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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)



CONTINUING CONNECTED TRANSACTIONS TENANCY AGREEMENTS IN RELATION TO LEASING OF PROPERTIES

The Board announces that on 25 February 2014, Beijing Metro Network entered into the Tenancy Agreements with the Tenants, whereby the Tenants lease the Properties from Beijing Metro Network for a term of one year from 1 January 2014 to 31 December 2014.

As at the date of this announcement, BII HK held 233,777,063 shares in the Company, representing approximately 24.50% of the existing issued share capital of the Company. BII HK is a substantial shareholder of the Company and a connected person of the Company. BII is the sole beneficial shareholder of BII HK and Beijing Metro Network. Accordingly, Beijing Metro Network is an associate of BII and BII HK, and would therefore become a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Tenancy Agreements constitute continuing connected transactions for the Company under the Listing Rules. As the applicable percentage ratios calculated on an annual basis are more than 0.1% but less than 5%, such transactions are only subject to the reporting, annual review and announcement requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board announces that on 25 February 2014, Beijing Metro Network entered into the Tenancy Agreements with the Tenants, whereby the Tenants lease the Properties from Beijing Metro Network for a term of one year from 1 January 2014 to 31 December 2014.

THE TENANCY AGREEMENTS

(a) Beijing BII Tenancy Agreement

- Date: 25 February 2014
- Parties:
- (1) Beijing Metro Network, a company established under PRC law with limited liability whose entire issued share capital is owned by BII, as landlord; and
 - (2) Beijing BII, a company established under PRC law with limited liability and an indirect wholly-owned subsidiary of the Company, as tenant.
- Transaction nature: Leasing of the Property B by Beijing BII from Beijing Metro Network
- Term: One year from 1 January 2014 to 31 December 2014
- Rental: RMB1,712,087.25 (equivalent to approximately HK\$2,194,984) per annum (inclusive of water, electricity, management and heat and air-conditioning fees but exclusive of telecommunications and parking fees), which is calculated based on the multiple of (i) the total gross floor area; (ii) the term (i.e. 365 days); and (iii) RMB3 per gross floor area per day (“**Rental Basis**”)

(b) BII ERG Tenancy Agreement

- Date: 25 February 2014
- Parties:
- (1) Beijing Metro Network, a company established under PRC law with limited liability whose entire issued share capital is owned by BII, as landlord; and
 - (2) BII ERG, a company established under PRC law with limited liability, which was owned as to 90% by Beijing City Railway and 10% by Beijing Transport Consultation, as tenant.
- Transaction nature: Leasing of the Property A Portion 1 by BII ERG from Beijing Metro Network
- Term: One year from 1 January 2014 to 31 December 2014
- Rental: RMB2,398,926 (equivalent to approximately HK\$3,075,546) per annum (inclusive of water, electricity, management and heat and air-conditioning fees but exclusive of telecommunications and parking fees), which is calculated based on the Rental Basis

(c) ERG BJ Tenancy Agreement

Date:	25 February 2014
Parties:	(1) Beijing Metro Network, a company established under PRC law with limited liability whose entire issued share capital is owned by BII, as landlord; and (2) ERG BJ, a company established under PRC law with limited liability and an indirect wholly-owned subsidiary of the Company, as tenant.
Transaction nature:	Leasing of the Property A Portion 2 by ERG BJ from Beijing Metro Network
Term:	One year from 1 January 2014 to 31 December 2014
Rental:	RMB555,384 (equivalent to approximately HK\$712,031) per annum (inclusive of water, electricity, management and heat and air-conditioning fees but exclusive of telecommunications and parking fees), which is calculated based on the Rental Basis

Other major terms

Pursuant to the Tenancy Agreements, Beijing Metro Network has the right to adjust the Rental Basis in accordance with the fluctuation in market price.

Beijing Metro Network also has the right to re-enter the Properties by way of giving a one-month notice to the Tenants, upon which the Tenants shall unconditionally vacate the Properties and reallocate themselves according to the arrangement made by Beijing Metro Network.

Upon the expiry of the term of the Tenancy Agreements, the Tenants shall make a renewal request to Beijing Metro Network 30 days in advance prior to the expiration of the term of the Tenancy Agreements shall the Tenants wish to renew the Tenancy Agreements. If Beijing Metro Network agrees to the renewal of the Tenancy Agreements, the parties thereto shall enter into new tenancy agreements thereafter.

Consideration

The consideration in respect of the transactions contemplated under the Tenancy Agreements for the year ending 31 December 2014 will be RMB4,666,397.25 (equivalent to approximately HK\$5,982,561), which is calculated with reference to the aggregate annual rental payable by the Tenants to Beijing Metro Network pursuant to the Tenancy Agreements.

The terms of the Tenancy Agreements (together with the consideration) were determined after arm's length negotiations between the parties and after making reference to the prevailing market rates. The rental payment will be paid in cash in one-off after signing of the Tenancy Agreements.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Tenancy Agreements set out a framework of the terms of the lease arrangement between the parties. The Directors are of the view that it represents an opportunity for the Group to continue its constant and established operation in Beijing in a prime business location without substantial costs incurred in acquiring properties for office use.

The Directors (including the independent non-executive Directors) are of the opinion that the transactions contemplated under the Tenancy Agreements are entered into in the ordinary and usual course of business of the Group; and the Tenancy Agreements (together with the consideration) has been entered into on normal commercial terms after arm's length negotiations between the parties, and the terms of the transactions contemplated under the Tenancy Agreements (together with the consideration) are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, BII HK held 233,777,063 shares in the Company, representing approximately 24.50% of the existing issued share capital of the Company. BII HK is a substantial shareholder of the Company and a connected person of the Company. BII is the sole beneficial shareholder of BII HK and Beijing Metro Network. Accordingly, Beijing Metro Network is an associate of BII and BII HK, and would therefore become a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Tenancy Agreements constitute continuing connected transactions for the Company under the Listing Rules. As the applicable percentage ratios calculated on an annual basis are more than 0.1% but less than 5%, such transactions are only subject to the reporting, annual review and announcement requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Dr. Tian Zhenqing, a non-executive Director, was the chairman of BII. Mr. Hao Weiga, a non-executive Director, was the vice general manager of BII. Beijing Metro Network is a subsidiary of BII and also the landlord to the transactions contemplated under the Tenancy Agreements. Accordingly, each of Dr. Tian Zhenqing and Mr. Hao Weiya was considered to have a material interest in the transactions contemplated under the Tenancy Agreements 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 Tenancy Agreements.

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.

Beijing Metro Network, a company established under PRC law with limited liability and its principal activity is the setting up and operating the railway transport command centre in Beijing.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below, unless the context otherwise requires:

“associate”	has the meaning ascribed to it under the Listing Rules
“Beijing BII”	北京京投卓越科技發展有限公司(Beijing BII Technology Development Co., Ltd.*), a company established under PRC law with limited liability and an indirect wholly-owned subsidiary of the Company
“Beijing BII Tenancy Agreement”	the tenancy agreement entered into between Beijing Metro Network and Beijing BII on 25 February 2014 in relation to the leasing of the Property B by Beijing BII from Beijing Metro Network
“Beijing City Railway”	Beijing City Railway Holdings Company Limited (北京城市軌道交通控股有限公司), a company incorporated under Hong Kong law with limited liability and an indirect wholly-owned subsidiary of the Company
“Beijing Metro Network”	北京軌道交通路網管理有限公司(Beijing Metro Network Administration Co., Ltd*), a company established under PRC law with limited liability whose entire issued share capital is owned by BII
“Beijing Transport Consultation”	北京城市軌道交通諮詢有限公司(Beijing City Railway Transportation Consultation Co., Ltd.*), a company established under PRC law with limited liability, and a holder of 10% of the equity interest in BII ERG
“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 and Beijing Metro Network
“BII ERG”	北京京投億雅捷交通科技有限公司(Beijing BII-ERG Transportation Technology Co. Ltd.*), a company established under PRC law with limited liability. As at the date of this announcement, BII ERG was owned as to 90% by Beijing City Railway and 10% by Beijing Transport Consultation
“BII ERG Tenancy Agreement”	the tenancy agreement entered into between Beijing Metro Network and BII ERG on 25 February 2014 in relation to the leasing of the Property A Portion 1 by BII ERG from Beijing Metro Network
“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

“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, the shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“ERG BJ”	億雅捷交通系統(北京)有限公司(ERG Transit Systems (Beijing) Ltd.*), a wholly foreign-owned enterprise under PRC law with limited liability whose entire equity interest is directly held by Beijing City Railway
“ERG BJ Tenancy Agreement”	the tenancy agreement entered into between Beijing Metro Network and ERG BJ on 25 February 2014 in relation to the leasing of the Property A Portion 2 by ERG BJ from Beijing Metro Network
“Group”	collectively, the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“Properties”	collectively, Property A Portion 1, Property A Portion 2 and Property B
“Property A Portion 1”	1st to 4th Floors, Block 4, Phase 2, Jingtou Building with a total gross floor area of approximately 2,200 sq.m. which is erected on a parcel of land and is situated at No. 6, Xiaoying Road North, Zhaoyang District, Beijing City, the PRC
“Property A Portion 2”	1st to 4th Floors, Block 4, Phase 2, Jingtou Building with a total gross floor area of approximately 500 sq.m. which is erected on a parcel of land and is situated at No. 6, Xiaoying Road North, Zhaoyang District, Beijing City, the PRC
“Property B”	9th Floor, Block 3, Phase 1, Jingtou Building with a total gross floor area of approximately 1,500 sq.m. which is erected on a parcel of land and is situated at No. 6, Xiaoying Road North, Zhaoyang District, Beijing City, the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreements”	collectively, Beijing BII Tenancy Agreement, BII ERG Tenancy Agreement and ERG BJ Tenancy Agreement

“Tenants”	collectively, Beijing BII, BII ERG and ERG BJ
“sq.m.”	square metres
“%”	per cent.

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

Hong Kong, 25 February 2014

As at the date of this announcement, the executive Directors are Mr. Cao Wei and Mr. Chen Rui; the non-executive Directors are 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.

Unless other specified, amounts denominated in RMB have been converted into Hong Kong dollars in this announcement for the purpose of illustration only and at the rate of RMB0.78 = HK\$1.00.

* *For identification purposes only*