completion of the development of the data transmission system for apportionment model.

The last instalment as set out in paragraph (vi) above is expected to be payable by December 2013.

THE ACC SYSTEM PROJECT TECHNICAL SERVICE AGREEMENT

Date: 8 June 2012

Parties:

- (a) ERG BJ; and
- (b) Vix East Asia

Major terms:

Pursuant to the ACC System Project Technical Service Agreement, ERG BJ appoints Vix East Asia to provide ERG BJ with technical services in relation to the operation of the ACC System of Beijing Subway for a term of two years with effect from signing of such agreement, under which Vix East Asia provides technical services including ACC System application software support, ACC System emergency support, software and hardware consultation support and software tools ongoing support to ERG BJ.

Service fees:

Vix East Asia will receive an aggregate annual service fee of approximately HK\$1.78 million comprising (i) a fixed basic service fee (“**Basic Service Fee**”) of approximately HK\$1.60 million; and (ii) a fixed materials cost (“**Materials Cost**”) of HK\$0.18 million for emergency support and software and hardware consultation support service. Such service fee was determined on an arm’s length basis, with reference to the nature and amount of work and services to be provided by Vix East Asia.

The service fee will be payable by ERG BJ to Vix East Asia through cheque or telegraphic transfer in the following manner:

- (i) for the first year (i.e. from 8 June 2012 to 7 June 2013):
 - (a) 70% of the annual Basic Service Fee is payable upon the ACC System Project Technical Service Agreement becomes effective (i.e. 8 June 2012);
 - (b) 30% of the annual Basic Service Fee is payable upon first anniversary of such agreement; and

- (c) the annual Materials Cost is payable upon first anniversary of such agreement; and
- (ii) for the second year (i.e. from 8 June 2013 to 7 June 2014):
 - (a) 70% of the annual Basic Service Fee is payable within the 13th month after the ACC System Project Technical Service Agreement becomes effective;
 - (b) 30% of the annual Basic Service Fee is payable upon second anniversary of such agreement; and
 - (c) the annual Materials Cost is payable upon second anniversary of such agreement.

ANNUAL CONSIDERATION

The Optimisation Project Technical Service Agreement is a one-off transaction while the ACC System Project Technical Service Agreement is a two-year agreement ending 7 June 2014. For the year ending 7 June 2013, the aggregate maximum annual consideration for the two agreements is HK\$9,874,311. For the year ending 7 June 2014, the annual consideration for the ACC System Project Technical Service Agreement is HK\$1,783,738. Accordingly, the maximum aggregate annual consideration for the provision of technical services by Vix East Asia under the two agreements for the two years ending 7 June 2014 is HK\$9,874,311 and HK\$1,783,738 respectively.

FURTHER INFORMATION ON THE GROUP, ERG BJ AND VIX EAST ASIA

The Group is principally engaged in the design, implementation and maintenance of application solutions for centralising various functions of public transport systems in Beijing and Hong Kong. ERG BJ is a wholly foreign-owned enterprise established under PRC law with limited liability whose entire equity interest is indirectly wholly-owned by the Company. ERG BJ is principally engaged in the design, implementation and maintenance of application solutions for centralising various functions of public transport systems in China.

Vix East Asia is a company incorporated in Hong Kong with limited liability whose entire issued share capital is indirectly held by Vix Transportation Systems Pty Ltd, an Australian-based company. The Vix Group is a world leading provider of auto fare collection technology, including payment processing, smart technology and associated hardware. The Vix Group has operations in Australia, the United States of America, Thailand and China. Vix East Asia is principally engaged in the business of the Vix Group in the East Asia region.

REASONS FOR THE TRANSACTIONS

The Board is of the view that the entering into the Optimisation Project Technical Service Agreement is beneficial to the Group and the Shareholders as a whole given that such project will improve the efficiency of the ACC System of Beijing Subway and is consistent with the Company's business strategy of expanding its business and enhancing its expertise and technical know-how. Taking into account the Vix Group being the owner and developer of the technology solutions in relation to the ACC System currently used by Beijing Subway, the entering into of the ACC System Project Technical Service Agreement will enable the Group to fully utilise the expertise and experience of the Vix Group in the ACC System with stable and high quality operation support services.

The Directors consider that the entering into the Optimisation Project Technical Service Agreement and the ACC System Project Technical Service Agreement is in the ordinary and usual course of business of the Group and the terms of such agreements were negotiated on an arm's length basis and on normal commercial terms between ERG BJ and Vix East Asia. The Directors (including all independent non-executive Directors) are of the view that the terms and conditions of the Optimisation Project Technical Service Agreement and the ACC System Project Technical Service Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

As the applicable percentage ratios of the provision of technical services under the Optimisation Project Technical Service Agreement and the ACC System Project Technical Service Agreement under Chapter 19 of the GEM Listing Rules, in aggregate, are more than 5% but less than 25%, such transaction constitutes a discloseable transaction for the Company which is subject to the reporting and announcement requirements under the GEM Listing Rules.

As at the date of this announcement, ERG Greater China was a controlling shareholder of and a connected person of the Company which held approximately 60.16% of the total issued share capital of the Company. Vix East Asia was interested as to 30% in the equity interests of ERG Greater China. Accordingly, Vix East Asia is an associate of ERG Greater China, and is therefore a connected person of the Company. The transaction contemplated under each of the Optimisation Project Technical Service Agreement and the ACC System Project Technical Service Agreement constitutes a connected transaction and a continuing connected transaction for the Company under Chapter 20 of the GEM Listing Rules respectively. As the applicable percentage ratios of the transactions contemplated under each of the Optimisation Project Technical Service Agreement and the ACC System Project Technical Service Agreement are less than 25% and the annual consideration is less than HK\$10,000,000, such connected transaction and continuing connected transaction (as the case may be) will be subject to reporting, annual review (as the case may be) and announcement requirements but is exempt from the independent Shareholder's approval requirement under Chapter 20 of the GEM Listing Rules.

None of the Directors have a material interest in the transactions contemplated under the Optimisation Project Technical Service Agreement or the ACC System Project Technical Service Agreement that require them to abstain from voting on the Board resolution approving the abovementioned transactions.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“ACC System”	automated fare collection clearing centre system, a network-level system which apportions and clears amounts among the clearing participants registered in the system to realise their commercial agreements
“ACC System Project Technical Service Agreement”	the technical service agreement dated 8 June 2012 entered into between ERG BJ and Vix East Asia pursuant to which ERG BJ appoints Vix East Asia to provide ERG BJ with certain technical services in relation to the operation of the ACC System of Beijing Subway

“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Beijing Subway”	the transit rail network that serves urban and suburban districts of Beijing municipally which is owned by the city of Beijing
“Board”	the board of Directors
“Company”	China City Railway Transportation Technology Holdings Company Limited (Stock code: 8240), a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	director(s) of the Company
“ERG BJ”	億雅捷交通系統(北京)有限公司 (ERG Transit Systems (Beijing) Ltd.*), a wholly foreign-owned enterprise established under PRC law with limited liability whose entire equity interest is indirectly wholly-owned by the Company
“ERG Greater China”	ERG Transportation (Greater China) Pty Ltd, a company incorporated under Australian law with limited liability, whose issued share capital is owned as to 30% by Vix Holdings Ltd and 70% by BETIT Australia Pty Ltd.
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	The Rules Governing the Listing of Securities on GEM, as amended, supplemented or otherwise modified from time to time
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Optimisation Project Technical Service Agreement”	the technical service agreement dated 8 June 2012 entered into between ERG BJ and Vix East Asia pursuant to which ERG BJ appoints Vix East Asia to provide ERG BJ with certain technical services in relation to optimisation of the ACC System of Beijing Subway
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Vix East Asia”	Vix Technology (East Asia) Limited, a company incorporated in Hong Kong with limited liability whose entire issued share capital is held by Vix Holdings Ltd
“Vix Group”	Vix Transportation Systems Pty Ltd and its subsidiaries from time to time
“%”	per cent
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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

Hong Kong, 8 June 2012

As at the date of this announcement, the executive Directors are Mr. Cao Wei and Mr. Chen Rui; the non-executive Directors are Mr. Steven Bruce Gallagher and Dr. Tian Zhenqing; and the independent non-executive Directors are Mr. Hu Zhaoguang, Mr. Bai Jinrong and Dr. Kong Shin Long, Johnny.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and there are no other matters the omission of which would make any statement herein or in this announcement misleading.

This announcement will remain on the website of the Stock Exchange at www.hkexnews.hk and on the “Latest Company Announcements” page of the GEM website for at least 7 days from the day of its posting. This announcement will also be published on the Company’s website at www.crrtt.com.hk.