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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 FACTORING AGREEMENT

THE FACTORING AGREEMENT

The Board is pleased to announce that on 1 April 2024, BII Xin An (as seller), an indirect non-wholly-owned subsidiary of the Company, and Cornerstone Factoring (as factoring provider) entered into the Factoring Agreement pursuant to which Cornerstone Factoring has agreed to provide factoring services to BII Xin An with a factoring principal amount of RMB7,500,000 (equivalent to approximately HK\$8,175,000) in return for the transfer of accounts receivables of RMB9,160,764.78 (equivalent to approximately HK\$9,985,233.61) created in the ordinary and usual course of business of BII Xin An with its business partners from BII Xin An to Cornerstone Factoring.

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. BII is the sole beneficial shareholder of BII HK and hence it is also a connected person of the Company. BII indirectly owns the entire issued equity capital in Cornerstone Factoring, and Cornerstone Factoring is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transaction contemplated under the Factoring Agreement constitutes a connected transaction for the Company under the Listing Rules.

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Factoring Agreement exceed 0.1% but are less than 5%, and the total consideration is more than HK\$3 million, the transactions contemplated under the Factoring Agreement is subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

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

Date:	1 April 2024
Parties:	(1) Cornerstone Factoring (as factoring provider); and (2) BII Xin An (as seller).
Type of factoring:	One-off factoring facility with recourse. Cornerstone Factoring has full recourse against BII Xin An for the accounts receivables created in the ordinary and usual course of business of BII Xin An with its business partners.
Factoring finance term:	12 months from the payment of the first instalment of the factoring payment amount.
Transfer of accounts receivables:	Subject to the terms and conditions of the Factoring Agreement, the accounts receivables of RMB9,160,764.78 (equivalent to approximately HK\$9,985,233.61) due from the debtors of BII Xin An as referred to in the underlying transaction documents shall be transferred to Cornerstone Factoring. Transfer of such accounts receivables to Cornerstone Factoring shall be effected on the date of the payment of the first instalment of the factoring principal amount.

Factoring principal amount: The factoring principal amount is RMB7,500,000 (equivalent to approximately HK\$8,175,000), which was determined by BII Xin An and Cornerstone Factoring through arm's length negotiation with reference to the accounts receivables to be transferred to Cornerstone Factoring.

The factoring principal amount shall be paid by Cornerstone Factoring to BII Xin An in two instalments in accordance with the terms of the Factoring Agreement. The first instalment shall be in the amount of RMB5,250,000 (equivalent to approximately HK\$5,722,500) and the second instalment shall be in the amount of RMB2,250,000 (equivalent to approximately HK\$2,452,500).

Usage: The principal amount of RMB7,500,000 (equivalent to approximately HK\$8,175,000) is designated for working capital purposes of the Company.

Interest rate: 5.50% per annum

Repayment of factoring principal amount and interest: The amount of factoring principal amount and interest shall be calculated from the date of payment of the first and second instalment, respectively, and shall be repayable in accordance with the payment schedule stipulated in the Factoring Agreement. BII Xin An shall make quarterly payments on such factoring interests and repay the principal amount in one lump sum on the expiry of the factoring finance term:

Interests payable per quarter shall be calculated as follows:

(The total principal of factoring financing amount of accounts receivables received by BII Xin An – the amount of accounts receivables received by Cornerstone Factoring) x 5.5% (being the interest rate of factoring financing) ÷ 12 x 3.

If BII Xin An repays the principal amount in advance, interests shall be calculated as follows:

(The total principal of factoring financing amount of accounts receivables received by BII Xin An – the amount of accounts receivables received by Cornerstone Factoring) x 5.5% (being the interest rate of factoring financing) ÷ 360 x actual factoring finance term.

**Recourse and repurchase
of factoring accounts
receivables:**

On the occurrence of any of the triggering events as stipulated in the Factoring Agreement, BII Xin An shall (i) immediately notify Cornerstone Factoring of the occurrence of such triggering event in writing; and (ii) unconditionally repurchase all or any part of the affected amount of the accounts receivables as stipulated in a repurchase notice given by Cornerstone Factoring. The major triggering events include, among others:

- (1) the expiry of the factoring period;
- (2) failure by the debtors of BII Xin An to repay the accounts receivables due to any reason, including commercial dispute, fraud, offset of debt or termination of the underlying transaction document;
- (3) any claim by any third party against the accounts receivables, including, among others, any *mareva* injunction against the accounts receivables collection account;
- (4) any dispute by the debtors of BII Xin An on the underlying transaction documents;
- (5) Cornerstone Factoring being aware of any defect in the underlying transaction documents;
- (6) BII Xin An and its debtors unilaterally amending or terminating the underlying transaction documents without permission from Cornerstone Factoring in writing;
- (7) any adverse event that may affect the performance of the debtor's obligations under the underlying transaction documents;
- (8) any bankruptcy petition or corporate reorganisation against the debtors of BII Xin An;
- (9) BII Xin An breaching the Factoring Agreement or failing to repay all or part of its debts to any other financial institutions; or
- (10) any bankruptcy or similar application or proposed application filed or to be filed against BII Xin An or its debtors.

Guarantee:

In order to guarantee the fulfilment of BII Xin An's repayment obligations under the Factoring Agreement, BII Xin An shall:

- (1) prior to the release of the first instalment of the factoring principal amount, pledge accounts receivables of RMB10,531,528.90 (equivalent to approximately HK\$11,479,366.50) for the purposes of guaranteeing such first instalment (the "**First Pledge**"); and
- (2) upon (a) the release of the second instalment of the factoring principal amount; and (b) the discharge of the First Pledge, pledge accounts receivables of approximately RMB15,000,000 (equivalent to approximately HK\$16,350,000) for the purposes of guaranteeing all of the factoring principal amount.

During the term of the Factoring Agreement, if (i) the creditworthiness of BII Xin An decreases; (ii) the value of the accounts receivables pledged to Cornerstone Factoring decreases in value; or (iii) there are other events which, in the opinion of Cornerstone Factoring, affects the realisation of Cornerstone Factoring's rights to the accounts receivables, Cornerstone Factoring has the right to require BII Xin An to provide additional guarantees to the satisfaction of Cornerstone Factoring. If BII Xin An is unable to provide such additional satisfactory guarantee to Cornerstone Factoring, Cornerstone Factoring may require BII Xin An to repurchase the accounts receivables immediately.

REASONS AND BENEFITS OF THE FACTORING AGREEMENT

By entering into the Factoring Agreement, the Group expects to benefit from diversification of financing channels.

The Directors (including the independent non-executive Directors) are of the opinion that the transactions contemplated under the Factoring Agreement was entered into in the ordinary and usual course of business of the Group, and the Factoring Agreement has been entered into on normal commercial terms after arm's length negotiations between the parties, and the terms of the transaction contemplated under the Factoring Agreement (together with the corresponding interests payable) is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE GROUP AND BII XIN AN

The Group is a high-tech enterprise group specialising in integrating investment and financing, technology research and development, 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 is committed to becoming an international leader in smart rail transit.

BII Xin An is a non-wholly-owned subsidiary of the Company. BII Xin An is principally engaged in the design, implementation and maintenance of application solutions for integrated surveillance and network security systems for the rail transportation sector.

INFORMATION ON CORNERSTONE FACTORING

Cornerstone Factoring is a company established in the PRC in October 2015. As at the date of this announcement, the entire issued equity capital of Cornerstone Factoring is indirectly owned by BII, which is interested in approximately 55.20% of the issued share capital of the Company through BII HK.

Cornerstone Factoring is principally engaged in provision of (i) trade financing in return for the transfer of accounts receivables; (ii) settlement, management and collection of accounts receivables; and (iii) sales ledger management services.

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As at the date of this announcement, Mr. Guan Jifa, a non-executive Director and the chairman of the Board, is the vice general manager of BII. Accordingly, Mr. Guan Jifa is considered to have a material interest in the transactions contemplated under the Factoring 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 Factoring Agreement.

DEFINITIONS

“BII”	北京市基礎設施投資有限公司 (Beijing Infrastructure Investment Co., Ltd.*), a company established in the PRC with limited liability and interested in approximately 55.20% of the issued share capital of the Company through BII HK as at the date of this announcement, and which is wholly-owned by the State-owned Assets Supervision and Administration Commission of People’s Government of Beijing Municipality
“BII HK”	Beijing Infrastructure Investment (Hong Kong) Limited (京投(香港)有限公司), a company incorporated in Hong Kong with limited liability and wholly-owned by BII, and held approximately 55.20% of the issued share capital of the Company as at the date of this announcement
“BII Xin An”	北京京投信安科技發展有限公司 (BII Information Security Technology Development Company Limited*), a company established in the PRC with limited liability and an indirect non-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
“connected person”	has the meaning ascribed to it under the Listing Rules and the word “connected” shall be construed accordingly
“Cornerstone Factoring”	基石(天津)國際商業保理有限公司 (Cornerstone (Tianjin) International Commercial Factoring Co., Ltd.*), a company established in the PRC with limited liability and its entire issued equity capital is indirectly owned by BII as at the date of this announcement
“Director(s)”	the director(s) of the Company

“Factoring Agreement”	the factoring agreement dated 1 April 2024 and entered into between BII Xin An (as seller) and Cornerstone Factoring (as factoring provider) in relation to the one-off factoring facility with the factoring principal amount of RMB7,500,000 (equivalent to approximately HK\$8,175,000) provided by Cornerstone Factoring to BII Xin An
“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 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
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By Order of the Board
**BII Railway Transportation Technology
Holdings Company Limited**
Liu Yu
Executive Director
Chief Executive Officer

Hong Kong, 2 April 2024

For the purpose of this announcement, unless otherwise specified, conversions of RMB into HK\$ are based on approximate exchange rate of RMB1.00 to HK\$1.09.

As at the date of this announcement, the executive Director is Mr. Liu Yu; the non-executive Directors are Mr. Guan Jifa, Ms. Sun Fang, Mr. Cao Mingda and Ms. Hou Weiwei; and the independent non-executive Directors are Mr. Luo Zhenbang, Mr. Huang Lixin and Mr. Li Wei.