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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 25 June 2013, the Framework Agreement was entered into between the Company and Beijing Metro Network in relation to the provision of the Services. The Framework Agreement is of a term commencing from the date on which the conditions precedent (as set out below) are fulfilled and ending on 30 June 2016 (both days inclusive). The transactions contemplated under the Framework Agreement 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 2016, 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 Framework Agreement and the proposed annual caps for the three years ending 30 June 2016 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 Framework Agreement; (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 17 July 2013.

INTRODUCTION

As disclosed in the announcement of the Company dated 8 May 2013 and the circular of the Company dated 7 June 2013 in relation to the acquisition (“**Acquisition**”) of Innovation Holding Co., LTD., assuming all of the consideration shares in relation to the Acquisition will be issued to BII HK and upon the issue of such consideration shares to BII HK, BII HK would be entitled to exercise, or control the exercise of, more than 10% of the voting power at any general meeting of the Company, BII HK and its associates will become connected persons of the Company under Chapter 20 of the GEM Listing Rules.

Further, as disclosed in the prospectus of the Company dated 3 May 2012, Beijing Metro Network, a wholly-owned subsidiary of BII and a fellow subsidiary of BII HK, was one of the major customers of the Company for each of the two years ended 30 June 2011. Beijing Metro Network, a company established for setting up and operating the railway transport command centre in Beijing, has been working closely with the Group regarding the two important network-level systems of the Beijing Subway, namely the ACC System and the TCC System, both in terms of the maintenance of the existing systems and the expansion of such systems. Subsequent to the Acquisition, BII HK and Beijing Metro Network (being an associate of BII HK) will become connected persons of the Company and transactions between the Group and Beijing Metro Network may constitute connected transactions or continuing connected transactions for the Company under Chapter 20 of the GEM Listing Rules.

The Board announces that on 25 June 2013, the Framework Agreement was entered into between the Company and Beijing Metro Network to regulate the business relationships between the parties thereto. The Framework Agreement is of a term commencing from the date on which the conditions precedent (as set out below) are fulfilled and ending on 30 June 2016 (both days inclusive). The transactions contemplated under the Framework Agreement constitute continuing connected transactions for the Company under Chapter 20 of the GEM Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

Assuming all of the consideration shares in relation to the Acquisition will be issued to BII HK, upon the issue of such consideration shares to BII HK, BII HK would become a substantial shareholder of the Company and a connected person of the Company which would hold approximately 24.50% of the total issued share capital of the Company. BII is the sole beneficial shareholder of BII HK and Beijing Metro Network. Accordingly, each of BII HK and Beijing Metro Network is an associate of BII HK, and would therefore become connected persons of the Company under Chapter 20 of the GEM Listing Rules.

Accordingly, the transactions contemplated under the Framework Agreement 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 2016, 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 Framework Agreement and the proposed annual caps for the three years ending 30 June 2016 for the Continuing Connected Transactions at the EGM.

BII HK and their respective associates will abstain from voting on the resolutions approving the Framework Agreement and the related proposed annual caps which will be proposed at the EGM. As at the date of this announcement, BII HK held 79,584,969 shares in the Company, representing approximately 9.95% of the existing issued share capital of the Company. To the best knowledge, information and belief of the Directors, none of the persons (excluding BII HK) who are required to abstain from voting at the EGM is holding any shares in the Company as at the date of this announcement.

FRAMEWORK AGREEMENT

Parties

- (i) the Company, an investment holding company and 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, as service provider; and
- (ii) Beijing Metro Network, principally engaged in the setting up and operating the railway transport command centre in Beijing, as customer.

Subject matter

Pursuant to the Framework Agreement, the Company agrees to provide, and procure members of the Group to provide (i) consultation and technical support services; (ii) maintenance services; and (iii) information technology support services and other ancillary services that parties thereto agree in writing from time to time (collectively, the “**Services**”) to Beijing Metro Network during the term of the Framework Agreement, provided that (i) the member of the Group is awarded the relevant contract in accordance with the stipulated procedures under the relevant PRC laws and regulations (if required); and (ii) the parties thereto negotiate at arm’s length regarding the commercial terms to be set out in the individual agreements for the Services.

Pursuant to the Framework Agreement, parties thereto will enter into individual agreements for the provision of the Services. Pursuant to the Framework Agreement, the terms (including the service fees) of the individual agreements to be entered into will be negotiated by the parties in good faith and will be determined by the parties from time to time under normal commercial terms in the ordinary course of business. The service fees offered by the Group shall be determined with reference to, among other factors, the prevailing market conditions, competition, gross profit margin, costs of sale, duration of project and the associated risk factors.

Term

The Framework Agreement is dated 25 June 2013. The commencement of the Framework Agreement is conditional upon fulfillment of (i) the obtaining of the approval from the Independent Shareholders by the Company in relation to the Continuing Connected Transactions and the related transactions contemplated thereunder in accordance with the GEM Listing Rules; and (ii) the approval from Beijing Metro Network in relation to the Framework Agreement and the related transactions contemplated thereunder.

The Framework Agreement is of a term commencing from the date on which the conditions precedents are fulfilled and ending on 30 June 2016 (both days inclusive).

Proposed annual caps and historical transaction amounts

The historical transactions were carried out under various agreements entered into between the Group and Beijing Metro Network in relation to provision of the Services. The following table sets out the historical transaction amounts for the provision of the Services by the Group to Beijing

Metro Network for the two years ended 30 June 2012 and the nine months ended 31 March 2013:

	Year ended 30 June		Nine months ended
	2011	2012	31 March 2013
<i>(HK\$'000)</i>			
Historical transactions amounts	50,959	34,225	125,526

The following table sets out the proposed annual caps for the provision of the Services by the Group to Beijing Metro Network for the three years ending 30 June 2016:

	Year ending 30 June		
	2014	2015	2016
<i>(HK\$'000)</i>			
Proposed annual caps	220,000	230,000	240,000

Basis of the proposed annual caps

The proposed annual caps for the Framework Agreement for the three years ending 30 June 2016 are determined by reference to (i) the outstanding contract amount of various agreements entered into between the Group and Beijing Metro Network; (ii) the estimated number of projects for the provision of the Services to be offered by Beijing Metro Network for tender for the three years ending 30 June 2016; (iii) the historical transaction amount under the various agreements entered into between the Group and Beijing Metro Network in relation to provision of the Services; and (iv) 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.

There has been a long-standing business relationship between Beijing Metro Network and the Group. The Directors consider Beijing Metro Network is a reliable business partner and further business cooperation will be beneficial to and provide a steady income stream to the Company.

The Framework Agreement was entered into by the Group in the ordinary course of business and the Continuing Connected Transactions will be conducted in the ordinary and usual course of business of the Group.

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 the Framework Agreement 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 the Framework Agreement for the three years ending 30 June 2016 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 Framework Agreement; (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 17 July 2013.

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
- “associate(s)”** has the meaning ascribed to it under the GEM Listing Rules
- “Beijing Metro Network”** 北京軌道交通路網管理有限公司 (Beijing Metro Network Administration Co., Ltd*), a company established under PRC law with limited liability whose entire issued share capital is owned by BII and principally engaged in the setting up and operating the railway transport command centre in Beijing
- “Beijing Subway”** the transit rail network that serves urban and suburban districts of Beijing municipally
- “BII”** 北京市基礎設施投資有限公司 (Beijing Infrastructure Investment Co., Ltd.*), a company established under PRC law with limited liability and wholly owned by the State-owned Assets Supervision and Administration Commission of People’s Government of Beijing Municipality. BII is currently interested in the entire issued share capital of BII HK
- “BII HK”** Beijing Infrastructure Investment (Hong Kong) Limited (京投(香港)有限公司), a wholly-owned subsidiary of BII incorporated under Hong Kong law with limited liability and one of the Shareholders which held approximately 9.95% of the issued share capital of the Company as at the date of this announcement

“Board”	the board of Directors
“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 Framework Agreement
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting to be convened for, among other matters, approving the Framework Agreement and the related proposed annual caps for the three years ending 30 June 2016 for the Continuing Connected Transactions
“Framework Agreement”	the framework agreement dated 25 June 2013 and entered into between the Company and Beijing Metro Network in relation to the provision of the Services
“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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	Shareholders excluding BII HK and their respective associates
“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
“Shareholders”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“TCC System”

traffic control centre system, a network-level system whose functions include coordinating and supervising the respective control centres and operators of different lines, facilitating information exchange between the lines and operators, direct control in cases of emergency, contacting and coordinating with external public functions such as the police, fire stations and weather observatories

“%”

per cent.

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

Hong Kong, 25 June 2013

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 Mr. Luo Zhenbang.

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