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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)

TERMINATION OF CONTINUING CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION IN RELATION TO LEASING OF PROPERTIES

TERMINATION OF CONTINUING CONNECTED TRANSACTION

The Board announces that on 18 September 2019, BII Zhuoyue and Beijing Metro Network entered into the Termination Agreement pursuant to which both parties have agreed to terminate BII Zhuoyue Tenancy Agreement with effect from 1 July 2019.

CONTINUING CONNECTED TRANSACTION

The Board announces that on 18 September 2019, BII Zhuoyue and BII Technical entered into the New Tenancy Agreement pursuant to which BII Zhuoyue agreed to lease Property C from BII Technical for a term of one year from 1 October 2019 to 30 September 2020.

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 controlling shareholder of the Company and hence a connected person of the Company. BII is the sole beneficial shareholder of BII HK, Beijing Metro Network and BII Technical. Accordingly, each of Beijing Metro Network and BII Technical is an associate of BII and BII HK, and therefore each of them is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the termination of the continuing connected transaction contemplated under the Termination Agreement is subject to the announcement requirement under Rule 14A.35 of the Listing Rules. In addition, the transaction contemplated under the New Tenancy Agreement constitutes continuing connected transaction for the Company under the Listing Rules.

As the aggregated applicable percentage ratios of the transactions contemplated under BII Zhuoyue Tenancy Agreement, the Existing Tenancy Agreements and the New Tenancy Agreement are more than 0.1% but less than 5%, the transaction under the New Tenancy Agreement is subject to the reporting, annual review and announcement requirements, and is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

TERMINATION OF CONTINUING CONNECTED TRANSACTION

Reference is made to the announcement of the Company dated 3 January 2019 in relation to, among others, the leasing of certain properties by the Company under BII Zhuoyue Tenancy Agreement and the Existing Tenancy Agreements which constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As disclosed in the announcement of the Company dated 3 January 2019, BII Zhuoyue (as tenant) entered into BII Zhuoyue Tenancy Agreement with Beijing Metro Network (as landlord) in relation to the leasing of Property A by BII Zhuoyue from Beijing Metro Network for a term of one year from 1 January 2019 to 31 December 2019 at an annual rent of RMB1,712,087.25. During the term of the lease, Property A had been used as the office of BII Zhuoyue.

The Board announces that on 18 September 2019, BII Zhuoyue and Beijing Metro Network entered into the Termination Agreement pursuant to which both parties had agreed to terminate BII Zhuoyue Tenancy Agreement with effect from 1 July 2019. BII Zhuoyue shall pay Beijing Metro Network all the outstanding rent, electricity bills and telecommunication fees incurred up to 30 June 2019 in relation to the lease of the Property A within three months from 1 July 2019. Upon termination of BII Zhuoyue Tenancy Agreement, BII Zhuoyue and Beijing Metro Network shall be released and discharged from their respective rights and obligations under the BII Zhuoyue Tenancy Agreement.

CONTINUING CONNECTED TRANSACTION

The Board announces that on 18 September 2019, BII Zhuoyue and BII Technical entered into the New Tenancy Agreement pursuant to which BII Zhuoyue agreed to lease Property C from BII Technical for a term of one year from 1 October 2019 to 30 September 2020.

The principal terms of the New Tenancy Agreement are as follows:

Date:	18 September 2019
Parties:	(1) BII Technical, as landlord; and (2) BII Zhuoyue, as tenant.
Transaction nature:	Leasing of the Property C by BII Zhuoyue from BII Technical
Term:	One year from 1 October 2019 to 30 September 2020

BII Zhuoyue shall make a renewal request to BII Technical three months in advance prior to the expiration of the term of the New Tenancy Agreement if BII Zhuoyue wish to renew the New Tenancy Agreement, the parties thereto shall negotiate the renewal of the New Tenancy Agreement thereafter.

Deposit: RMB20,000 which is refundable within 5 business days from the termination of the New Tenancy Agreement

Rent: RMB238,379.46 (equivalent to approximately HK\$271,752.58) per annum (inclusive of management, air-conditioning, heat, water, electricity and broadband fees), which is calculated based on the multiple of (i) the total gross floor area; (ii) the term (i.e. 366 days); and (iii) RMB5.5 per sq.m. of gross floor area per day

ANNUAL GROSS RENT

As disclosed in the announcement of the Company dated 3 January 2019, Beijing Metro Network, being an associate of BII and BII HK under Chapter 14A of the Listing Rules, was the landlord under the BII Zhuoyue Tenancy Agreement and the Existing Tenancy Agreements. Since BII Technical is also an associate of BII and BII HK under Chapter 14A of the Listing Rules, the consideration payable by the Group under the BII Zhuoyue Tenancy Agreement, the Existing Tenancy Agreements and the New Tenancy Agreement shall be aggregated under Rule 14A.81 of the Listing Rules.

The annual gross rent in respect of the transactions under the BII Zhuoyue Tenancy Agreement, the Existing Tenancy Agreements and the New Tenancy Agreement for each of the year ending 31 December 2019 and 31 December 2020 is RMB3,877,339.92 (equivalent to approximately HK\$4,420,167.51) and RMB178,458.94 (equivalent to approximately HK\$203,443.19), respectively, which are calculated with reference to the aggregate annual rent payable by the Group under BII Zhuoyue Tenancy Agreement, the Existing Tenancy Agreements and the New Tenancy Agreement.

The terms of the New Tenancy Agreement, including the rental payment, 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 quarterly after signing of the New Tenancy Agreement.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

Due to the expansion of the Group, the Group has employed more staff in 2019. The Property A leased under BII Zhuoyue Tenancy Agreement by the Group was no longer sufficient to accommodate the number of staff and officers of the Group. As such, the Group had entered into new leases of bigger offices with independent third parties, and decided that BII Zhuoyue Tenancy Agreement should be terminated.

The Directors (including the independent non-executive Directors) are of the view that the Termination Agreement has been negotiated on an arm's length basis, entered into in the ordinary and usual course of business of the Company and is on normal commercial terms which are fair and reasonable, and is in the interests of the Company and its shareholders as a whole. In addition, the Directors are of the view that the entering into of the Termination Agreement will not cause any material adverse effect on the operation, business and financial position of the Group.

In addition, to speed up the implementation of building smart subways and smart trains, the Directors are of the view that the New Tenancy Agreement enables the Group to strengthen co-operation with BII Technical.

The Directors (including the independent non-executive Directors) are of the opinion that the transaction contemplated under the New Tenancy Agreement is entered into in the ordinary and usual course of business of the Group, and the New Tenancy Agreement (together with the rental payment) 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 New Tenancy Agreement (together with the rental payment) 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 controlling shareholder of the Company and hence a connected person of the Company. BII is the sole beneficial shareholder of BII HK, Beijing Metro Network and BII Technical. Accordingly, each of Beijing Metro Network and BII Technical is an associate of BII and BII HK, and therefore each of them is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the termination of the continuing connected transaction contemplated under the Termination Agreement is subject to the announcement requirement under Rule 14A.35 of the Listing Rules. In addition, the transaction contemplated under the New Tenancy Agreement constitutes continuing connected transaction for the Company under the Listing Rules.

As the aggregated applicable percentage ratios of the transactions contemplated under BII Zhuoyue Tenancy Agreement, the Existing Tenancy Agreements and the New Tenancy Agreement are more than 0.1% but less than 5%, the transaction under the New Tenancy Agreement is subject to the reporting, annual review and announcement requirements, and is 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 board secretary and the general manager of the investment and development department of BII. Each of Beijing Metro Network and BII Technical is a subsidiary of BII and 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 Termination Agreement and the New Tenancy Agreement by virtue of their management position held in BII respectively and had abstained from voting on the board resolution(s) approving the Termination Agreement and the New Tenancy Agreement.

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 infrastructure information 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 railway transportation; 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.

As at the date of this announcement, Beijing Metro Network was a company established in the PRC with limited liability and its principal activity was the setting up and operation of the railway transport command centre in Beijing, the PRC.

As at the date of this announcement, BII Technical was a company established in the PRC with limited liability and its principal activity was the manufacturing of metro vehicles and maglev trains.

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 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 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 Technical”	北京軌道交通技術裝備集團有限公司 (BII Technical Equipment Group Co., Ltd.*), a company established in the PRC with limited liability whose entire issued share capital is owned by BII
“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, the details of which were included in the announcement of the Company dated 3 January 2019
“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
“Existing Tenancy Agreements”	collectively, the tenancy agreement entered into between Beijing Metro Network and 北京京投億雅捷交通科技有限公司 (BII Transportation Technology (Beijing) Co., Ltd.*) dated 3 January 2019, and the tenancy agreement entered into between Beijing Metro Network and 億雅捷交通系統(北京)有限公司 (BII Transit Systems (Beijing) Co., Ltd.*) dated 3 January 2019, the details of which were included in the announcement of the Company dated 3 January 2019
“Group”	collectively, the Company and its subsidiaries, from time to time
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Tenancy Agreement”	the tenancy agreement entered into between BII Technical and BII Zhuoyue dated 18 September 2019 in relation to the leasing of Property C by BII Zhuoyue from BII Technical
“PRC”	the People’s Republic of China

“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 C”	11th Floor, Block 1, Building No. 3 with a total gross floor area of approximately 118.42 sq.m. which is situated at Yuren South Road, Fengtai District, Beijing City, the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Termination Agreement”	the termination agreement entered into between Beijing Metro Network and BII Zhuoyue dated 18 September 2019 in relation to the termination of the leasing of Property A by BII Zhuoyue from Beijing Metro Network
“sq.m.”	square metres
“%”	per cent

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

Hong Kong, 18 September 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.