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京投轨道交通科技控股有限公司

BII 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 3 January 2019, Beijing Metro Network entered into the Tenancy Agreements with the Tenants, whereby the Tenants agreed to lease the Properties from Beijing Metro Network for a term of one year from 1 January 2019 to 31 December 2019.

As at the date of this announcement, BII HK held 1,157,634,900 shares in the Company, representing approximately 55.12% of the existing issued share capital of the Company. BII HK is a substantial shareholder of the Company and hence 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 is therefore 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 subject to the reporting, annual review and announcement requirements, and are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board announces that on 3 January 2019, Beijing Metro Network entered into the Tenancy Agreements with the Tenants, whereby the Tenants agreed to lease the Properties from Beijing Metro Network for a term of one year from 1 January 2019 to 31 December 2019.

THE TENANCY AGREEMENTS

(a) BII Zhuoyue Tenancy Agreement

Date: 3 January 2019

Parties: (1) Beijing Metro Network, as landlord; and
(2) BII Zhuoyue, as tenant.

Transaction nature: Leasing of Property A by BII Zhuoyue from Beijing Metro Network

Term: One year from 1 January 2019 to 31 December 2019

Rent: RMB1,712,087.25 (equivalent to approximately HK\$1,951,779.47) per annum (inclusive of management, heat, water and electricity fees, but exclusive of self-consumed electricity, 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 square metre of gross floor area per day (“**Rental Basis**”)

(b) BII ERG Tenancy Agreement

Date: 3 January 2019

Parties: (1) Beijing Metro Network, as landlord; and
(2) BII ERG, as tenant.

Transaction nature: Leasing of Property B Portion 1 by BII ERG from Beijing Metro Network

Term: One year from 1 January 2019 to 31 December 2019

Rent: RMB2,398,926 (equivalent to approximately HK\$2,734,775.64) per annum (inclusive of management, heat, water and electricity fees, but exclusive of self-consumed electricity, telecommunications and parking fees), which is calculated based on the Rental Basis

(c) ERG BJ Tenancy Agreement

Date:	3 January 2019
Parties:	(1) Beijing Metro Network, as landlord; and (2) ERG BJ, as tenant.
Transaction nature:	Leasing of Property B Portion 2 by ERG BJ from Beijing Metro Network
Term:	One year from 1 January 2019 to 31 December 2019
Rent:	RMB555,384 (equivalent to approximately HK\$633,137.76) per annum (inclusive of management, heat, water and electricity fees, but exclusive of self-consumed electricity, telecommunications and parking fees), which is calculated based on the Rental Basis

Other major terms

Beijing Metro Network 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 if 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 2019 will be RMB4,666,397.25 (equivalent to approximately HK\$5,319,692.87), which is calculated with reference to the aggregate annual rent 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 lump sum 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 arrangements between the parties for the renting of office premises by the Group. 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) have 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 1,157,634,900 shares in the Company, representing approximately 55.12% of the existing issued share capital of the Company. BII HK is a substantial shareholder of the Company and hence 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 is therefore 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 subject to the reporting, annual review and announcement requirements, and are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As at the date of this announcement, Mr. Zhang Yanyou, a non-executive Director and the chairman of the Board, was the chairman of the board of directors of BII. Mr. Guan Jifa, a non-executive Director, was the vice general manager of BII. Mr. Zheng Yi, a non-executive Director, was the assistant to general manager of BII and the general manager of the rail transit department of BII. Mr. Ren Yuhang, a non-executive Director, was the general manager of the investment and development department of BII. Beijing Metro Network is a subsidiary of BII and is also the landlord in the transactions contemplated under the Tenancy Agreements. Accordingly, each of Mr. Zhang Yanyou, Mr. Guan Jifa, Mr. Zheng Yi and Mr. Ren Yuhang was considered to have a material interest in the transactions contemplated under the Tenancy Agreements by virtue of their management position held in BII respectively and had abstained from voting on the board resolution(s) approving the transactions contemplated under the Tenancy Agreements.

GENERAL

The Group integrates investment and finance, research and development of technologies, intelligent railway transportation business and maintenance of application solution services, and implement the industry layout of "giving priority to intelligent railway transportation services and civil communication transmission services and supplementing with new business development through joint ventures and partnership", thereby building a business layout of providing the whole life-cycle service for the development of urban railway transportation. The Group's intelligent railway transportation services provide design, implementation and

sale, and maintenance of application solution services, including related software; and the Group has been aiming for scientific and technological innovations such as rail transit cloud platform construction and big data construction and analysis, so as to promote the development of urban rail transit systems from informationised business to intelligent business.

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

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 Metro Consultation”	北京城市軌道交通諮詢有限公司 (Beijing Metro Consultation Co., Ltd.*) a company established in the PRC with limited liability, and held 10% equity interest in BII ERG
“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 in the PRC with limited liability whose entire issued share capital is owned by BII
“BII”	北京市基礎設施投資有限公司 (Beijing Infrastructure Investment Co., Ltd.*), a company established in the PRC with limited liability and interested in approximately 55.12% of the issued share capital of the Company through BII HK as at the date of this announcement, and which is wholly-owned by the State-owned Assets Supervision and Administration Commission of People’s Government of Beijing Municipality
“BII ERG”	北京京投億雅捷交通科技有限公司 (BII Transportation Technology (Beijing) Co., Ltd.*), a company established in the PRC with limited liability. As at the date of this announcement, BII ERG was owned as to 90% by BII Zhuoyue and 10% by Beijing Metro Consultation
“BII ERG Tenancy Agreement”	the tenancy agreement entered into between Beijing Metro Network and BII ERG dated 3 January 2019 in relation to the leasing of Property B 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 company incorporated in Hong Kong with limited liability and wholly-owned by BII, and held approximately 55.12% of the issued share capital of the Company as at the date of this announcement
“BII Zhuoyue”	北京京投卓越科技發展有限公司 (BII Technology Development Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“BII Zhuoyue Tenancy Agreement”	the tenancy agreement entered into between Beijing Metro Network and BII Zhuoyue dated 3 January 2019 in relation to the leasing of Property A by BII Zhuoyue from Beijing Metro Network
“Board”	the board of Directors
“Company”	BII Railway Transportation Technology Holdings Company Limited, a 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 (BII Transit Systems (Beijing) Co., Ltd.*), a wholly foreign-owned enterprise established in the PRC with limited liability which is an indirect wholly-owned subsidiary of the Company
“ERG BJ Tenancy Agreement”	the tenancy agreement entered into between Beijing Metro Network and ERG BJ dated 3 January 2019 in relation to the leasing of Property B 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, Property B Portion 1 and Property B Portion 2
“Property A”	9th Floor, Block 3, Jingtou Plaza with a total gross floor area of approximately 1,563.55 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 Portion 1”	1st to 4th Floors, Block 4, Jingtou Plaza with a total gross floor area of approximately 2,190.8 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 Portion 2”	1st to 4th Floors, Block 4, Jingtou Plaza with a total gross floor area of approximately 507.2 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, BII Zhuoyue Tenancy Agreement, BII ERG Tenancy Agreement and ERG BJ Tenancy Agreement
“Tenants”	collectively, BII Zhuoyue, BII ERG and ERG BJ
“sq.m”	square metres
“%”	per cent

By order of the Board
BII Railway Transportation Technology Holdings Company Limited
Xuan Jing
Chief Executive Officer

Hong Kong, 3 January 2019

For the purpose of this announcement, unless otherwise specified, conversions of RMB into HK\$ are based on the approximate exchange rate of RMB1.00 to HK\$1.14.

As at the date of this announcement, the executive Directors are Mr. Cao Wei and Ms. Xuan Jing; the non-executive Directors are Mr. Zhang Yanyou, Mr. Guan Jifa, Mr. Zheng Yi and Mr. Ren Yuhang; and the independent non-executive Directors are Mr. Bai Jinrong, Mr. Luo Zhenbang and Mr. Huang Lixin.

* *For identification purposes only*