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**CLARIFICATION ANNOUNCEMENT
IN RELATION TO MEMORANDUM OF UNDERSTANDING
RELATING TO PROPOSED SUBSCRIPTION
AND
POSSIBLE APPLICATION FOR WHITEWASH WAIVER**

Reference is made to the announcement (“**Announcement**”) of China City Railway Transportation Technology Holdings Company Limited (“**Company**”) dated 13 April 2015 in relation to, among other matters, the memorandum of understanding entered into between the Company and each of the two subscribers intending to subscribe for the shares of the Company (“**Shares**”). Unless otherwise specified, capitalised terms herein shall have the same meanings as those defined in the Announcement.

The Company had assumed that pre-vetting by the SFC was not required for the Announcement. The Company was informed by the SFC that the Announcement contained information in relation to a proposed application to the SFC for whitewash waiver should the Proposed Subscription by BII HK materialise and pre-vetting of the Announcement by the SFC was required pursuant to Rule 12.1 of the Takeovers Code. The Company would also like to clarify further details in relation to the Proposed Subscription:

- (i) Regarding the Proposed Subscription by Zhongzai, subject to the entering into of the Formal Subscription Agreement in relation to such Proposed Subscription, the Company intends to allot and issue the new Shares to Zhongzai under the general mandate to allot, issue and deal in Shares granted to the Directors by a resolution of the Shareholders passed at the Company’s annual general meeting held on 27 November 2014. Under such general mandate, the Company is authorised to issue up to 261,011,133 Shares (representing 20% of the issued share capital in the Company as at the date of the said annual general meeting). Up to the date of this announcement, such general mandate has not been utilised. The Proposed Subscription by Zhongzai does not have any implication under the Takeovers Code.

- (ii) Regarding the Proposed Subscription by BII HK, since BII HK held approximately 37.02% of the issued share capital of the Company as at the date of the Announcement, in the event the Proposed Subscription by BII HK materialises, a general offer obligation by BII HK and parties acting in concert with it may be triggered under the Takeovers Code. As such, a whitewash waiver application is intended to be made to the SFC if such general offer obligation arises. The Company intends to include the condition of obtaining whitewash waiver application (if required) under the Takeovers Code as one of the conditions precedent to the Formal Subscription Agreement in relation to the Proposed Subscription by BII HK, and it is the intention of the Company that such condition precedent will not be waiveable for the purpose of proceeding to completion of the Proposed Subscription by BII HK.

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

Hong Kong, 21 April 2015

As at the date of this announcement, the executive Directors are Mr. Cao Wei, Ms. Xuan Jing and Mr. Shao Kai; the non-executive Directors are Dr. Tian Zhenqing, Mr. Hao Weiya and Mr. Zhang Jie; and the independent non-executive Directors are Mr. Bai Jinrong, Mr. Luo Zhenbang and Mr. Huang Lixin.

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.