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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)

UPDATE ANNOUNCEMENT
SPECIAL AUDIT RESULTS OF HUAQI INTELLIGENT
FOR THE THREE YEARS ENDED 31 DECEMBER 2021

Reference is made to the announcement of Company dated 29 November 2018 (the “**Acquisition Announcement**”), the circular of the Company dated 31 January 2019 (the “**VSA Circular**”) and the annual report of the Company for the year ended 31 December 2021 (the “**2021 Annual Report**”), in relation to, among others, the acquisition of 95% equity interest in 蘇州華啟智能科技有限公司 (Suzhou Huaqi Intelligent Technology Co., Ltd.*), a company established in the PRC with limited liability (“**Huaqi Intelligent**”). Unless otherwise defined, capitalised terms used herein shall have the same meanings as defined in the Acquisition Announcement, the VSA Circular and the 2021 Annual Report.

As disclosed in the 2021 Annual Report, after completion of the special audit results of Huaqi Intelligent, the Group will make further disclosure on the overall situation of Huaqi Intelligent’s performance commitment period in 2019, 2020 and 2021, which will determine the 2021 Compensation Amount. As such, since the 2019 Actual Performance, the 2020 Actual Performance and the 2021 Actual Performance are now available to the Group, the 2021 Compensation Amount can be calculated with reference to the formula as follows:

$$\begin{array}{l} \text{2021} \\ \text{Compensation} \\ \text{Amount} \end{array} = \frac{\begin{array}{l} ((\text{2019 Guaranteed Performance} \\ + \text{2020 Guaranteed Performance} + \text{2021} \\ \text{Guaranteed Performance}) - (\text{2019 Actual} \\ \text{Performance} + \text{2020 Actual Performance} \\ + \text{2021 Actual Performance})) \end{array}}{\begin{array}{l} (\text{2019 Guaranteed Performance} \\ + \text{2020 Guaranteed Performance} \\ + \text{2021 Guaranteed Performance}) \end{array}} \times \text{Consideration}$$

The 2021 Compensation Amount would be RMB253,220,561.22 (equivalent to approximately HK\$296,268,056.63):

$$\text{2021 Compensation Amount} = \frac{((\text{RMB108,000,000} + \text{RMB129,000,000} + \text{RMB155,000,000}) - (\text{RMB97,322,000} + \text{RMB116,304,000} + \text{RMB83,386,000}))}{(\text{RMB108,000,000} + \text{RMB129,000,000} + \text{RMB155,000,000})} \times \text{RMB1,045,000,000}$$

In accordance with the terms of the Acquisition Agreements, if the 2021 Compensation Amount is greater than the sum of the 5th Payment, the Deferred 3rd Payment and the Deferred 4th Payment in aggregate, the Group shall not be required to make payment of the 5th Payment, the Deferred 3rd Payment and the Deferred 4th Payment. Instead, Mr. Liu shall compensate the Group in cash the difference between (i) the 2021 Compensation Amount; and (ii) the sum of 5th Payment, the Deferred 3rd Payment and the Deferred 4th Payment at the relevant time (the “**Compensated Difference**”).

As the 2021 Compensation Amount, being RMB253,220,561.22 (equivalent to approximately HK\$296,268,056.63), is greater than the sum of the 5th Payment, the Deferred 3rd Payment and the Deferred 4th Payment in aggregate (i.e. RMB119,960,167.59), Mr. Liu shall compensate the Compensated Difference of RMB133,260,393.63 (equivalent to approximately HK\$155,914,660.55) to the Group.

In accordance with the terms of the Acquisition Agreements, (i) the Group shall give written notice to NetPosa and Mr. Liu within 10 Business Days from the issuance of special audit results in relation to the amount of the Compensated Difference payable to the Group; and (ii) the Compensated Difference payable to the Group shall be settled within 10 Business Days from such written notice in accordance with the terms of the Acquisition Agreements.

In accordance with the terms of the Acquisition Agreements, the Group has given written notice to NetPosa and Mr. Liu within 10 Business Days from the issuance of the special audit results. In this regard, the Group reserves the right to take necessary legal action in the event that the Compensated Difference payable to the Group is not settled within 10 Business Days of the written notice in accordance with the terms of the Acquisition Agreements.

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

Hong Kong, 20 May 2022

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\$1.17.

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

** For identification purposes only*