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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)**



**DISCLOSEABLE TRANSACTION  
RELATING TO THE FORMATION OF A JOINT VENTURE COMPANY**

The Board is pleased to announce that, on 5 November 2015, the Company and Beijing MTR Operation entered into the JV Agreement, pursuant to which the Parties have agreed to jointly establish the JV with the principal business objective of investing, constructing, operating, managing subway lines, operating value-added services and related property development, including managing the operating income rights of the existing Airport Express line of the Beijing Subway. The name of the JV is 北京京城地鐵有限公司 (Beijing City Metro Ltd.\*). The Parties intend to, through the JV, acquire the Operating Income Rights, and attempt to obtain the operating income rights of the new lines of Beijing Subway which are to be established.

Pursuant to the JV Agreement, the JV will be owned as to 51% by Beijing MTR Operation and 49% by the Company. The total registered capital of the JV will be RMB500 million (equivalent to approximately HK\$625 million). Beijing MTR Operation and the Company shall contribute capital in the JV in proportion to their respective equity holdings in the JV in the amount of RMB255 million (equivalent to approximately HK\$319 million) and RMB245 million (equivalent to approximately HK\$306 million) respectively.

As the applicable percentage ratios for the Formation of JV under the Listing Rules are more than 5% but less than 25%, the Formation of JV constitutes a discloseable transaction for the Company under the Listing Rules and is subject to, among others, the notification and publication of announcement requirements under Chapter 14 of the Listing Rules.

## **INTRODUCTION**

Reference is made to (i) the circular of the Company dated 10 June 2015 in relation to, among other matters, the connected transaction involving subscription of new Shares by BII HK and application for whitewash waiver; and (ii) the announcement of the Company dated 20 May 2015 in relation to, among other matters, the proposed formation of the JV. Under the Subscription Agreement, Subscription Completion is conditional upon, among others, the establishment of the joint venture to be formed by Beijing MTR Operation and the Company to be legally and validly completed. Upon establishment of the JV, all the conditions precedent to the Subscription will have been completed, and the Company will allot and issue 665,427,302 new Shares at the price of HK\$2.081 per share to BII HK. The gross proceeds from the Subscription are expected to be approximately HK\$1,384.8 million in aggregate. BII HK will then hold approximately 55% of the then issued share capital of the Company and become the absolute controlling shareholder.

The Board is pleased to announce that Beijing MTR Operation and the Company entered into the JV Agreement on 5 November 2015 (after trading hours), pursuant to which the Parties have agreed to jointly establish the JV with the principal business objective of investing, constructing, operating, managing subway lines, operating value-added services and related property development, including managing the operating income rights of the existing Airport Express line and new lines of the Beijing Subway. The Parties intend to, through the JV, acquire the Operating Income Rights, and attempt to obtain the operating income rights of new lines of Beijing Subway which are to be established.

The principal terms of the JV Agreement are set out below.

## **THE JV AGREEMENT**

### **Date:**

5 November 2015 (after trading hours)

### **Parties and their respective equity interests in the JV:**

- (a) Beijing MTR Operation (51%)
- (b) the Company (49%)

### **Proposed registered capital of the JV:**

RMB500 million (equivalent to approximately HK\$625 million)

After the establishment of the JV, the Parties will further inject capital into the JV in proportion to their respective equity interests as and when necessary.

**Contribution by the Parties:**

Beijing MTR Operation and the Company shall contribute capital in the JV in proportion to their respective equity holdings in the JV in the amount of RMB255 million (equivalent to approximately HK\$319 million) and RMB245 million (equivalent to approximately HK\$306 million) respectively.

**Contribution:**

The contribution shall be paid in cash. All contribution by the Parties shall be respectively made within three months of the formation of the JV.

**Principal business objective:**

Investing, constructing, operating, managing subway lines, operating value-added services and related property development, including managing the operating income rights of the existing Airport Express line and new lines of Beijing Subway.

**INFORMATION OF THE PARTIES**

Beijing MTR Operation mainly engages in railway operation management of the Beijing Subway. It is a large professional state-owned enterprise focusing on the operation of city railway transportation network. At present, Beijing MTR Operation operates 261 subway stations with a total mileage of 442 kilometres.

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; (ii) the provision of application solutions software and products for the subsystems of public transport systems at line-level; and (iii) the provision of civil communication services in the Beijing Subway.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Beijing MTR Operation and its beneficial owners are third parties independent of the Company and its connected persons under the Listing Rules.

**REASONS FOR THE FORMATION OF JV**

The Board believes that the Formation of JV will provide the Group with the opportunity to cooperate with Beijing MTR Operation to gain experience in the management and operation of the Beijing Subway. The proposed acquisition of the Operating Income Rights further represents a valuable opportunity for the Group to further expand its business operation, in addition to the city railway transportation system and the civil communication business, and transform to the field of subways operation by including the management of the Operating Income Rights to the subway line of the Beijing Subway. Accordingly, the businesses of the Group will be further diversified and stable cash flows will be achieved due to the income such as fare income. The Formation of JV is expected to expand the Group's business scope with an objective to broaden its income source and enhance its financial performance. The Board believes the Formation of JV will be beneficial to the future growth and business development of the Group as a whole.

The terms of the JV Agreement are negotiated after arm's length negotiation. The Directors consider that the transaction contemplated under the JV Agreement has been made on normal commercial terms and that such terms are fair and reasonable and in the interest of the Group and the Shareholders as a whole.

## **IMPLICATION UNDER THE LISTING RULES**

As the applicable percentage ratios for the Formation of JV under the Listing Rules are more than 5% but less than 25%, the Formation of JV constitutes a discloseable transaction for the Company under the Listing Rules and is subject to, among others, the notification and publication of announcement requirements under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

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

“Beijing MTR Operation”	北京市地鐵運營有限公司 (Beijing Mass Transit Railway Operation Corp., Ltd.*), a company established under PRC law with limited liability and directly administered by the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality and one of the operators of the Beijing Subway, and an independent third party
“Beijing Subway”	the transit rail network that serves the urban and suburban districts of Beijing municipality which is owned by the city of Beijing
“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 33.94% 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 (中國城市軌道交通科技控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, and the Shares of which are listed on the 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
“Formation of JV”	the formation of the JV
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JV”	the joint venture company proposed to be set up by the Parties pursuant to the JV Agreement
“JV Agreement”	the formal legally-binding agreement dated 5 November 2015 entered into between Beijing MTR Operation and the Company in respect of the Formation of JV
“Listing Rules”	the Rules Governing the Listing of Securities of the Stock Exchange
“Operating Income Rights”	the operating income rights to the existing Airport Express line of the Beijing Subway in relation to, among others, ticketing income, advertising income and rental income
“Parties”	the Company and Beijing MTR Operation
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“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

“Subscription”	the conditional allotment and issue of 665,427,302 new Shares by the Company to BII HK at HK\$2.081 per Share pursuant to the Subscription Agreement
“Subscription Agreement”	the formal legally-binding agreement dated 18 May 2015 entered into between the Company and BII HK in respect of the Subscription
“Subscription Completion”	completion of the Subscription in accordance with the terms and conditions of the Subscription Agreement
“%”	per cent

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

Hong Kong, 5 November 2015

*For the purpose of this announcement, unless otherwise specified, conversions of RMB into Hong Kong dollars are based on the approximate exchange rate of RMB1.00 to HK\$1.25.*

*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. Guan Jifa; and the independent non-executive Directors are Mr. Bai Jinrong, Mr. Luo Zhenbang and Mr. Huang Lixin.*

\* *For identification purposes only*