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京 投 軌 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 IN A FUND**

On 30 July 2021, BII Zhuoyue, an indirect wholly-owned subsidiary of the Company, entered into the Partnership Agreement with Cornerstone Administration Centre, BII Investment, Beijing Fufeng, Mr. Luo, Mr. Zhang, Traffic Control Technology, Cornerstone International, Beijing Fengji and Huangshan Huihai in relation to the investment in and management of the Fund. The total capital commitment of the Fund will be RMB275,000,000 (equivalent to approximately HK\$332,750,000). 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 55.20% 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 (individually or together with its associates) is interested in 35.00%, 100.00% and approximately 90.26% of the equity interests in each of Cornerstone Administration Centre, BII Investment and Cornerstone International, respectively, 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 30 July 2021, BII Zhuoyue, a wholly-owned subsidiary of the Company, entered into the Partnership Agreement with Cornerstone Administration Centre, BII Investment, Beijing Fufeng, Mr. Luo, Mr. Zhang, Traffic Control Technology, Cornerstone International, Beijing Fengji and Huangshan Huihai in relation to the investment in and management of the Fund.

THE PARTNERSHIP AGREEMENT

Details of the major terms of the Partnership Agreement are as follows:

Date

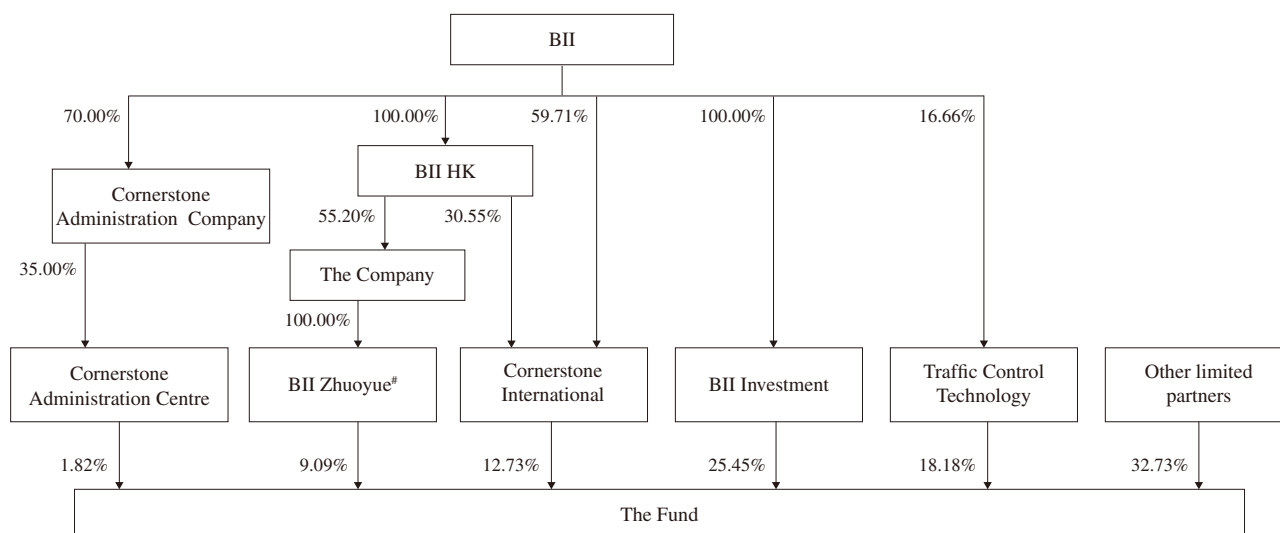
30 July 2021

Parties

1. General partner: Cornerstone Administration Centre, interested in approximately 1.82% of the total capital commitment of the Fund
2. Limited partners:
 - (i) BII Zhuoyue (a wholly-owned subsidiary of the Company), interested in approximately 9.09% of the total capital commitment of the Fund;
 - (ii) BII Investment, interested in approximately 25.45% of the total capital commitment of the Fund;
 - (iii) Beijing Fufeng, interested in approximately 14.55% of the total capital commitment of the Fund;
 - (iv) Mr. Luo, interested in approximately 1.82% of the total capital commitment of the Fund;
 - (v) Mr. Zhang, interested in approximately 1.82% of the total capital commitment of the Fund;
 - (vi) Traffic Control Technology, interested in approximately 18.18% of the total capital commitment of the Fund;
 - (vii) Cornerstone International, interested in approximately 12.73% of the total capital commitment of the Fund;
 - (viii) Beijing Fengji, interested in approximately 3.63% of the total capital commitment of the Fund; and
 - (ix) Huangshan Huihai, interested in approximately 10.91% of the total capital commitment of the Fund.

As at the date of this announcement, BII was interested in approximately 55.20% 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 (individually or together with its associates) is interested in 35.00%, 100.00% and approximately 90.26% of equity interests in each of Cornerstone Administration Centre, BII Investment and Cornerstone International, respectively, 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:



BII Zhuoyue is an indirect wholly-owned subsidiary of the Company

To 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 was established in the PRC on 19 August 2020 as a limited partnership with the scope of business of investment in ventures and related consulting and management businesses.

Initial size of the Fund

Pursuant to the Partnership Agreement, the total capital commitment of the Fund will be RMB275,000,000 (equivalent to approximately HK\$332,750,000). The total capital commitment payable by BII Zhuoyue in cash amounted to RMB25,000,000 (equivalent to approximately HK\$30,250,000), representing approximately 9.09% 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 according to the requirements specified in the demand notes to be issued by the general partner. In the event that 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 nine 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 in connection with the investment made by the Fund, such amount shall be 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

The Group integrates investment and finance, research and development of technologies, intelligent railway transportation business and maintenance of application solution services, and implements 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. 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. BII Zhuoyue is a wholly-owned subsidiary of the Company.

INFORMATION ON BII AND BII INVESTMENT

BII is a company established in the PRC as at the date of this announcement. BII held approximately 55.20% of the Shares through its wholly-owned subsidiary, namely BII HK, thus BII is an ultimate controlling shareholder of the Company. To the best of the Directors’ knowledge, information and belief, BII is principally engaged in the investment, financing and management of rail transit infrastructure, rail transit equipment manufacturing as well as information technology, and the development and operation of land and estates. BII Investment is a company established in the PRC and is a wholly-owned subsidiary of BII as at the date of this announcement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PARTNERSHIP AGREEMENT

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, and provide the Group with considerable investment income. The Board (including the independent non-executive Directors) considers that although the transactions contemplated under the Partnership Agreement are not in the ordinary course of business of the Group, 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.

As at the date of this announcement, Mr. Zhang Yanyou, a non-executive Director and the chairman of the Board, is the chairman of BII. Mr. Guan Jifa, a non-executive Director, is the vice general manager of BII. Mr. Zheng Yi, a non-executive Director, is the assistant to the general manager of BII and the general manager of the planning and design department of BII. Mr. Ren Yuhang, a former non-executive Director, is the board secretary and the general manager of the investment and development department of BII, and a director of BII Investment and Cornerstone International. 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 Partnership Agreement by virtue of the senior management positions of Mr. Zhang Yanyou, Mr. Guan Jifa, Mr. Zheng Yi in BII, and the senior management positions of Mr. Ren Yuhang in BII, BII Investment and Cornerstone International respectively. Therefore, each of them had abstained from voting on the resolution of the Board approving the transactions contemplated under the Partnership Agreement.

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 approximately 55.20% 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 (individually or together with its associates) is interested in 35.00%, 100.00% and approximately 90.26% of equity interests in each of Cornerstone Administration Centre, BII Investment and Cornerstone International, respectively, 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

“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Beijing Fengji”	北京豐基投資有限公司 (Beijing Fengji Investment Co., Ltd.*), a company established in the PRC with limited liability, its ultimate beneficial owners are Du Xiuyun (杜秀雲) and Cui Long (崔龍) as at the date of this announcement. It is principally engaged in investment management
“Beijing Fufeng”	北京富豐投資有限責任公司 (Beijing Fufeng Investment Co., Ltd.*), a company established in the PRC with limited liability, and a state-owned enterprise as at the date of this announcement. It is principally engaged in investment and asset management
“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
“BII Investment”	北京京投投資控股有限公司 (Beijing Infrastructure Investment Holding Co., Ltd.*), a company established in the PRC with limited liability and wholly-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
“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 as at the date of the announcement. The remaining 65% of its equity interest is held by a company with limited liability and a limited partnership established in the PRC, which are ultimately owned by Huang Libo (黃力波), Jiang Jianwen (蔣建文), Qin Shaobo (秦少博), Wang Longjian (王隆建) and Shi Dongping (石東平). 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 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 and approximately 59.71% and 30.55% of its equity interests are held by BII and BII HK respectively. BII is interested in approximately 90.26% of the equity interest of Cornerstone International directly and through BII HK. It is principally engaged in finance leasing business
“Director(s)”	the director(s) of the Company
“Fund”	北京基石慧盈創業投資中心 (有限合夥) (Cornerstone Huiying Venture Capital Investment Fund (Limited Partnership)*), a limited partnership established in the PRC on 19 August 2020

“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
“Huangshan Huihai”	黃山市徽海投資管理有限公司 (Huangshan Huihai Investment Management Co., Ltd.*), a company established in the PRC with limited liability, and a state-owned enterprise as at the date of this announcement. It is principally engaged in investment management and consulting
“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
“Mr. Luo”	Mr. Luo Jun (羅軍), an Independent Third Party
“Mr. Zhang”	Mr. Zhang Jiahe (張珈赫), an Independent Third Party
“Partnership Agreement”	a partnership agreement dated 30 July 2021 and entered into among BII Zhuoyue, Cornerstone Administration Centre, BII Investment, Beijing Fufeng, Mr. Luo, Mr. Zhang, Traffic Control Technology, Cornerstone International, Beijing Fengji and Huangshan Huihai
“PRC”	the People’s Republic of China
“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

“Traffic Control
Technology”

交控科技股份有限公司 (Traffic Control Technology Co., Ltd.), a company established in the PRC with limited liability and the shares of which are listed on the Shanghai Stock Exchange (stock code: 688015), approximately 16.66% of its equity interest is held by BII. It is principally engaged in the research and development of urban rail transit signal systems, system integration and general contracting of signal systems, maintenance services and other related technical services

“%”

per cent

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

Hong Kong, 30 July 2021

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\$1.21.

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 Ms. Gu Xiaohui; and the independent non-executive Directors are Mr. Bai Jinrong, Mr. Luo Zhenbang and Mr. Huang Lixin.

* *For identification purposes only*