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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

TENANCY AGREEMENT IN RELATION TO LEASING OF PROPERTY

THE TENANCY AGREEMENT

The Board is pleased to announce that on 14 August 2023 (after trading hours), Litmus (as tenant), an indirect non-wholly-owned subsidiary of the Company, and Traffic Control Silicon Valley Technology (as landlord) entered into the Tenancy Agreement in relation to the leasing of the Property by Litmus from Traffic Control Silicon Valley Technology.

LISTING RULES IMPLICATIONS

As at the date of this announcement, BII HK held 1,157,634,900 Shares, representing approximately 55.20% 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 hence it is also a connected person of the Company. BII directly holds the entire equity interests in Traffic Control Silicon Valley Technology. Therefore, Traffic Control Silicon Valley Technology is an associate of BII, and Traffic Control Silicon Valley Technology is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transaction contemplated under the Tenancy Agreement constitutes a connected transaction for the Company under the Listing Rules.

As one or more of the applicable percentage ratios in respect of the value of the right-of-use assets to be recognised by the Company in connection with the Tenancy Agreement pursuant to IFRS 16 exceeds 0.1% but are less than 5%, the transaction contemplated under the Tenancy Agreement is subject to the reporting and announcement requirements, but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

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The principal terms of the Tenancy Agreement are as follows:

Date: 14 August 2023 (after trading hours)

Parties: (1) Traffic Control Silicon Valley Technology, as landlord; and
(2) Litmus, as tenant.

Term: Five years from 1 December 2023 to 30 November 2028

Litmus shall make a written renewal request to Traffic Control Silicon Valley Technology three months in advance prior to the expiration of the term of the Tenancy Agreement if Litmus wishes to renew the Tenancy Agreement. The parties thereto shall negotiate the renewal of the Tenancy Agreement thereafter

Deposit: RMB337,205.19 (equivalent to approximately HK\$367,553.66), which is payable within 15 days of the signing of the Tenancy Agreement and refundable upon completion of the Tenancy Agreement

Rent and property service fees payable: The total rent payable (inclusive of tax) for the entire term is RMB6,492,289.17 (equivalent to approximately HK\$7,076,595.20), which is calculated based on the multiple of:

- (i) between 1 December 2023 and 30 November 2024: (i) the total gross floor area; (ii) the term of 366 days; and (iii) RMB3.14 per sq.m. of gross floor area per day;
- (ii) between 1 December 2024 and 30 November 2025: (i) the total gross floor area; (ii) the term of 365 days; and (iii) RMB3.25 per sq.m. of gross floor area per day;
- (iii) between 1 December 2025 and 30 November 2026: (i) the total gross floor area; (ii) the term of 365 days; and (iii) RMB3.36 per sq.m. of gross floor area per day;
- (iv) between 1 December 2026 and 30 November 2027: (i) the total gross floor area; (ii) the term of 365 days; and (iii) RMB3.48 per sq.m. of gross floor area per day; and
- (v) between 1 December 2027 and 30 November 2028: (i) the total gross floor area; (ii) the term of 366 days; and (iii) RMB3.60 per sq.m. of gross floor area per day.

The total property service fees, inclusive of heating fees and inclusive of tax, payable for the entire term is RMB1,600,889.20 (equivalent to approximately HK\$1,744,969.23), which is calculated based on the multiple of (i) the total gross floor area; (ii) the term of 1,827 days; and (iii) RMB0.83 per sq.m. of gross floor area per day.

RIGHT-OF-USE ASSETS

In accordance with IFRS 16, the Group is required to recognise the Tenancy Agreement as a right-of-use asset, and, as a result, the entering into of the Tenancy Agreement and the transactions contemplated thereunder will be regarded as an acquisition of asset by the Group pursuant to the Listing Rules. The value of the right-of-use assets to be recognised by the Group under the Tenancy Agreement is estimated to be approximately HK\$5,871,487.28 (exclusive of tax, and based on the approximate exchange rate of HK\$1 to RMB0.922 as at 30 June 2023), being the present value of the aggregate rent and the fees payable under the Tenancy Agreement in accordance with IFRS 16. Shareholders should note that the above figures are unaudited and may be subject to adjustment in the future.

INFORMATION ON THE GROUP AND LITMUS

The Group is a high-tech enterprise group specialising in the field of railway transportation, integrating investment and financing, technology research and development, and intelligent railway transportation construction, operation and maintenance. With the mission of “empowering railway transportation with intelligent technology”, the Group focuses on two core businesses, namely intelligent railway transportation and infrastructure information, building a business pattern of providing full life-cycle services for rail transit development, focusing on integration and innovation, and becoming China’s leading rail transit intelligent system service provider.

Litmus is an indirect non-wholly-owned subsidiary of the Company. Litmus is 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, as well as sale of related software.

INFORMATION ON TRAFFIC CONTROL SILICON VALLEY TECHNOLOGY

Traffic Control Silicon Valley Technology is a company established in the PRC in 2015. As at the date of this announcement, Traffic Control Silicon Valley Technology was wholly owned by BII, which is interested in approximately 55.20% of the issued share capital of the Company through BII HK.

Traffic Control Silicon Valley Technology is principally engaged in property rental, property management, car park management services, and technology development businesses.

REASONS FOR AND BENEFITS OF THE TENANCY AGREEMENT

The Directors are of the view that (i) the current office premises of Litmus is unable to cope with the increase in demand in use of its office premises due to the continuous business development of Litmus; (ii) the Property is geographically located in an area where there is concentration of companies in the rail transit industry and is able to meet the development needs of Litmus; and (iii) the Tenancy Agreement represents an opportunity for the Group to expand its operations in Beijing at a prime business location without substantial costs incurred.

The Directors (including the independent non-executive Directors) are of the opinion that the transaction contemplated under the Tenancy Agreement is entered into in the ordinary and usual course of business of the Group, and the Tenancy Agreement (together with the rent, property service fees and other fees payable) has been entered into on normal commercial terms after arm's length negotiations between the parties, and the terms of the transaction contemplated under the Tenancy Agreement (together with the rent, property service fees and other fees payable) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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As at the date of this announcement, Mr. Guan Jifa, a non-executive Director and the chairman of the Board, is the vice general manager of BII. Ms. Hou Weiwei, a non-executive Director, is the vice general manager of the investment and development department of BII. Accordingly, each of Mr. Guan Jifa and Ms. Hou Weiwei were considered to have a material interest in the transaction contemplated under the Tenancy Agreement by virtue of their management positions held in BII respectively, and had abstained from voting on the board resolution(s) approving the transaction contemplated under the Tenancy Agreement.

DEFINITIONS

“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“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 55.20% 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 55.20% of the issued share capital of the Company as at the date of this announcement
“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
“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
“IFRS”	International Financial Reporting Standards issued by the International Accounting Standards Board
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Litmus”	北京樂碼仕智能科技有限公司 (Litmus Technologies (Beijing) Co., Ltd.*), a company established in the PRC with limited liability and an indirect non-wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China
“Property”	part of the 7th floor of Building 3, Courtyard No. 3, Zhicheng North Street, Fengtai District, Beijing, the PRC with a total gross floor area of approximately 1,055.71 sq.m.
“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

“sq.m.”	square metres
“Tenancy Agreement”	the tenancy agreement entered into between Traffic Control Silicon Valley Technology and Litmus dated 14 August 2023 in relation to the leasing of the Property by Litmus from Traffic Control Silicon Valley Technology
“Traffic Control Silicon Valley Technology”	北京交控硅谷科技有限公司 (Beijing Traffic Control Silicon Valley Technology Co., Ltd.*), a company established in the PRC with limited liability and its entire issued equity capital is owned by BII as at the date of this announcement
“%”	per cent

By Order of the Board
**BII Railway Transportation Technology
Holdings Company Limited**
Liu Yu
*Executive Director
Chief Executive Officer*

Hong Kong, 14 August 2023

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\$1.09.

As at the date of this announcement, the executive Director is Mr. Liu Yu; the non-executive Directors are Mr. Guan Jifa, Ms. Sun Fang, Mr. Cao Mingda and Ms. Hou Weiwei; and the independent non-executive Directors are Mr. Luo Zhenbang, Mr. Huang Lixin and Mr. Li Wei.

* *For identification purposes only*