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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 9 August 2013, the Framework Agreement was entered into between the Company and Beijing Railway Construction 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 30 August 2013.

## CONTINUING CONNECTED TRANSACTIONS

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., following completion of the Acquisition on 28 June 2013, BII ERG has become a subsidiary of the Group. Beijing Transport Consultation, a holder of 10% of the equity interest in BII ERG, becomes a substantial shareholder of BII ERG and a connected person of the Group. Beijing Railway Construction is the holding company of Beijing Transport Consultation which holds 93% of the equity interests in Beijing Transport Consultation, hence Beijing Railway Construction is an associate of Beijing Transport Consultation and also a connected person of the Group under Chapter 20 of the GEM Listing Rules.

Beijing Railway Construction was one of the customers of BII ERG. BII ERG provided transportation system design, installation and maintenance services to Beijing Railway Construction for the line-level systems of the Beijing Subway. Following completion of the Acquisition, Beijing Railway Construction (being an associate of Beijing Transport Consultation) becomes a connected person of the Group. 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 transactions contemplated under the Framework Agreement are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

The Board announces that on 9 August 2013, the Framework Agreement was entered into between the Company and Beijing Railway Construction 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.

The Company will seek the 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. As at the date of this announcement, both BII and Beijing Railway Construction are wholly owned by State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality. BII HK is a wholly-owned subsidiary of BII which held 233,777,063 shares in the Company, representing approximately 24.50% of the existing issued share capital of the Company as at the date of this announcement. BII HK and their respective associates will abstain from voting on the resolution approving the Framework Agreement and the related proposed annual caps which will be proposed at the EGM. 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 Railway Construction, principally engaged in the organisation and management of the construction of new railway transport lines, 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 Railway Construction 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 9 August 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 the board of directors of Beijing Railway Construction 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 precedent 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 BII ERG and Beijing Railway Construction in relation to provision of the Services. The following table sets out the historical transaction amounts for the provision of the Services by BII ERG to Beijing Railway Construction for the two years ended 30 June 2012 and the nine months ended 31 March 2013:

	<b>Year ended 30 June</b>		<b>Nine months ended</b>
	<b>2011</b>	<b>2012</b>	<b>31 March 2013</b>
<i>(HK\$'000)</i>			
Historical transactions amounts	77,570	5,950	25,454

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

	<b>Year ending 30 June</b>		
	<b>2014</b>	<b>2015</b>	<b>2016</b>
<i>(HK\$'000)</i>			
Proposed annual caps	150,000	160,000	170,000

## **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 Railway Construction; (ii) the estimated number of projects for the provision of the Services to be offered by Beijing Railway Construction 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 Railway Construction 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 Railway Construction and the Group. The Directors consider Beijing Railway Construction 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 30 August 2013.

## DEFINITIONS

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

<b>“ACC System”</b>	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
<b>“associate(s)”</b>	has the meaning ascribed to it under the GEM Listing Rules
<b>“Beijing Railway Construction”</b>	北京市軌道交通建設管理有限公司 (Beijing Railway Construction and Management Co., Ltd.*), a company established under PRC law with limited liability and wholly-owned by State-owned Assets Supervision and Administration Commission of People’s Government of Beijing Municipality, and a holder of 93% equity interests in Beijing Transport Consultation
<b>“Beijing Subway”</b>	the transit rail network that serves urban and suburban districts of Beijing municipally
<b>“Beijing Transport Consultation”</b>	北京城市軌道交通諮詢有限公司 (Beijing City Railway Transportation Consultation Co., Ltd.*), a company established under PRC law with limited liability, and a holder of 10% of the equity interest in BII ERG
<b>“BII”</b>	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

<b>“BII ERG”</b>	北京京投億雅捷交通科技有限公司 (Beijing BII-ERG Transportation Technology Co. Ltd.*), a company established under PRC law with limited liability. As at the date of this announcement, BII ERG was owned as to 90% by Beijing City Railway Holdings Company Limited (北京城市軌道交通控股有限公司), and 10% by Beijing Transport Consultation
<b>“BII HK”</b>	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 24.50% of the issued share capital of the Company as at the date of this announcement
<b>“Board”</b>	the board of Directors
<b>“Company”</b>	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
<b>“connected person”</b>	has the meaning ascribed to it under the GEM Listing Rules
<b>“Continuing Connected Transactions”</b>	collectively, the continuing connected transactions constituted by the transactions contemplated under the Framework Agreement
<b>“Director(s)”</b>	the director(s) of the Company
<b>“EGM”</b>	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
<b>“Framework Agreement”</b>	the framework agreement dated 9 August 2013 and entered into between the Company and Beijing Railway Construction in relation to the provision of the Services
<b>“GEM Listing Rules”</b>	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
<b>“Group”</b>	collectively, the Company and its subsidiaries from time to time
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC
<b>“PRC”</b>	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, 9 August 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, Mr. Hao Weiya 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](http://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](http://www.ccrtt.com.hk).*

\* For identification purposes only