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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)



**MEMORANDUM OF UNDERSTANDING
RELATING TO PROPOSED SUBSCRIPTION**

MEMORANDUM OF UNDERSTANDING

This announcement is made pursuant to Rule 13.09 of the Listing Rules and Part XIVA of the SFO.

The Board announced that after trading hours on 13 April 2015, the Company respectively entered into two separate non-legally binding Memorandum of Understanding with BII and Zhongzai in relation to the Company's intention to allot and issue: (i) 662,293,969 Subscription Shares to BII HK, which together with the Shares held by BII HK as at the date of this announcement, would represent approximately 55% of the issued share capital of the Company as enlarged by the Proposed Subscription by BII HK and Zhongzai and/or its affiliates; (ii) 114,617,534 Subscription Shares to Zhongzai and/or its affiliates, representing approximately 5.5% of the issued share capital of the Company as enlarged by the Proposed Subscription by BII HK and Zhongzai and/or its affiliates, assuming the only change in the issued share capital of the Company between the date of this announcement and the completion of the Proposed Subscription by BII HK and Zhongzai and/or its affiliates will be the issue and allotment of the Subscription Shares. The Subscribers intended to subscribe such Subscription Shares by cash pursuant to the Formal Subscription Agreements to be negotiated between the Company and the Subscribers respectively. After the completion of this Proposed Subscription by BII HK and Zhongzai and/or its affiliates, BII HK will own approximately 55% of the issued share capital of the Company.

BII agreed that it will not and will procure that the relevant registered holder(s) will not at any time within two years from the date of allotment of the Subscription Shares, dispose of, nor enter into any agreement to dispose of any of its Shares in respect of which they are shown to be the beneficial owners.

Zhongzai agreed that it will not and will procure its affiliates that the relevant registered holder(s) will not at any time within two years from the date of allotment of the Subscription Shares, dispose of, nor enter into any agreement to dispose of any of its Shares in respect of which they are shown to be the beneficial owners.

The Memorandum of Understanding are non-legally binding save for certain provisions relating to confidentiality, the governing law of the Memorandum of Understanding, and also the proposed subscription price per Subscription Share.

Completion of the Proposed Subscription is subject to the satisfaction of the conditions precedent respectively described in each of the Memorandum of Understanding and the terms of the Formal Subscription Agreements. As each of the Memorandum of Understanding may or may not lead to the entering into of the Formal Subscription Agreements and the Proposed Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when trading in the Shares.

In the event the Proposed Subscription materialise, they may constitute notifiable and connected transactions for the Company under the Listing Rules. Further announcement(s) will be made by the Company in accordance with all applicable requirements of the Listing Rules and the Takeovers Code (where applicable) as and when appropriate.

This announcement is made pursuant to Rule 13.09 of the Listing Rules and Part XIVA of the SFO.

The Board announces that on 13 April 2015 (after trading hours), the Company entered into two separate non-legally binding Memorandum of Understanding with BII and Zhongzai in relation to the Proposed Subscription respectively. After signing of the Memorandum of Understanding, the Company and BII HK and Zhongzai and/or its affiliates shall enter into good faith negotiation for the Formal Subscription Agreements and other documentation.

THE PROPOSED SUBSCRIPTION

Pursuant to each of the Memorandum of Understanding respectively, the Company intended to allot and issue: (i) 662,293,969 Subscription Shares to BII HK, which together with the Shares held by BII HK as at the date of this announcement, would represent approximately 55% of the issued share capital of the Company as enlarged by the Proposed Subscription by BII HK and Zhongzai and/or its affiliates; (ii) 114,617,534 Subscription Shares to Zhongzai and/or its affiliates, representing approximately 5.5% of the issued share capital of the Company as enlarged by the Proposed Subscription by BII HK and Zhongzai and/or its affiliates, assuming the only change in the issued share capital of the Company between the date of this announcement and the completion of the Proposed Subscription by BII HK and Zhongzai and/or its affiliates will be the issue and allotment of the Subscription Shares. The Subscribers intended to subscribe such Subscription Shares by cash pursuant to the Formal Subscription Agreements to be negotiated between the Company and the Subscribers respectively. After the completion of this Proposed Subscription by BII HK and Zhongzai and/or its affiliates, BII HK will own approximately 55% of the issued share capital of the Company. Further, the Company and the Subscribers agreed that the issued share capital of the Company held by the public Shareholders, after the Proposed Subscription, shall be not less than 25% of the issued share capital of the Company as enlarged by the Proposed Subscription.

The proposed subscription price per Subscription Share shall be determined as the following:

- not lower than a discount of 20% to the closing price per Share for the last trading day as quoted on the Stock Exchange on the date of signing of the Memorandum of Understanding, at HK\$2.081 per Share

Lock-up Period

BII agreed that it will not and will procure that the relevant registered holder(s) will not at any time within two years from the date of allotment of the Subscription Shares, dispose of, nor enter into any agreement to dispose of any of its Shares in respect of which they are shown to be the beneficial owners.

Zhongzai agreed that it will not and will procure its affiliates that the relevant registered holder(s) will not at any time within two years from the date of allotment of the Subscription Shares, dispose of, nor enter into any agreement to dispose of any of its Shares in respect of which they are shown to be the beneficial owners.

Conditions precedent

The Proposed Subscription is conditional upon, amongst other things, the following conditions precedent:

- (a) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Subscription Shares (regarding the Proposed Subscription by BII HK and Zhongzai and/or its affiliates);
- (b) (if required) the SFC granting Whitewash Waiver to the Subscribers and the parties acting in concert with the Subscribers (regarding the Proposed Subscription by BII HK); and
- (c) (if required) the independent Shareholders approving the Proposed Subscription and the related transactions contemplated thereunder (regarding the Proposed Subscription by BII HK).

In the event that any of the above conditions precedent are not fulfilled or waived (where applicable), the Proposed Subscription shall lapse.

Non legally-binding effect

Save for certain provisions on confidentiality, the governing law of the Memorandum of Understanding, and also the proposed subscription price per Subscription Share, other terms of the Memorandum of Understanding do not constitute legally-binding commitment in respect of the Proposed Subscription. The Proposed Subscription will be subject to the execution and completion of the Formal Subscription Agreements. The Company further agreed to negotiate with BII HK and Zhongzai and/or its affiliates respectively in good faith the terms of the Formal Subscription Agreements and use all reasonable efforts to sign the Formal Subscription Agreements.

REASONS FOR THE PROPOSED SUBSCRIPTION

The Directors consider that the Proposed Subscription represents an opportunity to raise capital for the Company in order to maintain the cash flow position of the Group and to enhance the capital base of the Company and get prepared for the future potential acquisition and injection, and the Proposed Subscription will be in the interest of the Group and the Shareholders as a whole.

GENERAL

As at the date of this announcement, BII held the entire issued share capital of BII HK, one of the Shareholders which held approximately 37.02% of the issued share capital of the Company. BII HK is a substantial Shareholder and a connected person of the Company under Rule 14A.07(1) of the Listing Rules. BII is the sole beneficial shareholder of BII HK and hence an associate of BII HK, and would therefore become a connected person of the Company under Chapter 14A of the Listing Rules. In the event the Proposed Subscription materialise, they may constitute notifiable and connected transactions for the Company under the Listing Rules. Further announcement(s) will be made by the Company in accordance with all applicable requirements of the Listing Rules and the Takeovers Code (where applicable) as and when appropriate.

Completion of the Proposed Subscription is subject to the satisfaction of the conditions precedent described in the Memorandum of Understanding and the terms of the Formal Subscription Agreements. As the Memorandum of Understanding may or may not lead to the entering into of the Formal Subscription Agreements and the Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when trading in the Shares.

DEFINITIONS

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

“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 37.02% 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, and the Shares of which are listed on Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules and the word “connected” shall be construed accordingly
“Director(s)”	the director(s) of the Company

“Formal Subscription Agreements”	the formal legally-binding agreements to be entered into between the Company and BII HK and Zhongzai and/or its affiliates respectively in the event that the parties proceed with the Proposed Subscription
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities of the Stock Exchange
“Memorandum of Understanding”	the two separate non-legally binding (save for certain provisions relating to confidentiality and the governing law of the Memorandum of Understanding and also the proposed subscription price per Subscription Share) memorandum of understanding dated 13 April 2015 entered into between the Company with each of BII and Zhongzai respectively in relation to the Proposed Subscription by BII HK and Zhongzai and/or its affiliates respectively
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Proposed Subscription”	the conditional allotment and issue of the Subscription Shares by the Company to the Subscribers pursuant to the Formal Subscription Agreements respectively
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the 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
“Subscribers”	BII HK, and Zhongzai and/or its affiliates
“Subscription Shares”	approximately 662,293,969 new Shares to be allotted and issued to BII HK and 114,617,534 new Shares to be allotted and issued to Zhongzai and/or its affiliates pursuant to the Formal Subscription Agreements respectively

“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers issued by the SFC
“Whitewash Waiver”	the whitewash waiver as may be granted by the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of any obligation of BII HK to make a mandatory general offer for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by it and parties acting in concert with it which might otherwise arise as a result of the Proposed Subscription by BII HK
“Zhongzai”	中再資產管理股份有限公司, a limited company established in the People’s Republic of China, an independent third party, and its controlling shareholder being 中國再保險(集團)股份有限公司
%	per cent

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

Hong Kong, 13 April 2015

As at the date of this announcement, the executive Director is 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.

* *For identification purpose only*