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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)

CONTINUING CONNECTED TRANSACTIONS
2024 BII SERVICES FRAMEWORK AGREEMENT

Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders



CONTINUING CONNECTED TRANSACTIONS

The Board announces that on 23 October 2024, the Company entered into the 2024 BII Services Framework Agreement with BII, pursuant to which the Group would provide BII, its respective subsidiaries and/or associates with the Services.

Reference is made to the announcement of the Company dated 17 December 2021 and the circular of the Company dated 11 February 2022 in relation to, among others, the 2021 BII Services Framework Agreement. The 2021 BII Services Framework Agreement was entered into between the Company and BII on 17 December 2021 in relation to the provision of the Services (i.e. including but not limited to the consultation and technical support services, information technology support services and technology services) by the Company to BII during the term commencing from 1 January 2022 to 31 December 2024. As the term of the 2021 BII Services Framework Agreement will expire after 31 December 2024 and the Group is contemplating to continue the continuing connected transactions with BII, its subsidiaries and/or associates, the Company and BII entered into the 2024 BII Services Framework Agreement to renew the term of the 2021 BII Services Framework Agreement.

The approved annual caps in respect of the transactions contemplated under the 2021 BII Services Framework Agreement for the two years ended 31 December 2023 and the year ending 31 December 2024 were RMB600 million, RMB800 million and RMB900 million, respectively (equivalent to approximately HK\$654 million, HK\$872 million and HK\$981 million, respectively).

The historical transaction amounts in respect of the transactions contemplated under the 2021 BII Services Framework Agreement for the two years ended 31 December 2023 and the six months ended 30 June 2024 were approximately RMB240 million, RMB328 million and RMB125 million, respectively (equivalent to approximately HK\$262 million, HK\$358 million and HK\$136 million, respectively). As far as the Directors are aware, the annual caps in respect of the transactions contemplated under the 2021 BII Services Framework Agreement for the year ending 31 December 2024 has not been exceeded as at the date of this announcement.

The proposed annual caps in respect of the transactions contemplated under the 2024 BII Services Framework Agreement for the years ending 31 December 2025, 2026 and 2027 are RMB900 million, RMB1,100 million and RMB1,100 million, respectively (equivalent to HK\$981 million, HK\$1,199 million and HK\$1,199 million, respectively).

LISTING RULES IMPLICATIONS

As at the date of this announcement, BII held approximately 55.20% of the Shares (i.e. 1,157,634,900 Shares) through its wholly-owned subsidiary, namely BII HK, thus BII is the ultimate holding company of the Company and is therefore a connected person of the Company under the Listing Rules. Thus, the transactions contemplated under the 2024 BII Services Framework Agreement would constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As certain applicable percentage ratios of the transactions contemplated under the 2024 BII Services Framework Agreement are more than 5% and the annual caps in respect of the transactions contemplated under the 2024 BII Services Framework Agreement are expected to be higher than HK\$10 million, such transactions are subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. As such, the Company will seek the approval from the Independent Shareholders for the transactions contemplated under the 2024 BII Services Framework Agreement and the related proposed annual caps for the years ending 31 December 2025, 2026 and 2027 at the EGM.

FORMATION OF THE INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising Mr. Luo Zhenbang, Mr. Huang Lixin and Mr. Li Wei, being all the independent non-executive Directors, has been formed to advise the Independent Shareholders in connection with the transactions contemplated under the 2024 BII Services Framework Agreement and the related proposed annual caps. The Independent Board Committee has approved the appointment of Gram Capital as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the transactions contemplated under the 2024 BII Services Framework Agreement and the related proposed annual caps.

GENERAL

The EGM will be convened to consider and, if thought fit, to approve, among other matters, (i) the 2024 BII Services Framework Agreement and the transactions contemplated thereunder; and (ii) the proposed annual caps in respect of the transactions contemplated under the 2024 BII Services Framework Agreement. A circular including, among other things, (i) a letter from the Board containing further details of the 2024 BII Services Framework Agreement; (ii) a letter from the Independent Board Committee, setting out its recommendations in connection with the transactions contemplated under the 2024 BII Services Framework Agreement and the related proposed annual caps to the Independent Shareholders; (iii) a letter from Gram Capital containing its advice in connection with the transactions contemplated under the 2024 BII Services Framework Agreement and the proposed annual caps, to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of the EGM, will be despatched to the Shareholders on or before 13 November 2024.

INTRODUCTION

The Board announces that on 23 October 2024, the Company entered into the 2024 BII Services Framework Agreement with BII, pursuant to which the Group would provide BII, its respective subsidiaries and/or associates with the Services.

THE 2024 BII SERVICES FRAMEWORK AGREEMENT

The principal terms of the 2024 BII Services Framework Agreement are set out as follows:

Date : 23 October 2024

Parties : (i) The Company; and
(ii) BII.

Provision of the Services

Pursuant to the 2024 BII Services Framework Agreement, the Group agrees to provide the Services to BII, its subsidiaries and/or associates during the term of the 2024 BII Services Framework Agreement, provided that (i) the member of the Group is awarded with the relevant contract in accordance with the stipulated procedures under the relevant PRC laws and regulations (if required); and (ii) the parties thereto negotiate at arm's length regarding the commercial terms to be set out in the individual agreements for the Services.

Transaction principles

Pursuant to the 2024 BII Services Framework Agreement, the Group and BII, its subsidiaries and/or associates, will enter into individual agreements in relation to the provision of the Services, the terms of such individual agreements (including the service fees) to be entered into will be negotiated by the parties at arm's length and will be determined by the parties from time to time on normal commercial terms in the ordinary course of business.

Pricing principles

Pursuant to the 2024 BII Services Framework Agreement, the price of the transactions contemplated thereunder will be determined as follows:

- (i) where there is government-prescribed price, the government-prescribed price shall be executed;

“government-prescribed price” refers to the price prescribed for certain services or services determined under the laws, regulations, decisions, orders or focuses by the central and provincial governments or relevant regulatory authorities in the PRC;

- (ii) where there is no government-prescribed price, but there is government-guided price, the government-guided price shall be executed by considering the market factors;

“government-guided price” refers to the price range prescribed for certain services or services determined under the laws, regulations, decisions, orders or focuses by the central and provincial governments or relevant regulatory authorities in the PRC, which shall be determined by transaction parties within such certain range;

- (iii) where there is neither government-prescribed price nor government-guided price, the price determined through tender process or the market price shall be executed;

“market price” shall be determined in the following order: (i) the price charged by at least two independent third parties who offer the same type of services under normal commercial terms in the normal conditions of business transactions at or near the area where such services are provided; or (ii) where (i) above is not available, the price charged by at least two independent third parties who offer the same type of services under normal commercial terms in the normal conditions of business transactions in the PRC; or

- (iv) where none of the above three means is available or the above transaction principles are not applicable for use in actual transactions, the agreed price shall be executed;

“agreed price” means the price determined by means of “reasonable cost + reasonable profit”. In an agreement, “reasonable cost” means the cost recognised by both parties after negotiations and permitted by the relevant accounting principles of the PRC (inclusive of sales tax and surcharges); and “reasonable profit” means the profit calculated based on such reasonable cost under market practice.

Term

The 2024 BII Services Framework Agreement is effective upon fulfilment of the following conditions precedent:

- (i) the Company issuing a circular and obtaining the approval from the Independent Shareholders in relation to the transactions contemplated under the 2024 BII Services Framework Agreement in accordance with the Listing Rules; and
- (ii) the approval from the board of directors of BII in relation to the transactions contemplated under the 2024 BII Services Framework Agreement.

Subject to the fulfilment of the above conditions precedent, the 2024 BII Services Framework Agreement shall be effective between 1 January 2025 and 31 December 2027.

The term of the 2024 BII Services Framework Agreement is set to three years in order to be consistent with the financial year end of the Company in 2025, 2026 and 2027.

Settlement method

The service fee shall be paid by BII, its respective subsidiaries and/or associates, to the Group upon completion of relevant services provided within the settlement cycle as agreed under individual agreements entered into in accordance with the 2024 BII Services Framework Agreement.

THE PROPOSED ANNUAL CAPS

Reference is made to the announcement of the Company dated 17 December 2021 and the circular of the Company dated 11 February 2022 in relation to, among others, the 2021 BII Services Framework Agreement. The 2021 BII Services Framework Agreement was entered into between the Company and BII on 17 December 2021 in relation to the provision of the Services by the Company to BII during the term commencing from 1 January 2022 to 31 December 2024. As the term of the 2021 BII Services Framework Agreement will expire after 31 December 2024 and the Group is contemplating to enter into continuing connected transactions with BII, its subsidiaries and/or associates, the Company and BII entered into the 2024 BII Services Framework Agreement to renew the term of the 2021 BII Services Framework Agreement.

The approved annual caps in respect of the transactions contemplated under the 2021 BII Services Framework Agreement for the two years ended 31 December 2023 and the year ending 31 December 2024 were RMB600 million, RMB800 million and RMB900 million, respectively (equivalent to approximately HK\$654 million, HK\$872 million and HK\$981 million, respectively).

The historical transaction amounts in respect of the transactions contemplated under the 2021 BII Services Framework Agreement for the two years ended 31 December 2023 and the six months ended 30 June 2024 were approximately RMB240 million, RMB328 million and RMB125 million, respectively (equivalent to approximately HK\$262 million, HK\$358 million and HK\$136 million, respectively). As far as the Directors are aware, the annual caps in respect of the transactions contemplated under the 2021 BII Services Framework Agreement for the year ending 31 December 2024 has not been exceeded as at the date of this announcement.

The proposed annual caps in respect of the transactions contemplated under the 2024 BII Services Framework Agreement for the years ending 31 December 2025, 2026 and 2027 are RMB900 million, RMB1,100 million and RMB1,100 million, respectively (equivalent to HK\$981 million, HK\$1,199 million and HK\$1,199 million, respectively).

Basis of the proposed annual caps

The proposed annual caps for the 2024 BII Services Framework Agreement for the years ending 31 December 2025, 2026 and 2027 are determined with reference to, among others, the following:

- (i) the historical transaction amounts in respect of the transactions contemplated under the 2021 BII Services Framework Agreement;
- (ii) the transaction amounts in respect of the orders on hand to be completed under the 2021 BII Services Framework Agreement; and
- (iii) the estimated amount of projects for the provision of the Services to be offered by BII, its subsidiaries and/or associates for tender for the years ending 31 December 2025, 2026 and 2027, including, but not limited to, the Group's expectation to:
 - (1) obtain relevant business orders as a result of, among others:
 - (a) the commencement of operations of Beijing Subway Line 3 in 2024 and the gradual construction and commencement of operations of Beijing Subway Line 22 and Beijing Subway Line 28 in the next few years pursuant to the Beijing Urban Rail Transit Phase II Construction Plan (“《北京城市軌道交通第二期建設規劃》”) and its adjustment plan;
 - (b) the commencement of construction of, among others, Beijing Subway Line 1 branch line and Beijing Subway M101 Line pursuant to the Beijing Urban Rail Transit Phase III Construction Plan (“《北京城市軌道交通第三期建設規劃》”); and
 - (c) the expected commencement of initial operations of the first phase of the Urumqi Line 2 project in 2026 pursuant to the Urumqi Urban Rail Transit Recent Construction Plan (“《烏魯木齊市城市軌道交通近期建設規劃》”) (as adjusted);
 - (2) continue to obtain operation and maintenance project orders in future based on the provision of its existing operation and maintenance services;
 - (3) obtain more orders in the non-rail transportation field for provision of “Intelligent +” services, such as intelligent construction sites, intelligent parks, intelligent hubs and intelligent micro-centers as the Group's “Intelligent +” services gradually develop.

INFORMATION ON THE PARTIES

The Company and the Group

The Company is an investment holding company.

The Group is a high-tech enterprise group specialising in integrating investment and financing, technology research, and intelligent railway transportation construction, operation and maintenance. With the mission of “empowering railway transportation with intelligent technology”, and the strategic direction of “focusing on integrated innovation and becoming a leading rail transit smart systems service provider in the PRC” and building a technological ecosystem, the Group aims to be an international leader in smart rail transit.

BII

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.

REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS

The transactions contemplated under the 2024 BII Services Framework Agreement will be conducted in the ordinary and usual course of business of the Group.

As (i) BII has been the ultimate controlling Shareholder of the Company; and (ii) there has been a long-standing business relationship between BII, its subsidiaries and/or associates and the Group, the Directors consider BII, its subsidiaries and/or associate are reliable business partners and further business cooperation will be beneficial to and provide a steady income stream to the Group.

Taking into account the above factors, the Directors (except the independent non-executive Directors whose view will be formed after obtaining the advice of Gram Capital) consider that:

- (i) the terms and conditions of the 2024 BII Services Framework Agreement were negotiated among the parties on an arm’s length basis and are normal commercial terms that are fair and reasonable;
- (ii) the proposed annual caps in respect of the transactions contemplated under the 2024 BII Services Framework Agreement for the years ending 31 December 2025, 2026 and 2027 are fair and reasonable; and
- (iii) the transactions contemplated under the 2024 BII Services Framework Agreement are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, BII held approximately 55.20% of the Shares (i.e. 1,157,634,900 Shares) through its wholly-owned subsidiary, namely BII HK, thus BII is the ultimate holding company of the Company and is therefore a connected person of the Company under the Listing Rules. Thus, the transactions contemplated under the 2024 BII Services Framework Agreement would constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As certain applicable percentage ratios of the transactions contemplated under the 2024 BII Services Framework Agreement are more than 5% and the annual caps in respect of the transactions contemplated under the 2024 BII Services Framework Agreement are expected to be higher than HK\$10 million, such transactions are subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. As such, the Company will seek the approval from the Independent Shareholders for the transactions contemplated under the 2024 BII Services Framework Agreement and the related proposed annual caps for the years ending 31 December 2025, 2026 and 2027 at the EGM.

As at the date of this announcement, Mr. Guan Jifa, a non-executive Director, is the vice general manager of BII, Ms. Sun Fang, a non-executive Director, is the chairman of the board of directors of Beijing Ruubypay Science and Technology Co., Ltd* (北京如易行科技有限公司), an associate of BII, and Mr. Fang Zhiwei, a non-executive Director, is the general manager of Beijing Metro Network Administration Co., Ltd.* (北京軌道交通路網管理有限公司), an associate of BII. Accordingly, each of Mr. Guan Jifa, Ms. Sun Fang and Mr. Fang Zhiwei are considered to have a material interest in the transactions contemplated under the 2024 BII Services Framework Agreement by virtue of their management positions held in BII and its associates respectively, and had abstained from voting on the board resolution(s) approving the transactions contemplated under the 2024 BII Services Framework Agreement. Save as disclosed above, none of the Directors has abstained from voting on the board resolution(s) approving the transactions contemplated under the 2024 BII Services Framework Agreement.

FORMATION OF THE INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising Mr. Luo Zhenbang, Mr. Huang Lixin and Mr. Li Wei, being all the independent non-executive Directors, has been formed to advise the Independent Shareholders in connection with the transactions contemplated under the 2024 BII Services Framework Agreement and the related proposed annual caps. The Independent Board Committee has approved the appointment of Gram Capital as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the transactions contemplated under the 2024 BII Services Framework Agreement and the related proposed annual caps.

GENERAL

The EGM will be convened to consider and, if thought fit, to approve, among other matters, (i) the 2024 BII Services Framework Agreement and the transactions contemplated thereunder; and (ii) the proposed annual caps in respect of the transactions contemplated under the 2024 BII Services Framework Agreement. A circular including, among other things, (i) a letter from the Board containing further details of the 2024 BII Services Framework Agreement; (ii) a letter from the Independent Board Committee, setting out its recommendations in connection with the transactions contemplated under the 2024 BII Services Framework Agreement and the related proposed annual caps to the Independent Shareholders; (iii) a letter from Gram Capital containing its advice in connection with the transactions contemplated under the 2024 BII Services Framework Agreement and the proposed annual caps, to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of the EGM, will be despatched to the Shareholders on or before 13 November 2024.

DEFINITIONS

“2021 BII Services Framework Agreement”	the framework agreement dated 17 December 2021 and entered into between the Company and BII in relation to the provision of the Services by the Company, which is of a term between 1 January 2022 and 31 December 2024
“2024 BII Services Framework Agreement”	the framework agreement dated 23 October 2024 and entered into between the Company and BII in relation to the provision of the Services
“associates”	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, and the ultimate controlling Shareholder as at the date of this announcement
“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
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, to approve, among other matters, (i) the 2024 BII Services Framework Agreement and the transactions contemplated thereunder; and (ii) the proposed annual caps in respect of the transactions contemplated under the 2024 BII Services Framework Agreement
“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
“Independent Board Committee”	the independent board committee of the Board, comprising all the independent non-executive Directors, namely Mr. Luo Zhenbang, Mr. Huang Lixin and Mr. Li Wei, established for the purpose of advising the Independent Shareholders in connection with the transactions contemplated under the 2024 BII Services Framework Agreement and the related proposed annual caps
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the transactions contemplated under the 2024 BII Services Framework Agreement and the related proposed annual caps
“Independent Shareholder(s)”	the Shareholder(s) other than BII and its associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China

“RMB”	Renminbi, the lawful currency of the PRC
“Services”	means consultation and technical support services, information technology support services, technology services, technology development, software development, software procurement, hardware design and development, hardware procurement, system integration, system procurement, operations and maintenance, construction of projects and other types of ancillary services to be agreed by the parties in writing from time to time
“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**
Liu Yu
Executive Director
Chief Executive Officer

Hong Kong, 23 October 2024

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 Directors are Mr. Liu Yu and Ms. Zhao Jingyuan; the non-executive Directors are Mr. Guan Jifa, Ms. Sun Fang, Mr. Cao Mingda and Mr. Fang Zhiwei; and the independent non-executive Directors are Mr. Luo Zhenbang, Mr. Huang Lixin and Mr. Li Wei.

* *For identification purposes only*