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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)

**CONTINUING CONNECTED TRANSACTIONS
COOPERATION AGREEMENT
REGARDING CIVIL COMMUNICATION BUSINESS**

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



CONTINUING CONNECTED TRANSACTIONS

The Board announces that on 19 December 2024, BII Zhuoyue entered into the Cooperation Agreement with BII in relation to the provision of Resources by BII for the civil communication business in the subway lines of the Beijing Subway.

The proposed annual caps in respect of the transactions contemplated under the Cooperation Agreement for the three years ending 31 December 2024, 2025 and 2026 are RMB44 million, RMB56 million and RMB64 million, respectively (equivalent to HK\$47.6 million, HK\$60.5 million and HK\$69.2 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 Cooperation Agreement would constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios of the transactions contemplated under the Cooperation Agreement is more than 5% and the annual caps in respect of the transactions contemplated under the Cooperation 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 Cooperation Agreement and the related proposed annual caps for the years ending 31 December 2024, 2025 and 2026 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 Cooperation Agreement and the related proposed annual caps. The Independent Board Committee has approved the appointment of Gram Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the transactions contemplated under the Cooperation 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 Cooperation Agreement and the transactions contemplated thereunder; and (ii) the proposed annual caps in respect of the transactions contemplated under the Cooperation Agreement. A circular including, among other things, (i) a letter from the Board containing further details of the Cooperation Agreement; (ii) a letter from the Independent Board Committee, setting out its recommendations in connection with the transactions contemplated under the Cooperation Agreement and the related proposed annual caps to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser containing its advice in connection with the transactions contemplated under the Cooperation 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 14 January 2025.

INTRODUCTION

The Board announces that on 19 December 2024, BII Zhuoyue entered into the Cooperation Agreement with BII in relation to the provision of Resources by BII for the civil communication transmission business in the subway lines of the Beijing Subway.

THE COOPERATION AGREEMENT

The principal terms of the Cooperation Agreement are set out as follows:

Date : 19 December 2024

Parties : (i) BII Zhuoyue; and
(ii) BII.

The civil communication business

BII Zhuoyue receives income from renting and licensing the use of the civil communication transmission systems of the subway lines of the Beijing Subway. The civil communication transmission systems are rented and licenced to mobile telecommunications operators for their provision of voice and data services for mobile devices in the Beijing Subway.

Scope of cooperation

Pursuant to the Cooperation Agreement, BII is responsible for providing the relevant engine room space and utilities support (such as provision of power supply, air-conditioning and chutes) (i.e. the “**Resources**”) for the operation and development of BII Zhuoyue’s civil communication transmission systems of the underground stations in the subway lines of the Beijing Subway. The scope of cooperation includes the 255 underground stations in operation as at 31 December 2023 and the underground stations pending to be in operation during the term of the Cooperation Agreement.

Term

The Cooperation Agreement is effective upon fulfilment of the following conditions precedent:

- (i) the parties having obtained all necessary consents and approvals in respect of the Cooperation Agreement and the transactions contemplated thereunder, including but not limited to board approvals and shareholders’ approvals;
- (ii) the Company having obtained the consents and approvals from the relevant governmental authorities or regulatory bodies including the Stock Exchange in respect of the Cooperation Agreement and the transactions contemplated hereunder; and
- (iii) the relevant resolutions in respect of the Cooperation Agreement and the transactions contemplated thereunder having been passed at the EGM.

Subject to the fulfilment of the above conditions precedent, the term of the Cooperation Agreement shall be three years starting from 1 January 2024 to 31 December 2026.

Pricing principles

In respect of the 255 underground stations in operation, revenue contracts had been entered into between BII Zhuoyue and mobile telecommunications operators. Among such 255 underground stations, revenue contracts regarding 2G, 4G and 5G mobile networks had been entered into in respect of 209 underground stations; and revenue contracts regarding 4G mobile networks only had been entered into in respect of 46 underground stations.

It is expected that BII Zhuoyue will enter into further revenue contracts with mobile telecommunications operators regarding 2G and 5G mobile networks for the abovementioned 46 underground stations during the term of the Cooperation Agreement.

For the underground stations pending to be in operation during the term of the Cooperation Agreement, it is expected that BII Zhuoyue will enter into various revenue contracts with mobile telecommunications operators.

The fees payable by BII Zhuoyue for the use of the Resources under the Cooperation Agreement regarding (i) the 255 underground stations in operation; (ii) the 46 underground stations, where further revenue contracts are expected to be entered into; and (iii) the underground stations pending to be in operation as mentioned above, shall be determined between the parties after arm's length negotiation, taking into account BII Zhuoyue's revenue from its civil communication business during the term of the Cooperation Agreement, the amount invested by BII regarding the Resources and the amount invested by BII Zhuoyue regarding the civil communication transmission systems.

The proposed annual caps (as detailed below) represent the maximum fees payable by BII Zhuoyue during the term of the Cooperation Agreement.

Since the fees payable by BII Zhuoyue involves BII Zhuoyue's future revenue, it may constitute a profit forecast under Rule 14.61 of the Listing Rules. The Company will comply with the relevant Listing Rules as and when necessary.

Settlement method

In respect of the 255 underground stations in operation as at 31 December 2023, the fees payable by BII Zhuoyue for the three years ending 31 December 2026 will be approximately RMB35.8 million, RMB38.4 million and RMB43.6 million, respectively (equivalent to HK\$38.7 million, HK\$41.5 million and HK\$47.1 million, respectively).

The fees in respect of the 255 underground stations in operation shall be paid by BII Zhuoyue in the following manner:

- (i) approximately RMB35.8 million shall be payable within 20 working days after the Cooperation Agreement becoming effective and after BII Zhuoyue receiving the relevant value-added tax invoice;

- (ii) approximately RMB38.4 million shall be payable by 11 August 2025; and
- (iii) approximately RMB43.6 million shall be payable by 1 November 2026.

The parties shall enter into supplemental agreement(s) regarding the amount of fees payable and settlement method for (i) the 46 underground stations (among the 255 underground stations in operation as at 31 December 2023), where further revenue contracts regarding 2G and 5G mobile networks are expected to be entered into; and (ii) the underground stations pending to be in operation, where various revenue contracts are expected to be entered into.

THE PROPOSED ANNUAL CAPS

The proposed annual caps in respect of the transactions contemplated under the Cooperation Agreement for the three years ending 31 December 2024, 2025 and 2026 are RMB44 million, RMB56 million and RMB64 million, respectively (equivalent to HK\$47.6 million, HK\$60.5 million and HK\$69.2 million, respectively).

Basis of the proposed annual caps

The proposed annual caps for the Cooperation Agreement for the three years ending 31 December 2024, 2025 and 2026 consist of the following:

- (i) the fees payable by BII Zhuoyue in respect of the 255 underground stations in operation as at 31 December 2023, amounting to approximately RMB35.8 million, RMB38.4 million and RMB43.6 million, respectively (equivalent to HK\$38.7 million, HK\$41.5 million and HK\$47.1 million, respectively) for the three years ending 31 December 2026;
- (ii) the fees payable by BII Zhuoyue in respect of the 46 underground stations (among the 255 underground stations in operation as at 31 December 2023), which will be stipulated under supplemental agreement(s); and
- (iii) the fees payable by BII Zhuoyue in respect of the 44 underground stations which are expected to be pending to be in operation during the term of the Cooperation Agreement, which will be stipulated under supplemental agreement.

The proposed annual caps represent the maximum fees payable by BII Zhuoyue during the term of the Cooperation Agreement in respect of (i) the 255 underground stations in operation as at 31 December 2023, where the amount of fees payable was stipulated in the Cooperation Agreement; (ii) the 46 underground stations (among the 255 underground stations in operation as at 31 December 2023), where the amount of fees payable will be stipulated under supplemental agreement(s); and (iii) the underground stations pending to be in operation during the term of the Cooperation Agreement, where the amount of fees payable will be stipulated under supplemental agreement(s).

Pursuant to Rule 14A.54 of the Listing Rules, if any of the proposed annual caps is exceeded during the term of the Cooperation Agreement, the revised or new cap(s) will be used to calculate the percentage ratios for classifying the continuing connected transaction. The Company will comply with the relevant Listing Rules as and when appropriate.

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

As (i) BII has been the ultimate controlling Shareholder of the Company; and (ii) there has been a long-standing business relationship between BII and the Group, the Directors consider BII a reliable business partner and the cooperation between the parties will be beneficial to the Group’s long-term and stable operation and development of its civil communication business.

Taking into account the above factors, the Directors (except the independent non-executive Directors whose view will be formed after obtaining the advice of the Independent Financial Adviser) consider that, although the transactions contemplated under the Cooperation Agreement are not in the ordinary and usual course of business of the Group:

- (i) the terms and conditions of the Cooperation 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 Cooperation Agreement for the years ending 31 December 2024, 2025 and 2026 are fair and reasonable; and
- (iii) the transactions contemplated under the Cooperation 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 Cooperation Agreement would constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios of the transactions contemplated under the Cooperation Agreement is more than 5% and the annual caps in respect of the transactions contemplated under the Cooperation 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 Cooperation Agreement and the related proposed annual caps for the years ending 31 December 2024, 2025 and 2026 at the EGM.

As at the date of this announcement, Mr. Ren Yuhang, a non-executive Director, is the vice general manager of BII. Accordingly, Mr. Ren Yuhang is considered to have a material interest in the transactions contemplated under the Cooperation Agreement by virtue of his management position held in BII, and had abstained from voting on the board resolution(s) approving the transactions contemplated under the Cooperation Agreement. Save as disclosed above, none of the Directors has abstained from voting on the board resolution(s) approving the transactions contemplated under the Cooperation 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 Cooperation Agreement and the related proposed annual caps. The Independent Board Committee has approved the appointment of Gram Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the transactions contemplated under the Cooperation Agreement and the related proposed annual caps.

GENERAL

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DEFINITIONS

“associates”	has the meaning ascribed thereto in the Listing Rules
“Beijing Subway”	the transit rail network that serves the urban and suburban districts of Beijing municipality which is owned by the city of Beijing
”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
“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 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

“Cooperation Agreement”	the cooperation agreement dated 19 December 2024 and entered into between BII Zhuoyue and BII in relation to the provision of Resources for the civil communication transmission systems in the subway lines of the Beijing Subway
“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 Cooperation Agreement and the transactions contemplated thereunder; and (ii) the proposed annual caps in respect of the transactions contemplated under the Cooperation 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 Cooperation Agreement and the related proposed annual caps
“Independent Financial Adviser”	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 Cooperation 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

“Resources“	the relevant engine room space and utilities support (such as provision of power supply, air-conditioning and chutes)
“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**
Liu Yu
*Executive Director
Chief Executive Officer*

Hong Kong, 19 December 2024

For the purpose of this announcement, unless otherwise specified, conversions of RMB into HK\$ are based on the approximate exchange rate of HK\$1 to RMB0.92526.

As at the date of this announcement, the executive Directors are Mr. Liu Yu and Ms. Zhao Jingyuan; the non-executive Directors are Mr. Ren Yuhang, 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*