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**DISCLOSEABLE AND CONNECTED TRANSACTION
RELATING TO THE ACQUISITION OF SALE ASSETS
(1) DELAY IN DESPATCH OF CIRCULAR; AND
(2) PROFIT FORECAST IN RELATION TO THE VALUATION REPORT**

Reference is made to the announcement of China City Railway Transportation Technology Holdings Company Limited (“**Company**”) dated 8 July 2014 (“**Announcement**”) in relation to the acquisition of the Sale Assets pursuant to the Acquisition Agreement. Unless otherwise stated, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

DELAY IN DESPATCH OF CIRCULAR

As stated in the Announcement, a circular (“**Circular**”) containing, (i) further information of the Acquisition; (ii) a letter from the Independent Board Committee to the independent Shareholders; (iii) a letter of advice from the independent financial adviser in relation to the Acquisition and the transactions contemplated thereunder; and (iv) a notice convening the EGM, is expected to be despatched to the Shareholders on or before 29 July 2014.

As additional time is required to finalise the Circular, it is expected that the despatch of the Circular will be delayed to a date on or before 8 August 2014.

PROFIT FORECAST IN RELATION TO THE VALUATION REPORT

As set out in the Announcement, the Consideration was arrived at after arm’s length negotiations between the Purchaser and the Vendor taking into account, among others, the appraised value of the Sale Assets as at 30 June 2014 based on the valuation performed by an independent valuer.

The Board is pleased to announce that 北京科正資產評估有限責任公司 (Beijing Ke Zheng Assets Appraisal Company Limited*) (“**Beijing Kezheng**”) was appointed as the independent valuer for the appraisal of Sale Assets. Beijing Kezheng has adopted the discounted cash flow methodology for the valuation which involves the calculation of the net present values of the Sale Assets by discounting the expected future cash flows to be generated by such assets. The valuation report (“**Valuation Report**”) on the Sale Assets dated 2 July 2014 prepared by Beijing Kezheng thereby constitutes a profit forecast for the purpose of Rule 14.61 of the Listing Rules.

Pursuant to Rule 14.62(1) of the Listing Rules, the principal assumptions upon which the Valuation Report issued by Beijing Kezheng was based are set out below:

- (1) Under the circumstances of clearly-defined property rights, the appraised assets have not been subject to the restriction and impact of other creditors’ rights and can be used continuously (without variation in the state of usage), and that the market for the appraised assets is open;
- (2) Open market prices are adopted in the valuation. Beijing Kezheng has not taken into consideration of the fact that the prices would be affected to a certain extent by factors such as the risk of market changes and short-term mandatory punishment; and
- (3) The asset valuation is based on the analysis of the actual status of the assets and the current national laws, regulations and relevant markets on the valuation date. Any material changes to market conditions as a result of any significant modifications of relevant national laws and regulations after the valuation date have not been taken into consideration and that the various assumptions that the valuation is based upon cannot be established.

KPMG, the auditors of the Company, has reported on the arithmetical accuracy of the calculations of the discounted future cash flows. The discounted future cash flows do not involve the adoption of accounting policies. GF Capital (Hong Kong) Limited (“**GF Capital**”), the financial adviser in connection with the profit forecast included in the Valuation Report, has confirmed that the valuation of the Sale Assets has been made after due and careful enquiry by the Board. Letters from KPMG and GF Capital are set out respectively in Appendix I and II to this announcement for the purpose of Rule 14.62 of the Listing Rules.

Each of the experts, namely Beijing Kezheng, KPMG and GF Capital, has given and has not withdrawn its written consent to the issue of this announcement with the inclusion herein of its letter and/or references to its name in the form and context in which they respectively appear.

The following is the qualification of each expert who has provided its conclusion or advice, which is contained in this announcement:

| Name | Qualification |
|-----------------|---|
| Beijing Kezheng | Professional valuer |
| KPMG | Certified Public Accountants |
| GF Capital | A corporation licenced to carry on Type 6 (advising on corporate finance) regulated activities as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |

As at the date of this announcement, each of the above experts had no shareholding in the Company or any other member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company or any other member of the Group.

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

Hong Kong, 29 July 2014

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

* *For identification purposes only*

The following is the text of a report received from the Company's auditors, KPMG, Certified Public Accountants, Hong Kong, for inclusion in this announcement.



8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

29 July 2014

REPORT ON THE DISCOUNTED FUTURE CASH FLOWS IN CONNECTION WITH THE VALUATION OF THE SALE ASSETS

TO THE BOARD OF DIRECTORS OF CHINA CITY RAILWAY TRANSPORTATION TECHNOLOGY HOLDINGS COMPANY LIMITED

We refer to the discounted future cash flows on which the asset valuation (the “**Valuation**”) dated 2 July 2014 prepared by Beijing Ke Zheng Assets Appraisal Company Limited (北京科正資產評估有限責任公司) in respect of the appraisal of the fair value of the civil communication transmission systems and the respective income rights of 82 underground stations of seven subway lines of the Beijing Subway and the civil communication income rights of three stations of the airport line of the Beijing Subway, in particular, (i) the fixed assets of and the income rights to be derived from the civil communication transmission system of Line No. 5, Phase 1 of Line No. 10 (including the Olympic sub-line), Phase 1 of Line No. 15, Line No. 8 (north section), Line No. 9, Yizhuang Line and Daxing Line of the Beijing Subway; (ii) the income rights to be derived from the civil communication transmission system of the airport line of the Beijing Subway; and (iii) the rights and obligations under certain underlying contracts (the “**Sale Assets**”) as at 30 June 2014 is based. The Valuation is prepared based on the discounted future cash flows and is regarded as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Responsibilities

The directors of China City Railway Transportation Technology Holdings Company Limited (the “**Directors**”) are responsible for the preparation of the discounted future cash flows in accordance with the bases and assumptions determined by the Directors and as set out in the Valuation. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

It is our responsibility to report, as required by paragraph 14.62(2) of the Listing Rules, on the calculations of the discounted future cash flows used in the Valuation. The discounted future cash flows do not involve the adoption of accounting policies.

Basis of opinion

We conducted our work in accordance with the Hong Kong Standard on Assurance Engagements 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). This standard requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the calculations are concerned, the Directors have properly compiled the discounted future cash flows in accordance with the bases and assumptions as set out in the Valuation. We performed procedures on the arithmetical calculations and the compilations of the discounted future cash flows in accordance with the bases and assumptions. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the calculations are concerned, the discounted future cash flows have been properly compiled in all material respects in accordance with the bases and assumptions adopted by the Directors as set out in the Valuation.

Other matters

Without qualifying our opinion, we draw to your attention that we are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future cash flows are based and our work does not constitute any valuation of the Sale Assets or an expression of an audit or review opinion on the Valuation.

The discounted future cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.62(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

KPMG

Certified Public Accountants

Hong Kong

The following is the text of a report received from GF Capital, the financial adviser of the Company in connection with the profit forecast included in the Valuation Report, for the purpose of inclusion in this announcement.



29 July 2014

The Board of Directors
China City Railway Transportation Technology Holdings Company Limited
Unit 4407, 44/F, COSCO Tower,
183 Queen's Road Central,
Hong Kong

Dear Sirs,

We refer to the discounted future cash flows on which the asset valuation (the “**Valuation**”) prepared by Beijing Ke Zheng Assets Appraisal Company Limited (北京科正資產評估有限責任公司) (“**Beijing Kezheng**”) and dated 2 July 2014 in relation to the appraisal of the Valuation of the Sale Assets as at 30 June 2014 is based. The Valuation is prepared based on the discounted future cash flows and is regarded as a profit forecast (the “**Forecast**”) under Rule 14.61 of the Listing Rules. Unless otherwise stated, capitalised terms used in this report should have the same meanings as those defined in the announcement of the Company dated 8 July 2014.

We have reviewed the Forecast upon which the Valuation has been made for which you as the Directors are responsible and discussed with you and Beijing Kezheng the information and documents provided by you which formed part of the bases and assumptions upon which the Forecast has been prepared. We have also considered the letter from KPMG dated 29 July 2014 addressed to yourselves as set out in Appendix I to this announcement regarding the calculations upon which the Forecast has been made, and the Forecast do not involve the adoption of accounting policies. We noted that in the opinion of KPMG that the discounted future cash flows, so far as the calculations are concerned, have been properly compiled in all material respects in accordance with the bases and assumptions as cited in the Valuation report and adopted by the Directors. The Forecast is based on a number of bases and assumptions pertaining to the businesses of the Sale Assets. As the relevant bases and assumptions are about future events which may or may not occur, the actual financial performance of the businesses of the Sale Assets may or may not achieve as expected and the variation may be material.

On the basis of the foregoing and without giving any opinion on the reasonableness of the valuation methods, bases and assumptions adopted by Beijing Kezheng on the Valuation, for which Beijing Kezheng and the Company are responsible, we are of the opinion that the Forecast upon which the Valuation has been made, for which you as the Directors are solely responsible, have been made after due and careful enquiry by you. Our opinion has been given for the sole purpose of compliance with Rule 14.62(3) of the Listing Rules and for no other purpose.

Yours faithfully,
For and on behalf of
GF Capital (Hong Kong) Limited
Danny Wan **Harry Yu**
Managing Director *Director*