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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)



**CONNECTED TRANSACTION INVOLVING
SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE AND
APPLICATION FOR WHITEWASH WAIVER**

AND

PLACING OF NEW SHARES UNDER SPECIFIC MANDATE

AND

RESUMPTION OF TRADING

CONNECTED TRANSACTION IN RELATION TO THE SUBSCRIPTION

On 1 April 2014, the Company entered into the Subscription Agreement with the Subscriber pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 248,804,313 new Shares at the Subscription Price of HK\$1.25 per Subscription Share to the Subscriber. The Subscription is subject to various conditions set out below under the heading “Conditions precedent to the Subscription”.

The Subscription Shares represent approximately 26.07% of the existing issued share capital of the Company and approximately 19.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares and the Subscription Shares in aggregate, subject to Placing Completion and Subscription Completion (assuming there will be no other change in the issued share capital of the Company between the date of this announcement and the date of Placing Completion and Subscription Completion, save for the issue and allotment of the Placing Shares and the Subscription Shares).

Pursuant to the Subscription Agreement, during a period commencing from and including the date of Subscription Completion and ending on and including the date which is two years from the date of Subscription Completion, the Subscriber undertook that, without prior written consent of the Company, the Subscriber shall not, and shall procure that none of its associates or companies controlled by it or nominees or trustees holding in trust for it shall sell, transfer or otherwise dispose of (or enter into any agreement to dispose of) any Subscription Shares held by the Subscriber, or any Subscription Shares held directly or indirectly by the Subscriber or its associates, in any company controlled by them which is the beneficial owner of any such Subscription Shares nor permit the registered holder to dispose of (or enter into any agreement to dispose of) any of their direct or indirect interests in such Subscription Shares.

THE PLACING

On 1 April 2014, the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent has conditionally agreed to procure, on a best efforts basis, placees to subscribe for of up to 83,887,262 new Shares at the Placing Price of HK\$1.25 per Placing Share. The Placing is subject to various conditions set out below under the heading “Conditions precedent to the Placing”.

The Placing Shares represent approximately 8.79% of the issued share capital of the Company as at the date of this announcement and assuming the Placing Shares are fully placed under the Placing, approximately 6.52% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares and the Subscription Shares in aggregate, subject to Placing Completion and Subscription Completion (assuming there will be no other change in the issued share capital of the Company between the date of this announcement and the date of Placing Completion and Subscription Completion, save for the issue and allotment of the Placing Shares and the Subscription Shares).

Pursuant to the Placing Agreement, the Placing Agent shall procure each of the placees of the Placing to undertake to and covenant with the Company and the Placing Agent that, during a period commencing from the date of Placing Completion and ending on the date which is one year from the date of Placing Completion, without the prior written consent of the Company, each of them will not, and will procure that none of their respective associates and the companies controlled by them or nominees or trustees holding in trust for them shall, sell, transfer or otherwise dispose of (or enter into any agreement to dispose of), any Placing Shares held by each of them, or any Placing Shares held directly or indirectly by each of them or their respective associates, in any company controlled by them which is the beneficial owner of any such Placing Shares or interests nor permit the registered holder to dispose of (or enter into any agreement to dispose of) any of their direct or indirect interests in such Placing Shares.

GENERAL

Each of the Placing Price and the Subscription Price is fixed at HK\$1.25 per Placing Share and Subscription Share, respectively, which represents: (i) a discount of approximately 18.5% to the average of the closing price per Share for the last 30 trading days as quoted on the Stock Exchange up to and including the date of signing of the Memorandum of Understanding; (ii) a discount of approximately 26.04% to the closing price of HK\$1.69 per Share as quoted on the Stock Exchange on the Last Trading Day; (iii) a discount of approximately 25.77% to the average closing price of approximately HK\$1.684 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and (iv) a discount of approximately 25.90% to the average closing price of approximately HK\$1.687 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day.

The gross proceeds from the Placing and the Subscription are expected to be approximately HK\$415,864,500 in aggregate. After deducting related professional fees and all related expenses of about HK\$1,000,000 which will be borne by the Company under the Placing and the Subscription, the net proceeds of the Placing and the Subscription will amount to approximately HK\$414,864,500. The net proceeds from the Placing and the Subscription will be applied to (i) the proposed acquisition of civil communication assets involving eight subway lines of Beijing Subway as set out in the Memorandum of Understanding; and (ii) the general working capital of the Group.

IMPLICATIONS OF THE TAKEOVERS CODE AND THE LISTING RULES

As at the date of this announcement, the Subscriber was one of the Shareholders which held 233,777,063 Shares, representing approximately 24.50% of the issued share capital of the Company. Since the Subscriber is a substantial Shareholder and hence a connected person of the Company under Rule 14A.11(1) of the Listing Rules, the Subscription will constitute a connected transaction for the Company, and is subject to the announcement, reporting and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company will seek the Independent Shareholders' approval for the Subscription Agreement at the EGM.

The shareholding of the Subscriber and any party acting in concert with it will increase to approximately 37.50% of the then issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares and the Subscription Shares in aggregate, immediately after Placing Completion and Subscription Completion, hereby triggering a general offer obligation under the Takeovers Code.

An application will be made by the Subscriber to the Executive for the granting of the Whitewash Waiver pursuant to Note 1 to Dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be subject to the approval of the Independent Shareholders taken on a poll at the EGM.

A Circular containing, among other things, (i) further details of the Placing and the Subscription; and (ii) a letter of recommendation from the Independent Board Committee in relation to the Subscription and the transactions contemplated thereunder and the Whitewash Waiver; (iii) a letter of advice from the independent financial adviser in relation to the Subscription and the transactions contemplated thereunder and the Whitewash Waiver; and (iv) a notice convening the EGM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules. It is expected that the Circular will be despatched to the Shareholders on or before 29 April 2014.

The Placing Shares and the Subscription Shares will be allotted and issued under a specific mandate to allot, issue and deal with Shares by an ordinary resolution to be proposed for passing by the Shareholders at the EGM. The general mandate of the Company will not be used for the issue of the Placing Shares and the Subscription Shares.

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares and the Subscription Shares.

At the request of the Company, trading in the Shares was suspended from 9:00 a.m. on 2 April 2014 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 7 April 2014.

CONNECTED TRANSACTION IN RELATION TO THE SUBSCRIPTION

The Subscription Agreement

Date

1 April 2014 (After trading hours)

Parties

- (a) the Company (as issuer); and
- (b) BII HK (as subscriber), a company incorporated under Hong Kong law with limited liability, a Shareholder which held 233,777,063 Shares, representing approximately 24.50% of the issued share capital of the Company as at the date of this announcement.

The Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 248,804,313 new Shares at the Subscription Price of HK\$1.25 per Subscription Share to the Subscriber, with an aggregate consideration of approximately HK\$311,005,400. Such consideration shall be satisfied by a cheque to be delivered by the Subscriber to the Company upon Subscription Completion.

The Subscription Shares

The Subscription Shares represent approximately 26.07% of the existing issued share capital of the Company and approximately 19.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares and the Subscription Shares in aggregate, subject to Placing Completion and Subscription Completion (assuming there will be no other change in the issued share capital of the Company between the date of this announcement and the date of Placing Completion and Subscription Completion, save for the issue and allotment of the Placing Shares and the Subscription Shares).

Principal terms of the Subscription Agreement

Set out below are the key terms of the Subscription Agreement.

Conditions precedent to the Subscription

Subscription Completion is conditional upon fulfillment of the following conditions:

- (a) (if required) the Executive granting the Whitewash Waiver pursuant to Note 1 to Dispensations from Rule 26 of the Takeovers Code to the Subscriber and parties acting in concert with it; and all necessary consents, authorisation, approvals and waivers of the government, supervising entity and/or the Stock Exchange are obtained for executing the Subscription Agreement;
- (b) (if required) the Independent Shareholders approving the Subscription and the related transactions contemplated thereunder (including the Whitewash Waiver to be approved by way of poll);
- (c) the Listing Committee of the Stock Exchange granting approval or agrees to grant for the listing of and permission to deal in the Subscription Shares (either unconditionally or subject to conditions); and

- (d) all the warranties by the Company as issuer under the Subscription Agreement remain true, accurate and not misleading in all material respects at all times from the date of the Subscription Agreement up to Subscription Completion.

If the Company cannot fulfill any of the above conditions precedent, the Company shall serve a written notice to inform the Subscriber. The Subscriber may at its absolute discretion waive condition precedent (d). In the event that any of the conditions of the Subscription is not fulfilled or waived on or prior to 31 December 2014 (or such later date as may be agreed between the Company and the Subscriber in writing), the Subscription Agreement will terminate and all obligations of the Company and the Subscriber under the Subscription Agreement shall cease and determine and neither the Company nor the Subscriber shall have any claim against the other in respect of any matter arising out of or in connection with the Subscription Agreement except for any antecedent breach of any obligation and any liabilities under the Subscription Agreement.

Subscription Completion

Subscription Completion will take place on the fifth business day after the date on which all the conditions of the Subscription are fulfilled or waived (or such other date as may be agreed between the Company and the Subscriber in writing). Subscription Completion shall take place simultaneously with Placing Completion. For the avoidance of doubt, if the Placing fails to complete, the Subscription Agreement shall terminate and no party to the Subscription Agreement will have any further rights or obligations under the Subscription Agreement.

Lock-up arrangement for the Subscription Shares

Pursuant to the Subscription Agreement, the Subscriber undertook that, without the prior written consent of the Company, during a period commencing from and including the date of the Subscription Completion and ending on and including the date which is two years from the date of Subscription Completion, the Subscriber shall not, and shall procure that none of its associates or companies controlled by it or nominees or trustees holding in trust for it shall sell, transfer or otherwise dispose of (or enter into any agreement to dispose of) any Subscription Shares held by the Subscriber, or any Subscription Shares held directly or indirectly by the Subscriber or its associates, in any company controlled by them which is the beneficial owner of any such Subscription Shares nor permit the registered holder to dispose of (or enter into any agreement to dispose of) any of their direct or indirect interests in such Subscription Shares.

THE PLACING

The Placing Agreement

Date

1 April 2014 (After trading hours)

Parties

Issuer: The Company

Placing Agent: GF Securities (Hong Kong) Brokerage Limited

To the best knowledge of the information, knowledge and belief of the Directors having made all reasonable enquiries, the Placing Agent is independent of and not connected with the Company, its subsidiaries and their respective directors, chief executives and substantial shareholders, and their respective associates.

Number of the Placing Shares

Pursuant to the Placing Agreement, the Placing Agent has conditionally agreed to procure, on a best efforts basis, places to subscribe for up to 83,887,262 new Shares at the Placing Price of HK\$1.25 per Placing Share, representing approximately 8.79% of the issued share capital of the Company as at the date of this announcement and assuming the Placing Shares are fully placed under the Placing, approximately 6.52% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares and the Subscription Shares in aggregate, subject to Placing Completion and Subscription Completion (assuming there will be no other change in the issued share capital of the Company between the date of this announcement and the date of Placing Completion and Subscription Completion, save for the issue and allotment of the Placing Shares and the Subscription Shares).

Conditions precedent to the Placing

Placing Completion is conditional upon fulfillment of the following conditions:

- (a) the Shareholders approving the entering into performance of the Placing Agreement by the Company at the EGM; and
- (b) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Placing Shares (and such listing and permission not being subsequently revoked).

In the event that the above conditions are not fulfilled by 31 December 2014 (or such later date as may be agreed between the Company and the Placing Agent), all obligations and liabilities of the Company and the Placing Agent in relation to the Placing shall cease and terminate immediately thereafter and neither of the parties shall have any claim against the other in respect of the Placing save for any antecedent breach and/or liabilities or obligations which may accrue under the Placing Agreement prior to such termination.

Placing Completion

Placing Completion will take place on the fifth business day after the date on which all the conditions of the Placing has been satisfied (or such other date as the Company and the Placing Agent may agree in writing). Placing Completion shall take place simultaneously with Subscription Completion after the fulfilment of all of the above conditions. In the event that Subscription Completion do not take place, all rights, obligations and liabilities for the parties in relation to the Placing shall cease and determine and none of the parties shall have any claim against each other in respect of the Placing.

Lock-up arrangement for the Placing Shares

Pursuant to the Placing Agreement, the Placing Agent shall procure each of the places of the Placing to undertake to and covenant with the Company and the Placing Agent that, during a period commencing from the date of the Placing Completion and ending on the date which is one year from the date of the Placing Completion, without the prior written consent of the Company, each of them will not, and will procure that none of their respective associates and the companies controlled by them or nominees or trustees holding in trust for them shall, sell, transfer or otherwise dispose of (or enter into any agreement to dispose of), any Placing Shares held by each of them, or any Placing Shares held directly or indirectly by each of them or their respective associates, in any company controlled by them which is the beneficial owner of any such Placing Shares or interests nor permit the registered holder to dispose of (or enter into any agreement to dispose of) any of their direct or indirect interests in such Placing Shares.

Placees

It is expected that the Placing Shares will be placed to the following independent placees:

China Life Franklin Asset Management Co., Limited (中國人壽富蘭克林資產管理有限公司) (“*China Life*”)

On 1 April 2014, pursuant to a letter of undertaking by China Life to the Placing Agent, China Life irrevocably undertook that, subject to entering into of the formal placing letter with the Placing Agent, China Life shall become the placee for 40,000,000 Placing Shares.

LBN China + Opportunity Master Fund (“*LBN Fund*”)

On 1 April 2014, pursuant to a letter of undertaking by LBN Fund to the Placing Agent, LBN Fund irrevocably undertook that, subject to entering into of the formal placing letter with the Placing Agent, LBN Fund shall become the placee for 16,000,000 Placing Shares.

LBN Fund is managed by LBN Advisers Ltd. LBN Advisers Ltd is a China focused asset management company which was founded in September 2007.

Asian Opportunities Absolute Return Fund Limited (“*Asia Opportunities Fund*”)

On 1 April 2014, pursuant to a letter of undertaking by Asia Opportunities Fund to the Placing Agent, Asia Opportunities Fund irrevocably undertook that, subject to entering into of the formal placing letter with the Placing Agent, Asia Opportunities Fund shall become the placee for 16,000,000 Placing Shares.

Asian Opportunities Fund is an open-ended investment company incorporated in the Cayman Islands.

Pacific Alliance Asia Opportunity Fund L.P. (“*Pacific Alliance*”)

On 1 April 2014, pursuant to a letter of undertaking by Pacific Alliance to the Placing Agent, Pacific Alliance irrevocably undertook that, subject to entering into of the formal placing letter with the Placing Agent, Pacific Alliance shall become the placee for 11,887,262 Placing Shares.

Pacific Alliance is an investment fund managed by Pacific Alliance Investment Management Limited, and an affiliate of PAG, an investment fund management group in Asia. PAG has extensive experience investing in the region’s capital markets and property sectors.

Independence of placees

To the best knowledge of the Directors:

- (a) the placees, their beneficial owners, are not connected persons of the Company and are independent of and not connected with the Company, the directors, chief executive or substantial shareholders of the Company or its subsidiaries, or any of their respective associates;
- (b) none of the placees will become substantial shareholders of the Company immediately following the Placing; and

- (c) each of the placees and their beneficial owners is not parties acting in concert with (i) one another; (ii) the Company, the directors, chief executive or substantial shareholders of the Company or its subsidiaries; (iii) the Subscriber or any party acting or presumed to be acting in concert with it; or any of their respective associates.

Ranking of the Placing Shares and the Subscription Shares

The Placing Shares and the Subscription Shares, when allotted and issued, will rank pari passu in all respects among themselves free from all liens, charges, guarantee, adverse interests and adverse claims, and with the Shares in issue on the date of allotment and issue of the Placing Shares and the Subscription Shares including all dividends declared or payable or distributions made or proposed on or after the date of Placing Completion and Subscription Completion.

The Placing Price and the Subscription Price

Each of the Placing Price and the Subscription Price is fixed at HK\$1.25 per Placing Share and Subscription Share, respectively, which represents:

- (i) a discount of approximately 18.5% to the average of the closing price per Share for the last 30 trading days as quoted on the Stock Exchange up to and including the date of signing of the Memorandum of Understanding;
- (ii) a discount of approximately 26.04% to the closing price of HK\$1.69 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 25.77% to the average closing price of approximately HK\$1.684 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and
- (iv) a discount of approximately 25.90% to the average closing price of approximately HK\$1.687 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day.

The Placing Price was arrived at after arm's length negotiations between the Company and the Placing Agent.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber.

Taking into account the aggregate expenses of the Placing and the Subscription in the amount of approximately HK\$1,000,000, the net price of each new Share to be allotted under the Placing and the Subscription is approximately HK\$1.247.

GENERAL

The Group is principally engaged in (i) the design, implementation and maintenance of application solutions for centralising various functions of public transport systems in Beijing and Hong Kong; and (ii) the provision of software in application solutions and products for the subsystems of public transport systems at line-level.

Specific mandate

The Placing Shares and the Subscription Shares will be allotted and issued under a specific mandate to allot, issue and deal with Shares by an ordinary resolution to be proposed for passing by the Shareholders at the EGM. The general mandate of the Company will not be used for the issue of the Placing Shares and the Subscription Shares.

Implications of the Takeovers Code and the Listing Rules

As at the date of this announcement, the Subscriber was one of the Shareholders which held 233,777,063 Shares, representing approximately 24.50% of the issued share capital of the Company. Since the Subscriber is a substantial Shareholder and hence a connected person of the Company under Rule 14A.11(1) of the Listing Rules, the Subscription will constitute a connected transaction for the Company, and is subject to the announcement, reporting and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company will seek the Independent Shareholders' approval for the Subscription Agreement at the EGM.

The shareholding of the Subscriber and any party acting in concert with it will increase to approximately 37.50% of the then issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares and the Subscription Shares in aggregate, immediately after Placing Completion and Subscription Completion, hereby triggering a general offer obligation under the Takeovers Code.

An application will be made by the Subscriber to the Executive for the granting of the Whitewash Waiver pursuant to Note 1 to Dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be subject to the approval of the Independent Shareholders taken on a poll at the EGM.

The Subscriber has confirmed that none of the Subscriber or any person acting or presumed to be acting in concert with it has acquired voting rights in the Company in the six months prior to the date of this announcement which would constitute disqualifying transaction under the Takeovers Code.

Save as disclosed in the paragraph headed "Changes to the shareholding as a result of the Placing and the Subscription" below, none of the Subscriber or any person acting or presumed to be acting in concert with it owns or has control or direction over any voting right in or rights over any Shares or any convertible securities, warrants or options in respect of the Shares, or any outstanding derivative in respect of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company; nor is there any arrangement (whether by way of option, indemnity or otherwise) in relation to the Shares or shares of the Subscriber and which might be material to the transactions contemplated under the Subscription Agreement and the Whitewash Waiver, or any agreements or arrangements to which the Subscriber or any person acting or presumed to be acting in concert with it is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the transactions contemplated under the Subscription Agreement and the Whitewash Waiver. None of the Subscriber or any persons acting or presumed to be acting in concert with it has received an irrevocable commitment to vote for or against the resolutions relating to the Subscription Agreement and the Whitewash Waiver. Further, none of Subscriber or any persons acting or presumed to be acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

EGM

The EGM will be convened for the purpose of considering and, if deemed appropriate, approving, among other things, the grant of the specific mandate, the Placing, the Subscription, the Whitewash Waiver and the transactions contemplated thereunder.

In accordance with the Listing Rules and the Takeovers Code, (i) the Subscriber and its associate; (ii) any parties acting in concert with the Subscriber; or (iii) any parties presumed to be acting in concert with the Subscriber (i.e. More Legend Limited, Landcity Limited and Vix Technology (East Asia) Limited, which are parties in concert with each other, together they are interested in 481,267,527 Shares, representing approximately 50.44% of the total issued share capital of the Company as at the date of this announcement); and (iv) parties involved or interested in the Subscription or the Whitewash Waiver; will be required to abstain from voting on the resolution(s) to approve the Subscription and the transactions contemplated thereunder and the Whitewash Waiver at the EGM. Save as disclosed, to the best of the knowledge, information and belief of the Directors, no other Shareholder has a material interest in the transactions contemplated under the Subscription Agreement and the Whitewash Waiver and will be required to abstain from voting on the resolution(s) to approve the Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver at the EGM. Dr. Tian Zhenqing, a non-executive Director, was the chairman of BII. Mr. Hao Weiya, a non-executive Director, was the vice general manager of BII. BII HK is a wholly-owned subsidiary of BII and also the Subscriber under the Subscription. Accordingly, each of Dr. Tian Zhenqing and Mr. Hao Weiya was considered to have a material interest in the transactions contemplated under the Subscription Agreement and the Whitewash Waiver by virtue of their senior management position held in BII respectively and had abstained voting on the board resolution(s) approving the transactions contemplated under the Subscription Agreement and the Whitewash Waiver.

A Circular containing, among other things, (i) further details of the Placing and the Subscription; and (ii) a letter of recommendation from the Independent Board Committee in relation to the Subscription and the transactions contemplated thereunder and the Whitewash Waiver; (iii) a letter of advice from the independent financial adviser in relation to the Subscription and the transactions contemplated thereunder and the Whitewash Waiver; and (iv) a notice convening the EGM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules. It is expected that the Circular will be despatched to the Shareholders on or before 29 April 2014.

Application for listing

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares and the Subscription Shares.

REASONS FOR THE PLACING AND THE SUBSCRIPTION

The Directors consider that it is in the interests of the Company to raise capital from the equity market in order to maintain the cash flow position of the Group and to enhance the capital and shareholders' base of the Company for long-term development and further strengthen its financial position. The Directors consider the terms of the Placing Agreement to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole. As set out in the paragraph "EGM" above, Dr. Tian Zhenqing and Mr. Hao Weiya, each being a non-executive Director, was considered to have material interests in the Subscription and the transactions contemplated thereunder and the Whitewash Waiver by virtue of his senior management position held in BII, and hence each of them will be excluded from the Independent Board Committee. Mr. Steven Bruce Gallagher is a non-executive Director and also a director of Vix Technology (East Asia) Limited, which is presumed to be a party acting in concert with the Subscriber in respect of the Subscription and the transactions contemplated thereunder and the Whitewash Waiver. Hence, the Independent Board Committee will be formed and will comprise all independent non-executive Directors, namely Mr. Hu Zhaoguang, Mr. Bai Jinrong and Mr. Luo Zhenbang, to advise the Independent Shareholders in respect of the Subscription and the transactions contemplated thereunder and the Whitewash Waiver after considering the opinion of the independent financial adviser. An independent financial adviser (which will be approved by the Independent Board Committee) will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard. Further, the Directors (other than members of the Independent Board Committee whose view will be formed after obtaining the advice of the independent financial adviser) consider the terms of the Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole. An announcement will be made by the Company upon the appointment of the independent financial adviser.

USE OF PROCEEDS

The gross proceeds from the Placing and the Subscription are expected to be approximately HK\$415,864,500 in aggregate. After deducting related professional fees and all related expenses of about HK\$1,000,000 which will be borne by the Company under the Placing and the Subscription, the net proceeds of the Placing and the Subscription will amount to approximately HK\$414,864,500. The net proceeds from the Placing and the Subscription will be applied to (i) the proposed acquisition of civil communication assets involving eight subway lines of Beijing Subway as set out in the Memorandum of Understanding; and (ii) the general working capital of the Group.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS

The Company has not raised fund on any issue of equity securities in the past 12 months immediately before the date of this announcement.

CHANGES TO THE SHAREHOLDING AS A RESULT OF THE PLACING AND THE SUBSCRIPTION

As at the date of this announcement, the Company has 954,192,094 Shares in issue. Set out below is a table showing the shareholding structure of the Group (i) as at the date of this announcement; and (ii) immediately upon Placing Completion and Subscription Completion.

Name of Shareholder	At the date of this announcement		Immediately upon Placing Completion and Subscription Completion	
	No. of Shares	%	No. of Shares	%
<i>Subscriber and parties acting in concert with it</i>	233,777,063	24.50	482,581,376	37.50
<i>Parties presumed to be acting in concert with the Subscriber</i>				
More Legend Limited (Notes 1, 2 and 5)	269,509,815	28.25	269,509,815	20.94
Landcity Limited (Notes 1, 3 and 5)	67,377,454	7.06	67,377,454	5.24
Vix Technology (East Asia) Limited (Notes 1, 4 and 5)	144,380,258	15.13	144,380,258	11.22
<i>Subscriber and parties acting or presumed to be acting in concert with it</i>	715,044,590	74.94	963,848,903	74.90
Placees	12,904,000	1.35	96,791,262	7.52
Other public Shareholders	226,243,504	23.71	226,243,504	17.58
Total	954,192,094	100.00	1,286,883,669	100.00

Notes:

- Pursuant to the confirmation of concert party arrangement dated 29 November 2012 entered into by More Legend Limited, Vix Technology (East Asia) Limited and Landcity Limited, they have confirmed that they are parties acting in concert in the operation and management of ERG Transportation Greater China Company Limited and the Company since the date of listing of the Company. By virtue of the SFO, each person under the concert party arrangement is taken to be interested in the shares of the Company that the other party is interested under the SFO, hence each of More Legend Limited, Landcity Limited and Vix Technology (East Asia) Limited is deemed to be interested in 481,267,527 Shares, representing approximately 50.44% of the total issued share capital of the Company as at the date of this announcement.
- More Legend Limited is the legal and beneficial owner of approximately 28.25% of the entire issued share capital of the Company. More Legend Limited is owned as to 75% by Mr. Cao Wei and as to 25% by Ms. Wang Jiangping, the spouse of Mr. Cao Wei. By virtue of the SFO, Mr. Cao Wei is deemed to be interested in the 481,267,527 shares which More Legend Limited is interested in. Mr. Cao Wei is the sole director of More Legend Limited. Mr. Cao Wei is a Director.
- Landcity Limited is the legal and beneficial owner of approximately 7.06% of the entire issued share capital of the Company. Landcity Limited is owned as to 100% by the Sino Choice Trust, whose beneficiaries are Mr. Chen Rui and Ms. Jiang Wenjun, the spouse of Mr. Chen Rui. By virtue of the SFO, Mr. Chen Rui is deemed to be interested in the 481,267,527 shares which Landcity Limited is interested in. Mr. Chen Rui is a director of Landcity Limited. Mr. Chen Rui is a Director.
- Vix Technology (East Asia) Limited is the legal and beneficial owner of approximately 15.13% of the entire issued share capital of the Company. Mr. Steven Bruce Gallagher is a director of Vix Technology (East Asia) Limited. Vix Technology (East Asia) Limited is a wholly-owned subsidiary of Vix Holdings Limited. Mr. Steven Bruce Gallagher is a Director.
- Each of More Legend Limited, Landcity Limited and Vix Technology (East Asia) Limited is presumed to be a party acting in concert with the Subscriber under the Takeovers Code.

RESUMPTION

At the request of the Company, trading in the Shares was suspended from 9:00 a.m. on 2 April 2014 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 7 April 2014.

DEFINITIONS

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

“associate”	has the meaning ascribed to it under the Listing Rules
“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 24.50% of the issued share capital of the Company as at the date of this announcement, and a wholly-owned subsidiary of BII
“Board”	the board of Directors
“Circular”	a circular to be issued and published by the Company together with the notice of the EGM in relation to, among others, the Placing, the Subscription and the transactions contemplated thereunder and the Whitewash Waiver
“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(s)”	has the meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company

“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving the specific mandate, the Placing, the Subscription, the Whitewash Waiver and the respective transactions contemplated thereunder
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“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 Board Committee”	the independent Board committee, comprising all independent non-executive Directors, namely Mr. Hu Zhaoguang, Mr. Bai Jinrong and Mr. Luo Zhenbang, which will be formed to advise the Independent Shareholders in respect of the Subscription and the transactions contemplated thereunder and the Whitewash Waiver
“Independent Shareholders”	Shareholders other than (i) the Subscriber and its associate; (ii) any parties acting in concert with the Subscriber; (iii) any party presumed to be acting in concert with the Subscriber (i.e. More Legend Limited, Landcity Limited and Vix Technology (East Asia) Limited; and (iv) parties involved or interested in the Subscription or the Whitewash Waiver
“Last Trading Day”	1 April 2014, being the last day of trading of the Shares on the Stock Exchange prior to the signing of the Placing Agreement and the Subscription Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum of Understanding”	the non-legally binding (save for certain provisions relating to confidentiality and the governing law of the Memorandum of Understanding) memorandum of understanding dated 25 February 2014 entered into between the Company and BII in relation to, among others, the proposed subscription
“Placing”	the placing of up to 83,887,262 new Shares by the Placing Agent pursuant to the terms of the Placing Agreement
“Placing Agent”	GF Securities (Hong Kong) Brokerage Limited, the placing agent and a licensed corporation under the SFO permitted to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities

“Placing Agreement”	the agreement dated 1 April 2014 entered into between the Company and the Placing Agent in respect of the Placing
“Placing Completion”	completion of the Placing in accordance with the terms and conditions of the Placing Agreement
“Placing Price”	the placing price of HK\$1.25 per Placing Share
“Placing Shares”	up to 83,887,262 new Shares to be placed under the Placing
“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
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	BII HK
“Subscription”	subscription of Subscription Shares by the Subscriber at the Subscription Price pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 1 April 2014 entered into between the Company and the Subscriber in respect of the Subscription
“Subscription Completion”	completion of the Subscription in accordance with the terms and conditions of the Subscription Agreement
“Subscription Price”	the subscription price of HK\$1.25 per Subscription Share
“Subscription Shares”	248,804,313 new Shares to be allotted and issued by the Company to the Subscriber under the Subscription
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers

“Whitewash Waiver”

the waiver by the Executive under Note 1 to the Notes on Dispensations from Rule 26 of the Takeovers Code of the obligation on the part of the Subscriber and parties acting in concert with it to make a general offer to the Shareholders for all issued shares and other securities of the Company not already owned or agreed to be acquired by the Subscriber or parties acting in concert with it as a result of the allotment and issue of the Subscription Shares to the Subscriber

“%”

per cent.

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

Hong Kong, 4 April 2014

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.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.