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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)

CONTINUING CONNECTED TRANSACTIONS

The Board announces that on 15 October 2012, the ERG BJ Supplemental Licensing Agreement was entered into among Vix IP, ERG BJ, Vix Holdings (on its own behalf and as trustee for the benefit of its subsidiaries from time to time) and Beijing City Railway (on its own behalf and as trustee for the benefit of its subsidiaries from time to time) to amend and supplement the ERG BJ Principal Licensing Agreement. On the same date, the ERG HK Supplemental Licensing Agreement was entered into among Vix IP, ERG HK, Vix Holdings (on its own behalf and as trustee for the benefit of its subsidiaries from time to time) and Beijing City Railway (on its own behalf and as trustee for the benefit of its subsidiaries from time to time) to amend and supplement the ERG HK Principal Licensing Agreement. Each of the ERG BJ Supplemental Licensing Agreement and the ERG HK Supplemental Licensing Agreement was entered into for the purpose of, among others, amending and supplementing the Principal Licensing Agreements including novation of obligations and rights of the parties thereto and expanding the scope of services under the Principal Licensing Agreements. The transactions contemplated under the Supplemental Licensing Agreements constitute continuing connected transactions for the Company under Chapter 20 of the GEM Listing Rules.

Based on the proposed annual caps for the three years ending 30 June 2015, the Continuing Connected Transactions are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. The Company will seek the Independent Shareholders' approval for the Supplemental Licensing Agreements and the proposed annual caps for the three years ending 30 June 2015 for the Continuing Connected Transactions at the EGM.

A circular including, among other information, (1) a letter from the Board containing further details of the Supplemental Licensing Agreements; (2) a letter from the independent committee of the Board setting out its recommendations in connection with the Continuing Connected Transactions and the related proposed annual caps to the Independent Shareholders; (3) a letter from an independent financial adviser containing its advice in connection with the Continuing Connected Transactions and the related proposed annual caps to the independent committee of the Board and the Independent Shareholders; and (4) notice of the EGM will be despatched to the Shareholders on or before 26 October 2012.

INTRODUCTION

As disclosed in the prospectus of the Company dated 3 May 2012, the ERG BJ Principal Licensing Agreement was entered into between ERG BJ and Vix IP on 28 February 2012. On the same date, the ERG HK Principal Licensing Agreement was entered into between ERG HK and Vix IP. Vix IP is a wholly owned subsidiary of Vix Holdings, which in turn is indirectly held as to approximately 100% by Mr. Duncan Paul Saville, one of the Shareholders through his indirect interest in Vix Holdings. Accordingly, Vix IP is an associate of the Company under the GEM Listing Rules and thus will be regarded as connected person of the Company under the GEM Listing Rules. The transactions contemplated under such agreements constitute continuing connected transactions for the Company. As each of the percentage ratios (other than the profit ratio), where applicable, calculated by reference to Rule 19.07 of the GEM Listing Rules in respect of the license fee under the Principal Licensing Agreements paid by ERG HK and ERG BJ is less than 25% and the annual consideration is less than HK\$10 million, the transactions contemplated under the Principal Licensing Agreements are exempt from the then Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. The Stock Exchange had granted to the Company waiver from compliance with the announcement requirements related to the non-exempt continuing connected transactions under the GEM Listing Rules. The Principal Licensing Agreements were both of a term commencing from 28 February 2012 and ending on 20 July 2014, subject to renewal and negotiation upon expiry every three years pursuant to the terms of the Principal Licensing Agreements.

The Board announces that on 15 October 2012, the ERG BJ Supplemental Licensing Agreement was entered into among Vix IP, ERG BJ, Vix Holdings (on its own behalf and as trustee for the benefit of its subsidiaries from time to time) and Beijing City Railway (on its own behalf and as trustee for the benefit of its subsidiaries from time to time) to amend and supplement the ERG BJ Principal Licensing Agreement. On the same date, the ERG HK Supplemental Licensing Agreement was entered into among Vix IP, ERG HK, Vix Holdings (on its own behalf and as trustee for the benefit of its subsidiaries from time to time) and Beijing City Railway (on its own behalf and as trustee for the benefit of its subsidiaries from time to time) to amend and supplement the ERG HK Principal Licensing Agreement. Each of the ERG BJ Supplemental Licensing Agreement and the ERG HK Supplemental Licensing Agreement was entered into for the purpose of, among others, amending and supplementing the Principal Licensing Agreements including novation of obligations and rights of the parties thereto and expanding the scope of services under the Principal Licensing Agreements. The transactions contemplated under the Supplemental Licensing Agreements constitute continuing connected transactions for the Company under Chapter 20 of the GEM Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

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 and the entire issued share capital of Vix East Asia was held by Vix Holdings. Accordingly, Vix Holdings is an associate of ERG Greater China, and is therefore a connected person of the Company under Rule 20.11(4) of the GEM Listing Rules.

Vix IP is a connected person of the Company under Rule 20.11(4) of the GEM Listing Rules by virtue of the fact that it is a wholly-owned subsidiary of Vix Holdings.

Accordingly, the transactions contemplated under the Supplemental Licensing Agreements constitute continuing connected transactions for the Company under Chapter 20 of the GEM Listing Rules. Based on their proposed annual caps for the three years ending 30 June 2015, the Continuing Connected Transactions are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. The Company will seek the Independent Shareholders' approval for the Supplemental Licensing Agreements and the proposed annual caps for the three years ending 30 June 2015 for the Continuing Connected Transactions at the EGM.

ERG Greater China and its associates will abstain from voting on the resolutions approving the Supplemental Licensing Agreements and the related proposed annual caps which will be proposed at the EGM. As at the date of this announcement, ERG Greater China held 481,267,527 shares in the Company, representing approximately 60.16% of the existing issued share capital of the Company. To the best knowledge, information and belief of the Directors, none of the persons (excluding ERG Greater China) who are required to abstain from voting at the EGM is holding any shares in the Company as at the date of this announcement.

SUPPLEMENTAL LICENSING AGREEMENTS

(1) ERG HK Supplemental Licensing Agreement

Parties

- (i) Vix IP, an investment holding company holding various intellectual properties owned by or licensed to Vix IP or its affiliates, as licensor;
- (ii) ERG HK, principally engaged in the design, implementation and maintenance of application solutions for centralising various functions of public transport systems in Hong Kong, as licensee;
- (iii) Vix Holdings, an investment holding company, on its own behalf and as trustee for the benefit of its subsidiaries from time to time, as licensor and as customer; and
- (iv) Beijing City Railway, an investment holding company, on its own behalf and as trustee for the benefit of its subsidiaries from time to time, as licensee and as provider.

Subject matter

Pursuant to the ERG HK Supplemental Licensing Agreement, Vix Holdings (on its own behalf and as trustee for the benefit of its subsidiaries from time to time) has agreed to assume the rights and obligations of Vix IP as licensor while Beijing City Railway (on its own behalf and as trustee for the benefit of its subsidiaries from time to time) has agreed to assume the rights and obligations of ERG HK as licensee in relation to the HK Licensor Technology under the ERG HK Principal Licensing Agreement.

Each of Vix Holdings (on its own behalf and as trustee for the benefit of its subsidiaries from time to time) and Beijing City Railway (on its own behalf and as trustee for the benefit of its subsidiaries from time to time) has agreed to provide, and has agreed to engage each other (as the case may be) to provide services including but not limited to the AFC System Project Technical Services save for the HK Principal Additional Services (“**ERG HK Agreement New Services**”) during the term of the ERG HK Supplemental Licensing Agreement.

Under the ERG HK Supplemental Licensing Agreement, the party requesting the ERG HK Agreement New Services may from time to time make a request with the provider for the provision of such services by placing the service notice with the provider. The service fee, the type(s) of services required, the specifications that such services shall meet, the location where the services is expected to be carried out and the expected delivery date of such services will be negotiated by the parties in good faith which will be set out in the relevant service notices.

In respect of provision of ERG HK Agreement New Services, service notice shall be given in writing sent by facsimile or by email from party requesting the ERG HK Agreement New Services to the provider. The service fee shall be determined by the parties from time to time by reference to, among other factors, the complexity of the service to be provided as well as, where applicable, prevailing market rates of similar services. The payment terms for the service fee will be set out in the relevant service notices to be placed under the ERG HK Supplemental Licensing Agreement.

Terms

The term of ERG HK Principal Licensing Agreement is amended and revised to three years commencing from 15 October 2012, then renewable every three years in accordance with the ERG HK Principal Licensing Agreement.

(2) ERG BJ Supplemental Licensing Agreement

Parties

- (i) Vix IP, an investment holding company holding various intellectual properties owned by or licensed to Vix IP or its affiliates, as licensor;
- (ii) ERG BJ, principally engaged in the design, implementation and maintenance of application solutions for centralising various functions of public transport systems in Beijing, as licensee;
- (iii) Vix Holdings, an investment holding company, on its own behalf and as trustee for the benefit of its subsidiaries from time to time, as licensor and as provider; and
- (iv) Beijing City Railway, an investment holding company, on its own behalf and as trustee for the benefit of its subsidiaries from time to time, as licensee and as customer.

Subject matter

Pursuant to the ERG BJ Supplemental Licensing Agreement, Vix Holdings (on its own behalf and as trustee for the benefit of its subsidiaries from time to time) (the “**ERG BJ Agreement Provider**”) has agreed to assume the rights and obligations of Vix IP as licensor while Beijing City Railway (on its own behalf and as trustee for the benefit of its subsidiaries from time to time) (the “**ERG BJ Agreement Customer**”) has agreed to assume the rights and obligations of ERG HK as licensee in relation to the BJ Licensor Technology under the ERG BJ Principal Licensing Agreement.

The ERG BJ Agreement Provider has agreed to provide, and the ERG BJ Agreement Customer has agreed to engage the ERG BJ Agreement Provider to provide services including but not limited to the ACC System Project Technical Service and the Optimisation Project Technical Service save for the BJ Principal Additional Services (“**ERG BJ Agreement New Services**”, together with **ERG HK Agreement New Services**, collectively, “**New Services**”) during the term of the ERG BJ Supplemental Licensing Agreement. Under the ERG BJ Supplemental Licensing Agreement, the ERG BJ Agreement Customer may from time to time make a request with the ERG BJ Agreement Provider for the provision of ERG BJ Agreement New Services by placing the service notice with the ERG BJ Agreement Provider. The service fee, the type(s) of services required, the specifications that such services shall meet, the location where the services is expected to be carried out and the expected delivery date of such services will be negotiated by the parties in good faith which will be set out in the relevant service notices.

In respect of provision of ERG BJ Agreement New Services, service notice shall be given in writing sent by facsimile or by email from ERG BJ Agreement Customer to ERG BJ Agreement Provider. The service fee shall be determined by the parties from time to time by reference to, among other factors, the complexity of the service to be provided as well as, where applicable, prevailing market rates of similar services. The payment terms for the service fee will be set out in the relevant service notices to be placed under the ERG BJ Supplemental Licensing Agreement.

Terms

The term of ERG BJ Principal Licensing Agreement is amended and revised to three years commencing from 15 October 2012, then renewable every three years in accordance with the ERG BJ Principal Licensing Agreements.

Proposed annual caps, existing annual caps/annual consideration, and historical transaction amounts

Reference is made to the announcement of the Company dated 8 June 2012 in which details of the Optimisation Project Technical Service Agreement and the ACC System Project Technical Service Agreement were disclosed.

The existing annual cap under the Principal Licensing Agreements for each of the three years ending 30 June 2014 is AUD250,000 (approximately HK\$2,000,000). Under the Optimisation Project Technical Service Agreement and the ACC System Project Technical Service Agreement, the maximum aggregate annual consideration for the provision of technical services for the two years ending 7 June 2014 is HK\$9,874,311 and HK\$1,783,738 respectively.

Set out below are (i) the historical transaction amounts carried out under the Principal Licensing Agreements, the Optimisation Project Technical Service Agreement and the ACC System Project Technical Service Agreement for the year ended 30 June 2012 and the three months ended 30 September 2012; and (ii) the proposed annual caps for the provision of services by the Vix Group to Beijing City Railway and its subsidiaries contemplated under the Supplemental Licensing Agreements for the three years ending 30 June 2015:

Historical transaction amounts		Proposed annual caps		
For the year ended 30 June 2012	For the three months ended 30 September 2012	For the year ending 30 June		
<i>HK\$</i>	<i>HK\$</i>	2013	2014	2015
		<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
8,239,218	445,934	23,000,000	24,000,000	25,000,000

Basis of proposed annual caps

The proposed annual caps for the Supplemental Licensing Agreements for the three years ending 30 June 2015 are determined by reference to: (i) the estimated amount of time, manpower and level of technical expertise required under the technical services for relevant application solutions with reference to prior projects of similar nature; (ii) the amount of application solutions currently and to be implemented and potential projects to be undertaken by the Group; (iii) the expected growth in demand for the application solutions service from the expanding client base of the Group; (iv) the historical transaction amounts under the Principal Licensing Agreements, the Optimisation Project Technical Service Agreement and the ACC System Project Technical Service Agreement; and (v) the outlook of the transportation system the Group currently has presence on, in particular Beijing.

Reasons for the Continuing Connected Transactions

The Company is an investment holding company. Its subsidiaries are principally engaged in the design, implementation and maintenance of application solutions for centralising various functions of public transport systems in Beijing and Hong Kong.

Under the arrangement set out in Supplemental Licensing Agreements, Vix Holdings or any of its subsidiaries, including but not limited to Vix IP and Vix East Asia on one hand, and Beijing City Railway or any of its subsidiaries including but not limited to ERG BJ and ERG HK on the other hand, would be able to act as provider or customer (as the case may be) for the provision of the New Services and Licensor Technology. This arrangement would provide parties with more flexibility to arrange for the provision of various services as set out in the Principal Licensing Agreements as supplemented by the Supplemental Licensing Agreements. The Supplemental Licensing Agreements were entered into by the respective parties in the ordinary course of business.

The Directors (except the independent non-executive Directors whose view will be formed after obtaining the advice of the independent financial adviser) consider that:

- (a) the terms and conditions of each of the Supplemental Licensing Agreements were negotiated among the parties on an arm's length basis and are normal commercial terms that are fair and reasonable;
- (b) the proposed annual caps in respect of each of the Supplemental Licensing Agreements for the three years ending 30 June 2015 as referred to above are fair and reasonable; and
- (c) the Continuing Connected Transactions will be conducted in the ordinary and usual course of business of the Group and in the interest of the Company and the Shareholders as a whole.

GENERAL

A circular including, among other information, (1) a letter from the Board containing further details of the Supplemental Licensing Agreements; (2) a letter from the independent committee of the Board setting out its recommendations in connection with the Continuing Connected Transactions and the related proposed annual caps to the Independent Shareholders; (3) a letter from an independent financial adviser containing its advice in connection with the Continuing Connected Transactions and the related proposed annual caps to the independent committee of the Board and the Independent Shareholders; and (4) notice of the EGM will be despatched to the Shareholders on or before 26 October 2012.

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”	the technical services in relation to the operation of the ACC System of Beijing Subway which includes, among others, ACC System application software support, ACC System emergency support, software and hardware consultation support and software tools ongoing support
“ACC System Project Technical Service Agreement”	the technical service agreement entered into between ERG BJ and Vix East Asia dated 8 June 2012, pursuant to which ERG BJ appointed Vix East Asia to provide ERG BJ with the ACC System Project Technical Service for the two years ending 7 June 2014
“AFC System”	automated fare collection system, a line-level system which manages and controls tickets and functions of SLEs of a public transport system
“AFC System Project Technical Service”	the regional operational and technical services in relation to the operation of the AFC System which includes, among others, AFC System application software support, AFC System emergency support, software and hardware consultation support and software tools ongoing support, 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
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules

“Beijing City Railway”	Beijing City Railway Holdings Company Limited (北京城市軌道交通控股有限公司), a company incorporated under Hong Kong law with limited liability whose entire issued share capital is owned by Great Legend Development Limited. Beijing City Railway is an indirect wholly owned subsidiary of the Company
“Beijing Subway”	the transit rail network that serves urban and suburban districts of Beijing municipally
“BJ Licensor Technology”	the technology for the project relating to the ACC System of Beijing Subway and other technology, namely additional support development and additional support, updated from time to time, as defined in the ERG BJ Principal Licensing Agreement
“BJ Principal Additional Services”	any necessary development or additions to the BJ Licensor Technology which are not specifically referred to in the ERG BJ Principal Licensing Agreement as specified therein
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Company”	China City Railway Transportation Technology Holdings Company Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed to it under the GEM Listing Rules
“Continuing Connected Transactions”	collectively, the continuing connected transactions constituted by the transactions contemplated under the Supplemental Licensing Agreements
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting to be convened for, among other matters, approving the Supplemental Licensing Agreements and the related proposed annual caps for the three years ending 30 June 2015 for the Continuing Connected Transactions
“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 directly held by Beijing City Railway. ERG BJ is an indirectly wholly owned subsidiary of the Company
“ERG BJ Principal Licensing Agreement”	the licensing agreement dated 28 February 2012 and entered into between Vix IP as licensor and ERG BJ as licensee, pursuant to which Vix IP granted to ERG BJ a non-exclusive and non-transferable license to use the BJ Licensor Technology

“ERG BJ Supplemental Licensing Agreement”	the supplemental agreement dated 15 October 2012 and entered into among Vix IP, ERG BJ, Vix Holdings (on its own behalf and as trustee for the benefit of its subsidiaries from time to time) and Beijing City Railway (on its own behalf and as trustee for the benefit of its subsidiaries from time to time) to amend and supplement the ERG BJ Principal Licensing Agreement
“ERG Greater China”	ERG Transportation Greater China Company Limited, a company incorporated under BVI law with limited liability whose issued share capital is owned as to 30% by Vix East Asia, 56% by More Legend Limited and 14% by Landcity Limited
“ERG HK”	ERG Transit Systems (HK) Limited, a company incorporated under the Hong Kong law with limited liability whose entire issued share capital is owned by Beijing City Railway. ERG HK is an indirectly wholly owned subsidiary of the Company
“ERG HK Principal Licensing Agreement”	the licensing agreement dated 28 February 2012 and entered into between Vix IP as licensor and ERG HK as licensee, pursuant to which Vix IP granted to ERG HK a non-exclusive and non-transferable license to use the HK Licensor Technology
“ERG HK Supplemental Licensing Agreement”	the supplemental agreement dated 15 October 2012 and entered into among Vix IP, ERG HK, Vix Holdings (on its own behalf and as trustee for the benefit of its subsidiaries from time to time) and Beijing City Railway (on its own behalf and as trustee for the benefit of its subsidiaries from time to time) to amend and supplement the ERG HK Principal Licensing Agreement
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
“Group”	collectively, the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HK Licensor Technology”	any technology owned by or licensed to Vix IP or an affiliate of Vix IP which is capable of being used in an AFC System, product or service
“HK Principal Additional Services”	any necessary development or additions to the HK Licensor Technology which are not specifically referred in the ERG HK Principal Licensing Agreement as specified therein
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	Shareholders excluding ERG Greater China and its associates
“Licensor Technology”	collectively, the BJ Licensor Technology and HK Licensor Technology

“Optimisation Project Technical Service”	the technical services in relation to the optimisation of the ACC System of Beijing Subway which includes, among others, 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
“Optimisation Project Technical Service Agreement”	the technical service agreement entered into between ERG BJ and Vix East Asia dated 8 June 2012, pursuant to which ERG BJ appointed Vix East Asia to provide ERG BJ with the Optimisation Project Technical Service for the year ending 7 June 2013
“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
“Principal Licensing Agreements”	collectively, (i) the ERG BJ Principal Licensing Agreement; and (ii) the ERG HK Principal Licensing Agreement
“Shareholders”	shareholder(s) of the Company
“SLE”	station-level equipment, comprising automatic ticket vending machines, booking office machines, automatic gates and automatic ticket checking machines, and which performs various functions, including value-adding of tickets, sale, checking, rebate and substitution of tickets, application for and loss reporting of tickets, and ticket information service
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Licensing Agreements”	collectively, (i) the ERG HK Supplemental Licensing Agreement; and (ii) the ERG BJ Supplemental Licensing Agreement
“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
“Vix Group”	Vix Holdings and its subsidiaries from time to time
“Vix Holdings”	Vix Holdings Ltd, a company incorporated under Australian Law with limited liability whose entire issued share capital is held by Vix Transportation Systems Pty Ltd

“Vix IP” Vix IP Pty Ltd, a company incorporated under Australian law with limited liability whose entire issued share capital is held by Vix Holdings

“%” per cent.

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

Hong Kong, 15 October 2012

As at the date of this announcement, the executive Directors are Mr. Cao Wei and Mr. Chen Rui; the non-executive Directors are Dr. Tian Zhenqing and Mr. Steven Bruce Gallagher; 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.ccrtt.com.hk.

* *For identification purposes only*