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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)

CONNECTED TRANSACTION
INVESTMENT OF A FUND

On 15 November 2017, BII Zhuoyue, a wholly-owned subsidiary of the Company, entered into the Partnership Agreement with, among others, Cornerstone Administration Centre, BII, MTL, Cornerstone International, Cornerstone Administration Company and Jiuzhouyigui, in relation to the establishment and management of the Fund. The total capital commitment of the Fund will be RMB313,000,000 (equivalent to approximately HK\$369,340,000). The general partner and the limited partners of the Fund shall fulfill their capital commitment pursuant to the Partnership Agreement.

As at the date of this announcement, BII was interested in approximately 55.00% of the issued share capital of the Company through BII HK, therefore is the Controlling Shareholder of the Company, and hence a connected person of the Company for the purpose of Chapter 14A of the Listing Rules. In addition, BII (its associates or together with their fellow associates) is interested in more than 30% of equity interests in each of Cornerstone Administration Centre, MTL, Cornerstone International, Cornerstone Administration Company and Jiuzhouyigui, and therefore each of them is a connected person of the Company for the purpose of Chapter 14A of the Listing Rules. As such, the transactions contemplated under the Partnership Agreement constitute connected transactions for the Company. As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Partnership Agreement exceed 0.1% but are less than 5%, the transactions contemplated under the Partnership Agreement are subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

On 15 November 2017, BII Zhuoyue, a wholly-owned subsidiary of the Company, entered into the Partnership Agreement with, among others, Cornerstone Administration Centre, BII, MTL, Cornerstone International, Cornerstone Administration Company and Jiuzhouyigui, in relation to the establishment and management of the Fund.

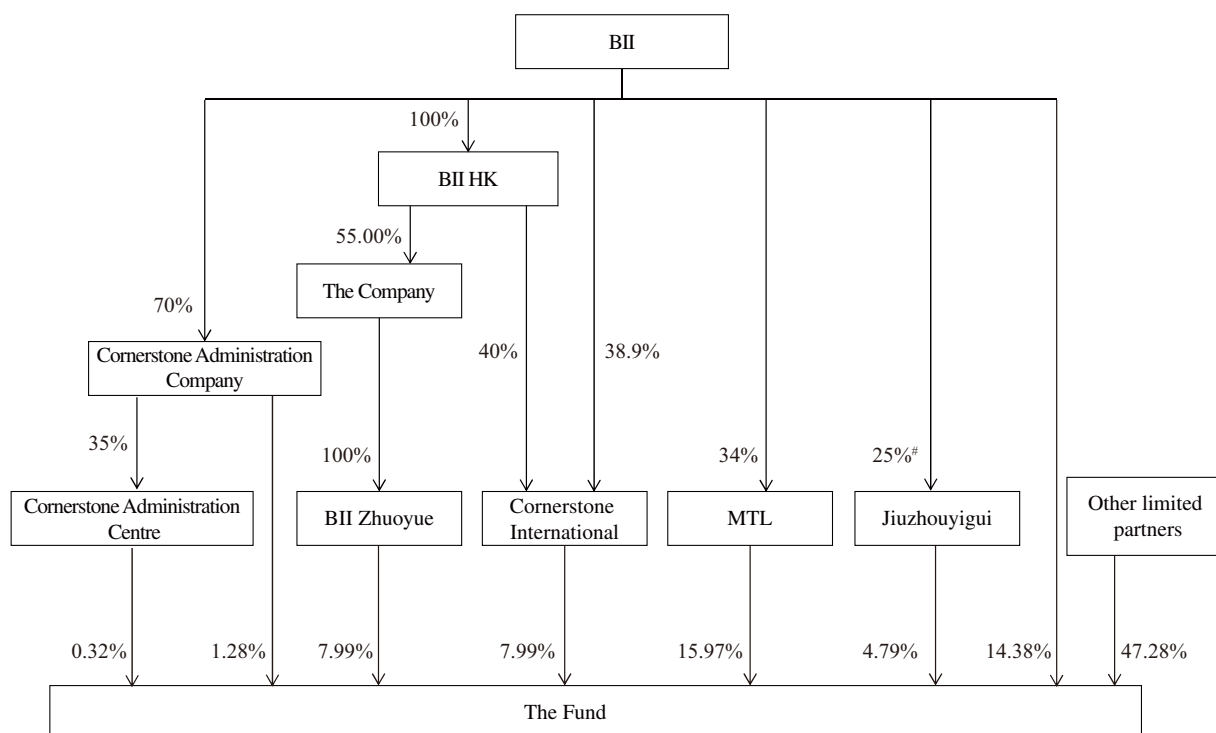
THE PARTNERSHIP AGREEMENT

Date: 15 November 2017

- Parties:**
1. General partner: Cornerstone Administration Centre, interested in approximately 0.32% of the total capital commitment of the Fund
 2. Limited partners: Among others,
 - (i) BII Zhuoyue (a wholly-owned subsidiary of the Company), interested in approximately 7.99% of the total capital commitment of the Fund;
 - (ii) BII, interested in approximately 14.38% of the total capital commitment of the Fund;
 - (iii) MTL, interested in approximately 15.97% of the total capital commitment of the Fund;
 - (iv) Cornerstone International, interested in approximately 7.99% of the total capital commitment of the Fund;
 - (v) Cornerstone Administration Company, interested in approximately 1.28% of the total capital commitment of the Fund; and
 - (vi) Jiuzhouyigui, interested in approximately 4.79% of the total capital commitment of the Fund.

As at the date of this announcement, BII was interested in approximately 55.00% of the issued share capital of the Company through BII HK, therefore is the Controlling Shareholder of the Company, and hence a connected person of the Company for the purpose of Chapter 14A of the Listing Rules. In addition, BII (its associates or together with their fellow associates) is interested in more than 30% of equity interests in each of Cornerstone Administration Centre, MTL, Cornerstone International, Cornerstone Administration Company and Jiuzhouyigui, and therefore each of them is a connected person of the Company for the purpose of Chapter 14A of the Listing Rules.

The diagram below shows a simplified structure of the Fund, including the structure of BII and its associates for illustration purpose:



Jiuzhouyigui is held by BII, Cornerstone Fund and Cornerstone Zhongying as to approximately 25%, 12.4% and 1.84%, respectively. Cornerstone Fund is held by Cornerstone Administration Centre, BII, MTL and Cornerstone Administration Company as to approximately 0.17%, 32.33%, 43.08% and 3.51%, respectively. Cornerstone Zhongying is held by Cornerstone Administration Centre, BII, MTL and Cornerstone Administration Company as to approximately 0.38%, 26.42%, 45.28% and 1.51%, respectively.

Save as disclosed above, in the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of the other limited partners and its ultimate beneficial owner(s) in the Fund are Independent Third Parties.

Information on the Fund

The Fund will be registered in the PRC as a limited partnership with the primary objective of investment in railway transportation and related industries. The Fund shall make equity investment in growing enterprises which are leading enterprises in the market segment in industries including information technology, energy conservation and environmental protection, and production and manufacture of new material and advanced equipment.

Initial size of the Fund

Pursuant to the Partnership Agreement, the total capital commitment of the Fund will be RMB313,000,000 (equivalent to approximately HK\$369,340,000). The total capital commitment payable by BII Zhuoyue in cash amounted to RMB25,000,000 (equivalent to approximately HK\$29,500,000), representing approximately 7.99% of the interest in the Fund.

The total capital commitment to the Fund by each of the general partner and the limited partners was determined after arm's length negotiation between the general partner and the limited partners with reference to the size of the Fund, and the intended proportion of capital commitment to be contributed by the partners in the Fund.

The general partner and the limited partners shall fulfill their capital commitment pursuant to the Partnership Agreement. In the event that a certain limited partner is unable to pay its respective capital commitment, the unpaid portion of the respective capital commitment shall be transferred to other limited partners, or a new partner shall be accepted to fulfill the unpaid portion of the respective capital commitment, or the total capital commitment of the Fund shall be reduced.

Term of the Fund

The term of the Fund shall be five years. The term of the Fund may be further extended subject to the approval in the partners' meeting.

Management of the Fund

The Fund shall be managed by the general partner pursuant to the Partnership Agreement. The general partner is entitled to a management fee in the amount which equals 2% of the total capital commitment of the Fund per annum.

Profit distribution and loss sharing

Profit distribution

The funds of the partnership available for distribution shall be distributed among the general partner and the limited partners in the following order:

- (i) the investment costs shall be returned to the general partner and the limited partners until such partners have recovered the cumulative paid capital commitment; the amount equivalent to the corresponding portion of the investment made by the Fund in all of its portfolios;
- (ii) the investment costs shall be returned to the general partner and the limited partners in relation to the aggregate accrued expenses of the Fund (including but not limited to the management fees, operation fees, establishment fees paid to the fund manager since the establishment of the Fund);
- (iii) the balance (if any) shall be distributed to the limited partners, until such limited partners have obtained returns calculated at a simple rate of 8% per annum based on the corresponding paid capital commitment of the limited partners;
- (iv) the balance (if any) shall be distributed to the general partner, until the cumulative amount it has received reaches 25% of the amount under item (iii); and
- (v) any balance shall be distributed between the limited partners and the general partner at the ratio of 80:20. The distribution among limited partners shall be in accordance to their paid capital commitment ratios.

Loss sharing

Any loss incurred by the Fund in connection with its investment projects shall be shared by all the partners in proportion to their share of investment costs. The limited partners shall be liable up to the amount of their respective capital commitment, and the general partner shall bear unlimited joint and several liability of the partnership.

INFORMATION ON THE GROUP AND BII ZHUOYUE

BII Zhuoyue is a wholly-owned subsidiary of the Company and it is principally engaged in the provision of civil communication transmission system leasing service.

The principal activities of the Group are the design, implementation and sale, and maintenance, of application solutions for the networking and controlling systems of public transport and other companies, and the lease of civil communication transmission systems to telecommunication companies.

INFORMATION ON BII

BII was interested in approximately 55.00% of the issued share capital of the Company as at the date of this announcement. BII is engaging in infrastructure investment and financing and management mainly focusing on railway transportation in Beijing, manufacturing of railway transportation equipments, information technology service, development and operation of land and properties, and operation and services of other relevant resources. Besides, BII is also the owner of all the subway line assets in Beijing.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PARTNERSHIP AGREEMENT

The principal activities of the Group are the design, implementation and sale, and maintenance of application solutions for the networking and controlling systems of public transport and other companies, and the lease of civil communication transmission systems to telecommunication companies.

The Board considers that the investment in the Fund is beneficial to the Company because it can make use of the idle cash of the Group and help broaden and diversify the investment portfolio of the Group to a wider range of activities in the railway transportation and related industries, and provide the Group with considerable investment income. The Board (including the independent non-executive Directors) considers that the terms of the Partnership Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Group and the Company's shareholders as a whole.

Mr. Hao Weiya, a non-executive Director, is a director of MTL and a director and the general manager of BII. Mr. Guan Jifa, a non-executive Director, is the vice general manager of BII. Mr. Ren Yuhang, a non-executive Director, was a director of MTL, Jiuzhouyigui, Cornerstone International and Cornerstone Administration Company. Since each of BII, MTL, Jiuzhouyigui, Cornerstone International and Cornerstone Administration Company is one of the limited partners under the Partnership Agreement, each of Mr. Hao Weiya, Mr. Guan Jifa and Mr. Ren Yuhang is considered to have a material interest in the transactions contemplated under the Partnership Agreement by virtue of their senior management positions in each of BII, MTL, Jiuzhouyigui, Cornerstone International and Cornerstone Administration Company. Therefore, each of Mr. Hao Weiya, Mr. Guan Jifa and Mr. Ren Yuhang has abstained from the voting in relation to the relevant resolutions of the Board.

Save as disclosed above, none of the Directors has a material interest in the transactions contemplated under the Partnership Agreement or is required to abstain from voting from the Board resolutions for considering and approving the same pursuant to the articles of association of the Company.

LISTING RULES IMPLICATIONS

As at the date of this announcement, BII was interested in 55.00% of the issued share capital of the Company through BII HK, therefore is the Controlling Shareholder of the Company, and hence a connected person of the Company for the purpose of Chapter 14A of the Listing Rules. In addition, BII (its associates or together with their fellow associates) is interested in more than 30% of equity interests in each of Cornerstone Administration Centre, MTL, Cornerstone International, Cornerstone Administration Company and Jiuzhouyigui, and therefore each of them is a connected person of the Company for the purpose of Chapter 14A of the Listing Rules. As such, the transactions contemplated under the Partnership Agreement constitute connected transactions for the Company. As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Partnership Agreement exceed 0.1% but are less than 5%, the transactions contemplated under the Partnership Agreement are subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

“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 55.00% of the issued share capital of the Company through BII HK as at the date of this announcement, hence the Controlling Shareholder of the Company
“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 55.00% 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, a wholly-owned subsidiary of the Company
“Board”	the board of Directors of the Company
“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
“Controlling Shareholder”	has the meaning ascribed to it under the Listing Rules

“Cornerstone Administration Centre”	北京基石創業投資管理中心(有限合夥)(Beijing Cornerstone Entrepreneurial Investment Administration Centre (Limited Partnership)*), a partnership established in the PRC with limited liability and 35% of its equity interest is held by Cornerstone Administration Company. It is principally engaged in investment and asset management
“Cornerstone Administration Company”	北京基石基金管理有限公司 (Beijing Cornerstone Fund Administration Company Limited*), a company established in the PRC with limited liability and 70% of its equity interest is held by BII. It is principally engaged in non-securities investment management and consulting
“Cornerstone Fund”	北京基石創業投資基金(有限合夥)(Beijing Cornerstone Entrepreneurial Investment Fund (Limited Partnership)*), a partnership established in the PRC with limited liability and approximately 0.17%, 32.33%, 43.08% and 3.51% of its equity interests are held by Cornerstone Administration Centre, BII, MTL and Cornerstone Administration Company, respectively
“Cornerstone International”	基石國際融資租賃有限公司 (Cornerstone International Financial Leasing Co., Ltd.*), a company established in the PRC with limited liability, approximately 40% and approximately 38.9% of its equity interest is held by BII HK and BII, respectively. It is principally engaged in finance leasing business
“Cornerstone Zhongying”	北京基石仲盈創業投資中心(有限合夥)(Beijing Cornerstone Zhongying Entrepreneurial Investment Centre (Limited Partnership)*), a partnership established in the PRC with limited liability and approximately 0.38%, 26.42%, 45.28% and 1.51% of its equity interests are held by Cornerstone Administration Centre, BII, MTL and Cornerstone Administration Company, respectively
“Director(s)”	the director(s) of the Company
“Fund”	保定基石連盈創業投資基金中心(有限合夥)(Cornerstone Lianying Venture Capital Investment Fund (Limited Partnership)*), a limited partnership to be established under the laws of the PRC, the official name of which will be subject to the approval of 保定市工商行政管理局 (Baoding Administration for Industry and Commerce)

“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 People’s Republic of China
“Independent Third Party(ies)”	person(s) who or company(ies) who is/are third party(ies) independent of the Company and its connected person
“Jiuzhouyigui”	北京九州一軌隔振技術有限公司 (Beijing Jiuzhouyigui Shock and Vibration Isolation Co., Ltd.*), a company established in the PRC with limited liability, and approximately 25%, 12.4% and 1.84% of its equity interests are held by BII, Cornerstone Fund and Cornerstone Zhongying, respectively. It is principally engaged in development, production and sale of shock-proof technology and related accessories and devices
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MTL”	京投發展股份有限公司 (Metro Land Corporation Ltd.*), a company established in the PRC with limited liability and approximately 34% of its equity interest is held by BII. It is principally engaged in real estate development and railway property management
“Partnership Agreement”	a partnership agreement dated 15 November 2017 and entered into by BII Zhuoyue with, among others, Cornerstone Administration Centre, BII, MTL, Cornerstone International, Cornerstone Administration Company and Jiuzhouyigui
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the PRC 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
“%”	per cent

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

Hong Kong, 15 November 2017

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\$1.18.

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. Ren Yuhang and Mr. Zheng Yi; and the independent non-executive Directors are Mr. Bai Jinrong, Mr. Luo Zhenbang and Mr. Huang Lixin.

* *For identification purposes only*