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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
PROCUREMENT SERVICES FRAMEWORK AGREEMENT

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



THE PROCUREMENT SERVICES FRAMEWORK AGREEMENT

The Board announces that on 26 February 2025, the Company entered into the Procurement Services Framework Agreement with BII, pursuant to which the Group would procure the Services from BII, its respective subsidiaries and/or associates.

The proposed annual caps in respect of the transactions contemplated under the Procurement Services Framework Agreement for the three years ending 31 December 2025, 2026 and 2027 are RMB130.0 million, RMB140.0 million and RMB150.0 million, respectively (equivalent to HK\$140.4 million, HK\$151.2 million and HK\$162.0 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 Procurement 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 Procurement Services Framework Agreement is more than 5% and the annual caps in respect of the transactions contemplated under the Procurement 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 Procurement Services Framework Agreement and the related proposed annual caps for the three 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 Procurement Services Framework 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 Procurement 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 Procurement Services Framework Agreement and the transactions contemplated thereunder; and (ii) the proposed annual caps in respect of the transactions contemplated under the Procurement Services Framework Agreement. A circular including, among other things, (i) a letter from the Board containing further details of the Procurement Services Framework Agreement; (ii) a letter from the Independent Board Committee, setting out its recommendations in connection with the transactions contemplated under the Procurement Services Framework 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 Procurement 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 19 March 2025.

INTRODUCTION

The Board announces that on 26 February 2025, the Company entered into the Procurement Services Framework Agreement with BII, pursuant to which the Group would procure the Services from BII, its respective subsidiaries and/or associates.

THE PROCUREMENT SERVICES FRAMEWORK AGREEMENT

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

Date : 26 February 2025

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

Procurement of the Services

Pursuant to the Procurement Services Framework Agreement, BII, its subsidiaries and/or associates agrees to provide the Services to the Group during the term of the Procurement Services Framework Agreement, provided that (i) BII, its subsidiaries and/or associates is/are 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 Procurement Services Framework Agreement, BII, its subsidiaries and/or associates, and the Group will enter into individual agreements in relation to the procurement 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 Procurement 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 Procurement 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 Procurement 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 Procurement Services Framework Agreement.

The Procurement Services Framework Agreement shall be effective from the date of the fulfilment of the abovementioned conditions precedent until 31 December 2027 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 the Group to BII, its respective subsidiaries and/or associates upon completion of relevant services provided within the settlement cycle as agreed under individual agreements entered into in accordance with the Procurement Services Framework Agreement.

THE PROPOSED ANNUAL CAPS

The historical transaction amounts in respect of the procurement of the Services for the three years ended 31 December 2024 were approximately RMB772,000, RMB1,522,000 and RMB1,653,000 (equivalent to approximately HK\$833,760, HK\$1,643,760 and HK\$1,785,240 respectively). As far as the Directors are aware, as the applicable percentage ratios in respect of the procurement of the Services did not previously exceed 5% and the total consideration did not exceed HK\$3 million, the procurement of the Services prior to the Procurement Services Framework Agreement were fully exempted from the reporting and announcement requirements under Chapter 14A of the Listing Rules.

The proposed annual caps in respect of the transactions contemplated under the Procurement Services Framework Agreement for the three years ending 31 December 2025, 2026 and 2027 are RMB130.0 million, RMB140.0 million and RMB150.0 million, respectively (equivalent to HK\$140.4 million, HK\$151.2 million and HK\$162.0 million, respectively).

Basis of the proposed annual caps

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

- (i) the transaction amounts in respect of the orders to be completed in respect of the procurement of the Services; and
- (ii) the estimated number of projects of Services to be procured from BII, its subsidiaries and/or associates for tender for the three years ending 31 December 2025, 2026 and 2027 based on the following actions the Group intends to carry out, which includes, but is not limited to:
 - (1) the procurement of rail transit related business orders from, among others, the following projects:
 - (a) Beijing Metro Line 22, as it will gradually commence construction and operation in the next few years pursuant to the Phase II Construction Plan of Beijing Urban Railway Transportation* (《北京城市軌道交通第二期建設規劃》) and its adjustment plan; and
 - (b) Beijing Metro Line 1 Extension, Beijing Metro Line M101 and Beijing Metro Line 19, as construction of Phase II of the aforementioned metro lines will commence pursuant to the Third Phase Construction Plan of Beijing Urban Rail Transportation* (《北京城市軌道交通第三期建設規劃》); and
 - (2) the continuous procurement of services relating to the Group's existing operation and maintenance services of civil communication business and procurement of commissioned construction in future.

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 AND BENEFITS OF THE PROCUREMENT SERVICES FRAMEWORK AGREEMENT

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

In recent years, due to the continuous development of the Group's business, the scope of its integration-related business has expanded. At the same time, the overall development trend of intellectualisation in the rail transportation industry has become more prominent. In order to ensure the smooth implementation of the aforementioned business areas, the Group will need to carry out the procurement of products and services in the relevant fields. BII has been coordinating and promoting the intelligent development of Beijing's rail transportation for a long period of time, and its business scope covers the entire rail transportation industry chain, and thus it possesses a wide range of intelligent product and technological resources and professional service capabilities. As BII's intelligent products and services are suitable to the business requirements of the Group's, BII may become a supplier of the Group in the future.

Further, as (i) BII is 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 the Group with expansion in income channels going forward.

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:

- (i) the terms and conditions of the Procurement 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 Procurement Services Framework Agreement for the three years ending 31 December 2025, 2026 and 2027 are fair and reasonable; and
- (iii) the transactions contemplated under the Procurement 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 Procurement 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 Procurement Services Framework Agreement is more than 5% and the annual caps in respect of the transactions contemplated under the Procurement 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 Procurement Services Framework Agreement and the related proposed annual caps for the three years ending 31 December 2025, 2026 and 2027 at the EGM.

As at the date of this announcement, Mr. Ren Yuhang, 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.* (北京轨道交通路網管理有限公司), an associate of BII. Accordingly, each of Mr. Ren Yuhang, Ms. Sun Fang and Mr. Fang Zhiwei are considered to have a material interest in the transactions contemplated under the Procurement Services Framework Agreement by virtue of their management position held in BII and its associates respectively, and had abstained from voting on the board resolution(s) approving the transactions contemplated under the Procurement 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 Procurement 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 Procurement Services Framework 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 Procurement 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 Procurement Services Framework Agreement and the transactions contemplated thereunder; and (ii) the proposed annual caps in respect of the transactions contemplated under the Procurement Services Framework Agreement. A circular including, among other things, (i) a letter from the Board containing further details of the Procurement Services Framework Agreement; (ii) a letter from the Independent Board Committee, setting out its recommendations in connection with the transactions contemplated under the Procurement Services Framework 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 Procurement 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 19 March 2025.

DEFINITIONS

“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 and held for the purpose of considering and, if thought fit, to approve, among other matters, (i) the Procurement Services Framework Agreement and the transactions contemplated thereunder; and (ii) the proposed annual caps in respect of the transactions contemplated under the Procurement 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 Procurement Services Framework 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 Procurement 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
“Procurement Services Framework Agreement”	the framework agreement dated 26 February 2025 and entered into between the Company and BII in relation to the procurement of the Services by the Group from BII, its respective subsidiaries and/or associates
“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, civil communications construction management 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, 26 February 2025

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\$1.08.

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*