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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
LOAN AGREEMENT**

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



THE LOAN AGREEMENT

On 14 October 2024, the Company (as borrower) entered into the Loan Agreement with BII HK (as lender) pursuant to which BII HK agreed to provide the Loan of HK\$255 million to the Company for a term commencing from the Drawdown Date and expiring three years after the Drawdown Date. Pursuant to the Loan Agreement, the Company and BII HK will enter into the Share Charge Agreement within 30 business days from the Drawdown Date. Pursuant to the Share Charge Agreement, the Loan shall be secured by the charge of the Company's rights and interests in 30% of the issued share capital of Great Legend (i.e. Share Charge) provided by the Company in favour of BII HK.

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. Accordingly, the transaction contemplated under the Loan Agreement and the Share Charge Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As certain applicable percentage ratios in respect of the transaction contemplated under the Loan Agreement and the Share Charge Agreement are more than 25%, the Loan Agreement and the Share Charge Agreement are subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

On 14 October 2024, the Company (as borrower) entered into the Loan Agreement with BII HK (as lender) pursuant to which BII HK agreed to provide the Loan of HK\$255 million to the Company for a term commencing from the Drawdown Date and expiring three years after the Drawdown Date. Pursuant to the Loan Agreement, the Company and BII HK will enter into the Share Charge Agreement within 30 business days from the Drawdown Date. Pursuant to the Share Charge Agreement, the Loan shall be secured by the charge of the Company's rights and interests in 30% of the issued share capital of Great Legend (i.e. Share Charge) provided by the Company in favour of BII HK.

THE LOAN AGREEMENT

The principal terms of the Loan Agreement are summarised as follows:

Date: 14 October 2024 (after trading hours)

Parties: (1) The Company (as borrower); and
(2) BII HK (as lender).

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. As at the date of this announcement BII was wholly-owned by the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality.

Principal amount: HK\$255 million

Interest rate: The interest rate shall be calculated every month. The interest rate shall be calculated with reference to:

1 month HIBOR (Hong Kong Interbank Offered Rate) + 70 basis points (bps).

Pursuant to the Loan Agreement, the maximum interest rate shall be 6.5%. If there is any material change to this term, the parties to the Loan Agreement shall enter into a supplemental agreement to clarify the payment arrangements. The Company shall comply with the applicable requirements under the Listing Rules if and as required if such supplemental agreement is entered into.

The interest rate under the Loan Agreement was determined based on the parties' arm's length negotiation with reference to market loan interest rates quoted by commercial banks in Hong Kong.

After the Loan Agreement is effective, BII HK shall deliver an interest payment notice to the Company each month, and the Company shall settle the interest payment stipulated in such interest payment notice with BII HK by the date specified by BII HK in the interest payment notice.

Term: Commencing from the Drawdown Date and expiring three years after the Drawdown Date.

Usage: The Loan is designated for (i) working capital purposes of the Company; and (ii) repayment of loans.

Conditions precedent: The Loan Agreement is subject to the following conditions precedent:

- (1) the Company and BII HK having obtained all necessary approvals in relation to the transaction contemplated under the Loan Agreement, including but not limited to passing relevant board resolutions and shareholders' resolutions to approve the transaction contemplated under the Loan Agreement;
- (2) the Company and BII HK having obtained all necessary approvals from the relevant government and regulatory authorities (including the Stock Exchange) in relation to the transaction contemplated under the Loan Agreement;
- (3) the Independent Shareholders having approved the transactions contemplated under the Loan Agreement and the Share Charge Agreement at the EGM; and
- (4) the Company having paid to BII HK a handling fee of HK\$765,000 (i.e. 0.3% of the principal amount of the Loan) before the Drawdown Date.

If any of the abovementioned conditions precedent are not satisfied on or before 31 January 2025 or such other date(s) as the parties may agree in writing, the Loan Agreement shall cease and determine.

**Repayment
arrangement:**

The principal amount of the Loan shall be repaid before the expiry of the term of the Loan.

The Company and BII HK have mutually agreed that the Company may partially repay the Loan (including corresponding interest) in advance once per month before the expiry of the term of the Loan provided that the repayment amount shall be a multiple of HK\$5 million (the “**Partial Repayment**”). If the Company repays part of the Loan in advance, the Company must also settle the corresponding interest to be accrued for the month of such Partial Repayment.

Security:

The Share Charge Agreement shall be entered into by the parties to the Loan Agreement within 30 business days from the Drawdown Date. The Company shall charge all its beneficially owned rights and interests as to 30% of the issued share capital of Great Legend, a wholly-owned subsidiary of the Company, in favour of BII HK over the charge period so as to provide guarantee for the fulfillment of the obligations of the Company under the Loan Agreement.

Pursuant to the Loan Agreement:

- (i) when the Company repays an aggregate principal amount of HK\$45 million, BII HK shall release 5% of the issued share capital of Great Legend that is subject to the Share Charge within 30 days of such early repayment;
- (ii) when the Company repays an aggregate principal amount of HK\$90 million, BII HK shall release an aggregate 10% of the issued share capital of Great Legend that is subject to the Share Charge within 30 days of such early repayment;
- (iii) when the Company repays an aggregate principal amount of HK\$135 million, BII HK shall release an aggregate 15% of the issued share capital of Great Legend that is subject to the Share Charge within 30 days of such early repayment;
- (iv) when the Company repays an aggregate principal amount of HK\$180 million, BII HK shall release an aggregate 20% of the issued share capital of Great Legend that is subject to the Share Charge within 30 days of such early repayment; and
- (v) when the Company repays an aggregate principal amount of HK\$225 million, BII HK shall release an aggregate 25% of the issued share capital of Great Legend that is subject to the Share Charge within 30 days of such early repayment.

For the avoidance of doubt, the aggregate 30% of the issued share capital of Great Legend that is subject to the Share Charge shall be released in full upon repayment of the principal amount of HK\$255 million in full.

The Company undertakes that the audited book value of the Share Charge shall not be less than 120% of the principal amount of the Loan on the Drawdown Date.

The Company also undertakes that during the charge period, if the audited book value of the Share Charge is less than 120% of the principal amount of the Loan, the parties to the Loan Agreement shall enter into a supplemental agreement for the purpose of providing further security interests in Great Legend (in addition to the 30% of the issued share capital in Great Legend) to BII HK to make up the difference between the principal amount of the Loan and the book value of the Share Charge. The Company shall comply with the applicable requirements under the Listing Rules if and as required if such supplemental agreement is entered into.

Please refer to the paragraph headed “The Share Charge Agreement” below for details on the Share Charge.

THE SHARE CHARGE AGREEMENT

Pursuant to the Loan Agreement, the Share Charge Agreement shall be entered into by the parties to the Loan Agreement within 30 business days from the Drawdown Date.

The principal terms of the Share Charge Agreement are summarised below:

Date: Within 30 business days from the Drawdown Date

Parties: (1) the Company (as chargor); and
(2) BII HK (as chargee).

Subject: Pursuant to the Share Charge Agreement, the Company shall charge all its beneficially owned rights and interests as to 30% of the issued share capital of Great Legend, a wholly-owned subsidiary of the Company, in favour of BII HK over the charge period so as to provide guarantee for the fulfillment of the obligations of the Company under the Loan Agreement.

During the charge period, if the audited book value of the Share Charge is less than 120% of the principal amount of the Loan, the parties to the Share Charge Agreement shall enter into a supplemental agreement for the purpose of providing further security interests in Great Legend (in addition to the 30% of the issued share capital in Great Legend) to BII HK to make up the difference between the principal amount of the Loan and the book value of the Share Charge. The Company shall comply with the applicable requirements under the Listing Rules if and as required if such supplemental agreement is entered into.

Charge period: Subject to BII HK releasing part of the Share Charge in the manner described in the section headed “The Loan Agreement” above, the period commencing from the Drawdown Date up to the date on which the Company fulfills its repayment obligations under the Loan Agreement.

Great Legend is a company incorporated under the laws of the BVI and a direct wholly-owned subsidiary of the Company. Great Legend is an investment holding company and it holds the entire equity interest in Beijing City Railway and 70% of the entire equity interest of CCRTT Investment. Each of Beijing City Railway and CCRTT Investment is an investment holding company. The principal business activities of the subsidiaries of Beijing City Railway include civil communication transmission services, smart card automatic fee collection systems and “Intelligent +” related business. CCRTT Investment holds 49% of the entire equity interest of Beijing Metro Science and Technology Development Co., Ltd.* (北京地鐵科技發展有限公司), which is principally engaged in the repair and maintenance of automatic fare collection systems.

REASONS AND BENEFITS OF THE LOAN AGREEMENT

The Directors consider that the entering into of the Loan Agreement will enable the Group to repay its loans in a timely manner and maintain sufficient capital for its general operations purpose. The terms of the Loan Agreement, including the applicable interest rate, are entered into after arm’s length negotiations between the parties and taking into account, among others, the prevailing market loan interest rates and practices.

The Directors (excluding the independent non-executive Directors who will express their view after considering the advice from Gram Capital) are of the view that the transactions contemplated under the Loan Agreement and the Share Charge Agreement, although are not in the ordinary and usual course of business, are entered into on normal commercial terms, fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

INFORMATION ON 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.

INFORMATION ON BII HK

BII HK is a company established in Hong Kong in 1997. As at the date of this announcement, the entire issued equity capital of BII HK is directly owned by BII, which is interested in approximately 55.20% of the issued share capital of the Company through BII HK. BII HK is principally engaged in investment holding.

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. Accordingly, the transaction contemplated under the Loan Agreement and the Share Charge Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As certain applicable percentage ratios in respect of the transaction contemplated under the Loan Agreement and the Share Charge Agreement are more than 25%, the Loan Agreement and the Share Charge Agreement are subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the date of this announcement, Mr. Guan Jifa, a non-executive Director, is the vice general manager of BII (i.e. the sole beneficial shareholder of BII HK). Accordingly, Mr. Guan Jifa is considered to have a material interest in the transactions contemplated under the Loan Agreement and the Share Charge Agreement by virtue of his management positions held in BII, and had abstained from voting on the board resolution(s) approving the transactions contemplated under the Loan Agreement and the Share Charge Agreement. Save as disclosed above, none of the Directors has abstained from voting on the board resolution(s) approving the transactions contemplated under the Loan Agreement and the Share Charge Agreement.

THE EGM

An EGM will be convened for the Independent Shareholders to consider, and if thought fit, approve, the Loan Agreement, the Share Charge Agreement and the transactions contemplated thereunder. BII and its associates will abstain from voting at the EGM in respect of the resolution(s) approving the Loan Agreement, the Share Charge Agreement and the transactions contemplated thereunder.

The Independent Board Committee of the Company, comprising all the independent non-executive Directors, namely Mr. Luo Zhenbang, Mr. Huang Lixin and Mr. Li Wei, has been established to advise the Independent Shareholders in respect of the Loan Agreement, the Share Charge Agreement and the transactions contemplated thereunder. The Independent Board Committee has appointed Gram Capital as the Independent Financial Adviser to provide advice and recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Loan Agreement, the Share Charge Agreement and the transactions contemplated thereunder.

A circular containing, among other things, further particulars of the Loan Agreement and the Share Charge Agreement, together with the recommendations of the Independent Board Committee, a letter from Gram Capital, and a notice convening the EGM is expected to be despatched to the Shareholders on or before 4 November 2024.

DEFINITIONS

“associates”	has the meaning ascribed to it under the Listing Rules
“Beijing City Railway”	北京城市軌道交通控股有限公司 (Beijing City Railway Holdings Company Limited), a company established in Hong Kong with limited liability and a wholly-owned subsidiary of the Company as at the date of this announcement
“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
“BVI”	the British Virgin Islands
“CCRTT Investment”	中國城市軌道交通科技投資有限公司 (China City Railway Transportation Technology Investment Co., Ltd), a company incorporated in Hong Kong with limited liability and a non-wholly owned subsidiary of the Company as at the date of this announcement
“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

“Drawdown Date”	the date on which the Loan is drawn down and transferred to the bank account designated by the Company, which shall be any day after (i) the Loan Agreement becomes effective; and (ii) BII HK received a drawdown notice from the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of, among others, approving the Loan Agreement, the Share Charge Agreement and the transactions contemplated thereunder
“Great Legend”	Great Legend Development Limited, a company incorporated under the laws of BVI and a wholly-owned subsidiary of the Company as at the date of this announcement
“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 on the Loan Agreement, the Share Charge Agreement and the transactions contemplated thereunder
“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 on the terms of the Loan Agreement and the Share Charge Agreement
“Independent Shareholder(s)”	the Shareholder(s) other than BII and its associates
“Independent Third Party(ies)”	third party(ies) independent of, and not connected with, the Company and its connected persons within the meaning ascribed to such term in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loan to be granted to the Company by BII HK in a principal amount of HK\$255 million under the Loan Agreement

“Loan Agreement”	the loan agreement dated 14 October 2024 and entered into by the Company (as borrower) and BII HK (as lender) in relation to the provision of the Loan
“PRC”	the People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Charge”	the charge of the Company’s rights and interests in 30% of the issued share capital of Great Legend in favour of BII HK pursuant to the Share Charge Agreement
“Share Charge Agreement”	the share charge agreement to be entered into by the Company (as chargor) and BII HK (as chargee) by way of charge of the rights and interests in 30% of the issued share capital of Great Legend in favour of BII HK pursuant to the Loan Agreement
“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, 14 October 2024

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*