

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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)

VOLUNTARY ANNOUNCEMENT
ENTERING INTO OF A TERM SHEET
IN RELATION TO A POTENTIAL ACQUISITION

THE POTENTIAL ACQUISITION

On 22 October 2018 (after trading hours), the Company entered into the Term Sheet with NetPosa, Huaqi Intelligent and the ultimate beneficial owner of NetPosa to set out the principal terms upon which the parties may proceed with the Potential Acquisition. The Term Sheet is non-legally binding (other than the provisions relating to exclusivity and confidentiality) and the parties intend to finalise the terms of the Definitive Agreement in relation to the Potential Acquisition as soon as practicable.

The Company wishes to emphasise that the Term Sheet is not legally binding (other than the provisions relating to exclusivity and confidentiality) and the Potential Acquisition may or may not proceed. Shareholders and investors of the Company are advised to exercise caution when dealing in the securities of the Company.

If the Definitive Agreement is entered into between the parties to the Term Sheet, the Potential Acquisition may constitute a very substantial acquisition of the Company under the Listing Rules. Further announcement in respect of the Potential Acquisition will be made by the Company as and when appropriate in compliance with the Listing Rules, if applicable.

This is a voluntary announcement made by the Company.

The Company is pleased to announce that on 22 October 2018 (after trading hours), the Company entered into the non-legally binding (other than the provisions relating to exclusivity and confidentiality) Term Sheet with NetPosa, Huaqi Intelligent and the ultimate beneficial owner of NetPosa in relation to the Potential Acquisition of at least 95% of the entire equity interests of Huaqi Intelligent. The principal terms of the Term Sheet are as follows:

The Term Sheet

Date: 22 October 2018

- Parties:
- (1) the Company, as the purchaser;
 - (2) NetPosa, as the vendor;
 - (3) Huaqi Intelligent; and
 - (4) the ultimate beneficial owner of NetPosa.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of NetPosa and Huaqi Intelligent and their respective beneficial owners is an independent third party and is not a connected person of the Company.

Assets intended to be acquired

As at the date of this announcement, NetPosa beneficially owns the entire equity interests of Huaqi Intelligent. The Company intends to acquire at least 95% of the equity interests in Huaqi Intelligent from NetPosa, and the Huaqi Management Team intends to acquire not more than 5% of the equity interests in Huaqi Intelligent from NetPosa.

Proposed consideration and payment method

Pursuant to the Term Sheet, the initial proposed consideration for the entire equity interests of Huaqi Intelligent shall be RMB1,100,000,000 (equivalent to around HK\$1,254,000,000). The Company and NetPosa will further negotiate the final consideration with reference to, among others, results of the due diligence to be conducted by the Company. The consideration for the Potential Acquisition is intended to be satisfied by cash.

Undertaking by Huaqi Intelligent

Upon signing of the Term Sheet and before completion of the Potential Acquisition, Huaqi Intelligent shall not, without obtaining prior consent from the Company, dispose of any of its assets or operations, conduct reorganisation or make dividend payment.

Board composition of Huaqi Intelligent

Upon completion of the Potential Acquisition, the board of directors of Huaqi Intelligent shall compose of five directors, among which, three of them shall be nominated by the Company and two of them shall be nominated by Huaqi Management Team.

Strategic cooperation

Through the Potential Acquisition, the Company and NetPosa aim to strengthen their exchanges on technical and business skills by cooperating in innovation and production of surveillance technology and products for railway transits, and provide innovative application solutions for railway transit industry by developing artificial intelligence technology and exploring application of big data, as well as commencing further cooperation for the purpose of capital.

Due diligence

The Company shall conduct due diligence on the operations and affairs of the Huaqi Intelligent, and Huaqi Intelligent shall provide such assistance as the Company may require in connection with such due diligence exercises.

Exclusivity

NetPosa and Huaqi Intelligent will not, directly or indirectly, for the period of six months from the date of the Term Sheet solicit, discuss, negotiate or enter into any agreement or arrangement with any third party other than the Company with respect to the sale or other disposition of the Sale Equity Interests or any other equity interests in Huaqi Intelligent.

Non-binding effect

Save for the provisions relating to exclusivity and confidentiality, the Term Sheet is non-legally binding and the parties intend to finalise the terms of the Definitive Agreement in relation to the Potential Acquisition.

REASONS FOR AND BENEFITS OF THE POTENTIAL ACQUISITION

The Company is an investment holding company and its subsidiaries are principally engaged in the design, implementation and sale, and maintenance, of application solutions for the networking and controlling systems of public transport and other companies, the services of civil communication transmission systems for use in public transportation systems to telecommunication companies, and the investment in new business in the railway transportation areas through investing in joint ventures and associates.

Huaqi Intelligent is a company established in the PRC with limited liability and is principally engaged in the provision of solutions of automation and information-based systems for transportation applications. It offers products, techniques, system integration, operation services and consultancy for high-speed railway, train, urban rail transit, interurban railway, urban railway and aviation in the PRC.

The Directors consider that the Potential Acquisition, if materialises, represents a good opportunity for the Group to expand its business and to maximise the return of the Shareholders and to provide a capital appreciation potential to the Group.

In view of the above, the Directors consider that the terms of the Term Sheet are fair and reasonable and the Potential Acquisition is in the interests of the Company and the Shareholders as a whole.

The Company wishes to emphasise that the Term Sheet is not legally binding (other than the provisions relating to exclusivity and confidentiality) and the Potential Acquisition may or may not proceed. Shareholders and investors of the Company are advised to exercise caution when dealing in the securities of the Company.

If the Definitive Agreement is entered into between the parties to the Term Sheet, the

Potential Acquisition may constitute a very substantial acquisition of the Company under the Listing Rules. Further announcement in respect of the Potential Acquisition will be made by the Company as and when appropriate in compliance with the Listing Rules, if applicable.

DEFINITIONS

“Board”	the board of Directors
“Company”	BII Railway Transportation Technology Holdings Company Limited, a 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
“Definitive Agreement”	the formal sale and purchase agreement to be entered in relation to the Potential Acquisition
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huaqi Intelligent”	蘇州華啟智能科技有限公司 (Suzhou Huaqi Intelligent Technology Co., Ltd.*), a company established in the PRC with limited liability
“Huaqi Management Team”	the management staff of Huaqi Intelligent
“independent third party(ies)”	person(s) who or company(ies) who is/are third party(ies) independent of the Company and its connected person
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“NetPosa”	東方網力科技股份有限公司 (NetPosa Technologies Ltd.*), a company established in the PRC with limited liability, and the shares of which are listed on the Shenzhen Stock Exchange (SZSE: 300367)
“Potential Acquisition”	the potential acquisition by the Company of the Sale Equity Interests

“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Equity Interests”	at least 95% of the equity interests of the Huaqi Intelligent
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Term Sheet”	the non-legally binding term sheet (other than the provisions relating to exclusivity and confidentiality) entered into between the Company, NetPosa, Huaqi Intelligent and the ultimate beneficial owner of NetPosa
“%”	per cent

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

Hong Kong, 22 October 2018

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. Guan Jifa, Mr. Hao Weiya, 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*