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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)

CONNECTED TRANSACTION
LOAN EXTENSION AGREEMENT

THE LOAN EXTENSION AGREEMENT

Reference is made to the announcement of the Company dated 26 April 2019 in relation to, among others, the Loan Agreement entered into between the Company (as the borrower) and Eastern Creation II (as the lender), pursuant to which Eastern Creation II agreed to provide the Loan of HK\$500 million to the Company for a term commencing from the Drawdown Date and expiring on 12 December 2021. Pursuant to the Loan Agreement, the Company (as chargor) and Eastern Creation II (as chargee) entered into the Share Charge Agreement for the charge of the Company's rights and interests in the entire issued share capital of Beijing Investment Railway in favour of Eastern Creation II as security of the Loan.

On 22 October 2021, the Company (as the borrower) entered into the Loan Extension Agreement with Eastern Creation II (as the lender) pursuant to which (i) the Company agreed to repay HK\$200 million before the expiry of the term of the Loan Agreement as partial repayment of the Loan; and (ii) Eastern Creation II agreed to extend the term of the Remaining Loan to three years from 13 December 2021. Pursuant to the Loan Extension Agreement, the Company and Eastern Creation II will enter into the New Share Charge Agreement within 30 business days from the date on which all the Conditions Precedent have been satisfied. Pursuant to the New Share Charge Agreement, (i) the Share Charge provided by the Company in favour of Eastern Creation II in relation to the entire share capital of Beijing Investment Railway under the Share Charge Agreement shall be released; and (ii) the Remaining Loan shall be secured by the New Share Charge (i.e. the charge of the Company's rights and interests as to 60% of the issued share capital of Great Legend) provided by the Company in favour of Eastern Creation II.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Eastern Creation II is a wholly-owned subsidiary of BII. BII indirectly holds approximately 55.20% of the Shares through its wholly-owned subsidiary, namely Beijing Infrastructure Investment (Hong Kong) Limited, thus BII is the ultimate holding company of the Company and Eastern Creation II is therefore a connected person of the Company under the Listing Rules. Therefore, the transaction contemplated under the Loan Extension Agreement and the New 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 Extension Agreement and the New Share Charge Agreement are more than 5% and the principal amount of the Remaining Loan exceeds HK\$10 million, the Loan Extension Agreement and the New Share Charge Agreement are subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated 26 April 2019 in relation to, among others, the Loan Agreement entered into between the Company (as the borrower) and Eastern Creation II (as the lender), pursuant to which Eastern Creation II agreed to provide the Loan of HK\$500 million to the Company for a term commencing from the Drawdown Date and expiring on 12 December 2021. Pursuant to the Loan Agreement, the Company (as chargor) and Eastern Creation II (as chargee) entered into the Share Charge Agreement for the charge of the Company's rights and interests in the entire issued share capital of Beijing Investment Railway in favour of Eastern Creation II as security of the Loan.

On 22 October 2021, the Company (as the borrower) entered into the Loan Extension Agreement with Eastern Creation II (as the lender) pursuant to which (i) the Company agreed to repay HK\$200 million before the expiry of the term of the Loan Agreement as partial repayment of the Loan; and (ii) Eastern Creation II agreed to extend the term of the Remaining Loan to three years from 13 December 2021. Pursuant to the Loan Extension Agreement, the Company and Eastern Creation II will enter into the New Share Charge Agreement within 30 business days from the date of the satisfaction of all Conditions Precedent. Pursuant to the New Share Charge Agreement, (i) the Share Charge provided by the Company in favour of Eastern Creation II in relation to the entire share capital of Beijing Investment Railway under the Share Charge Agreement shall be released; and (ii) the Remaining Loan shall be secured by the New Share Charge (i.e. the charge of the Company's rights and interests as to 60% of the issued share capital of Great Legend) provided by the Company in favour of Eastern Creation II.

THE LOAN EXTENSION AGREEMENT

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

Date: 22 October 2021

Parties: (1) The Company (as borrower); and
(2) Eastern Creation II (as lender).

As at the date of this announcement, Eastern Creation II is a wholly-owned subsidiary of BII. BII indirectly holds approximately 55.20% of the Shares through its wholly-owned subsidiary, namely Beijing Infrastructure Investment (Hong Kong) Limited, thus BII is the ultimate holding company of the Company and Eastern Creation II is therefore a connected person of the Company under the Listing Rules.

Principal amount of the Remaining Loan: HK\$300 million

Interest rate: The annual interest rate shall be calculated as follow:

$$\text{Annual interest rate} = \frac{\text{The overall financing cost of Eastern Creation II} \times 3}{\text{Number of interest payment days}/360}$$

Pursuant to the Loan Extension Agreement, the annual interest rate is estimated to be not exceeding 3%. The overall financing cost of Eastern Creation II comprises the total fixed interest expenses and other relevant expenses incidental to the extension of the Remaining Loan payable by Eastern Creation II.

The interest shall be paid semi-annually, if such day falls on a statutory holiday or a public holiday, the interest payment date will be postponed to the following business day.

The interest rate under the Loan Extension Agreement was determined based on the parties' arm's length negotiation.

Term: Three years from 13 December 2021

Usage: The Remaining Loan is designated for working capital purposes of the Company.

**Conditions
Precedent:**

The Loan Extension Agreement is subject to the following Conditions Precedent:

- (1) the Company and Eastern Creation II having obtained all necessary approvals in relation to the transaction contemplated under the Loan Extension Agreement, including but not limited to passing relevant board resolutions and shareholders' resolutions to approve the transaction contemplated under the Loan Extension Agreement;
- (2) the Company and Eastern Creation II 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 Extension Agreement; and
- (3) the Independent Shareholders having approved the transactions contemplated under the Loan Extension Agreement and the New Share Charge Agreement at the EGM.

If any of the Conditions Precedent are not satisfied on or before 31 December 2021 or such other date(s) as the parties may agree in writing, the Loan Extension Agreement shall cease and determine.

**Repayment
arrangement:**

The principal of the Remaining Loan shall be repaid in one lump sum before the expiry of the term of the Remaining Loan.

Security:

The New Share Charge Agreement shall be entered into by the parties to the Loan Extension Agreement within 30 business days from the date on which all the Conditions Precedent have been satisfied.

Please refer to the paragraph headed "The New Share Charge Agreement" below for details on the New Share Charge.

THE NEW SHARE CHARGE AGREEMENT

Pursuant to the Loan Extension Agreement, the New Share Charge Agreement shall be entered into by the parties to the Loan Extension Agreement within 30 business days from the date on which all the Conditions Precedent have been satisfied.

The principal terms of the New Share Charge Agreement are summarised as follows:

Date: Any day within 30 business days from the date on which all the Conditions Precedent have been satisfied.

Parties: (1) The Company (as chargor); and
(2) Eastern Creation II (as chargee).

Subject: Pursuant to the New Share Charge Agreement, (i) the Share Charge provided by the Company in favour of Eastern Creation II in relation to the entire share capital of Beijing Investment Railway under the Share Charge Agreement shall be released; and (ii) the Company shall charge all its beneficially owned rights and interests as to 60% of the issued share capital of Great Legend, a wholly-owned subsidiary of the Company, in favour of Eastern Creation II over the charge period so as to provide guarantee for the fulfillment of the obligations of the Company under the Loan Extension Agreement.

Charge period: Being the period commencing from the date of commencement of the term of the Remaining Loan under the Loan Extension Agreement up to the date on which the Company fulfills all its repayment obligations under the Loan Extension 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 the construction and maintenance of intelligent railway transportation, civil communication transmission systems and utility tunnels. 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.

INFORMATION ON THE PARTIES TO THE LOAN EXTENSION AGREEMENT

The Company and the Group

The Company is an investment holding company. The Group integrates investment and finance, research and development of technologies, intelligent railway transportation business and maintenance of application solution services, and implement the industry layout of “giving priority to intelligent railway transportation services and civil communication transmission services and supplementing with new business development through joint ventures and partnership”, thereby building a business layout of providing the whole lifecycle service for the development of urban railway transportation. The Group’s intelligent railway transportation services provide design, implementation and sale, and maintenance of application solution services, including related software; and the Group has been aiming for scientific and technological innovations such as rail transit cloud platform construction and big data construction and analysis, so as to promote the development of urban rail transit systems from informationised business to intelligent business.

Eastern Creation II

As at the date of this announcement, Eastern Creation II is a company incorporated under the laws of BVI and is a wholly-owned subsidiary of BII. BII holds approximately 55.20% of the issued share capital of the Company through its wholly-owned subsidiary, namely Beijing Infrastructure Investment (Hong Kong) Limited. To the best of the Directors’ knowledge, information and belief, Eastern Creation II is an investment holding company.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LOAN EXTENSION AGREEMENT

The Directors consider that the entering into of the Loan Extension Agreement will enable the Group to maintain sufficient capital for its general operations purpose. The terms of the Loan Extension 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 interest rates and practices.

The Directors (excluding the independent non-executive Directors who will express their view after considering the advice from the Independent Financial Adviser) are of the view that the transactions contemplated under the Loan Extension Agreement and the New 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.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Eastern Creation II is a wholly-owned subsidiary of BII. BII indirectly holds approximately 55.20% of the Shares through its wholly-owned subsidiary, namely Beijing Infrastructure Investment (Hong Kong) Limited, thus BII is the ultimate holding company of the Company and Eastern Creation II is therefore a connected person of the Company under the Listing Rules. Therefore, the transaction contemplated under the Loan Extension Agreement and the New 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 Extension Agreement and the New Share Charge Agreement are more than 5% and the principal amount of the Remaining Loan exceeds HK\$10 million, the Loan Extension Agreement and the New Share Charge Agreement are subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE EGM

An EGM will be convened and held for the Independent Shareholders to consider, and if thought fit, approve, the Loan Extension Agreement, the New 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 Extension Agreement, the New Share Charge Agreement and the transactions contemplated thereunder.

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

A circular containing, among other things, further particulars of the Loan Extension Agreement and the New Share Charge Agreement, together with the recommendations of the Independent Board Committee, a letter from the Independent Financial Adviser, and a notice convening the EGM is expected to be despatched to the Shareholders on or before 12 November 2021.

DEFINITIONS

“associate(s)”	has the meaning ascribed thereto in 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

“Beijing Investment Railway”	Beijing Investment Railway Technology Development Limited, a company incorporated under the laws of the BVI and a direct 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 the ultimate holding company of the Company as at the date of this announcement
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“CCRIT 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 established 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
“Condition(s) Precedent”	the condition(s) precedent under the Loan Extension Agreement
“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 was drawn down and transferred to the bank account designated by the Company, i.e. 12 July 2019
“Eastern Creation II”	Eastern Creation II Investment Holdings Ltd, a company incorporated under the laws of BVI and a wholly-owned subsidiary of BII as at the date of this announcement
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of, among others, approving the Loan Extension Agreement, the New 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. Bai Jinrong, Mr. Luo Zhenbang and Mr. Huang Lixin, established for the purpose of advising the Independent Shareholders on the Loan Extension Agreement, the New Share Charge Agreement and the transactions contemplated thereunder
“Independent Financial Adviser”	VC Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser of the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Loan Extension Agreement, the New Share Charge Agreement and the transactions contemplated thereunder
“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
“Loan”	the loan granted to the Company by Eastern Creation II in a principal amount of HK\$500 million under the Loan Agreement
“Loan Agreement”	the loan agreement dated 26 April 2019 and entered into by the Company (as borrower) and Eastern Creation II (as lender) in relation to the provision of the Loan
“Loan Extension Agreement”	the loan extension agreement dated 22 October 2021 and entered into by the Company (as borrower) and Eastern Creation II (as lender) in relation to the extension of the term of the Remaining Loan

“New Share Charge”	the charge of the Company’s rights and interests as to 60% of the issued share capital of Great Legend in favour of Eastern Creation II pursuant to the New Share Charge Agreement
“New Share Charge Agreement”	the new share charge agreement to be entered into by the Company (as chargor) and Eastern Creation II (as chargee) by way of charge of the Company’s rights and interests as to 60% of the issued share capital of Great Legend in favour of Eastern Creation II pursuant to the Loan Extension Agreement
“PRC”	the People’s Republic of China
“Remaining Loan”	the remaining part of the Loan in a principal amount of HK\$300 million under the Loan Extension Agreement
“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 the entire issued share capital of Beijing Investment Railway in favour of Eastern Creation II pursuant to the Share Charge Agreement
“Share Charge Agreement”	the share charge agreement dated 12 July 2019 and entered into by the Company (as chargor) and Eastern Creation II (as chargee) by way of charge of the rights and interests in the entire issued share capital of Beijing Investment Railway in favour of Eastern Creation II pursuant to the Loan Agreement
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By Order of the Board
**BII Railway Transportation Technology
Holdings Company Limited**
Xuan Jing
Chief Executive Officer

Hong Kong, 22 October 2021

As at the date of this announcement, the executive Directors are Mr. Cao Wei and Ms. Xuan Jing; the non-executive Directors are Mr. Zhang Yanyou, Mr. Guan Jifa, Mr. Zheng Yi and Ms. Gu Xiaohui; and the independent non-executive Directors are Mr. Bai Jinrong, Mr. Luo Zhenbang and Mr. Huang Lixin.

* *For identification purposes only*