

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

**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)**

**DISCLOSEABLE AND CONNECTED TRANSACTION  
IN RELATION TO THE TRANSFER OF 3.7% EQUITY INTERESTS IN  
HUAQI INTELLIGENT**

**THE EQUITY TRANSFER AGREEMENT**

Reference is made to the announcements of the Company dated 29 November 2018 and 28 March 2019, and the Circular, in relation to, among others, the sale and purchase of 95% of the equity interests in Huaqi Intelligent from NetPosa to the Group pursuant to the Acquisition Agreements. In accordance with the Acquisition Agreements, the Expected Performance Guarantee Agreement was entered into.

Pursuant to the Expected Performance Guarantee Agreement (as supplemented), if the 2019 Actual Performance or the 2020 Actual Performance shall reach 90% or more (but less than 100%) of the 2019 Guaranteed Performance or the 2020 Guaranteed Performance (as the case may be), Huaqi Management Team shall have the right to request the Group to purchase from them 30% equity interests in Huaqi Intelligent held by them as at completion of the Acquisition (being 5%) times the proportion of the 2019 Actual Performance or the 2020 Actual Performance (as the case may be) to the 2019 Guaranteed Performance or the 2020 Guaranteed Performance (as the case maybe). Besides, in order to enhance the Group's control over Huaqi Intelligent and promote its future development, on 16 December 2022 (after trading hours), BII Zhongfu, Huaqi Intelligent and Huaqi Management Team entered into the Equity Transfer Agreement pursuant to which BII Zhongfu, a wholly-owned subsidiary of the Company, has conditionally agreed to acquire and Huaqi Management Team has conditionally agreed to sell 3.7% of equity interests in Huaqi Intelligent, at the Consideration of not more than RMB42,510,600 (equivalent to approximately HK\$46,336,554). Pursuant to the Equity Transfer Agreement, the parties agreed to determine the Consideration with reference to the valuation determined by an independent valuer rather than with reference to the terms of the Expected Performance Guarantee Agreement as disclosed in the Circular.

Upon Completion, the Company's indirect equity interests in Huaqi Intelligent will be increased from 95.0% to 98.7%. The remaining 1.3% equity interests in Huaqi Intelligent will be owned by Changxing Tianyue.

### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, approximately 31.9% of the equity interests in Changxing Tianyue and approximately 99.7% of the equity interests in Changxing Xiangyue are owned by Mr. Zhong, who is a director of Huaqi Intelligent, an indirect non-wholly owned subsidiary of the Company. Accordingly, Huaqi Management Team (which includes Changxing Tianyue and Changxing Xiangyue) is an associate of Mr. Zhong, and is therefore a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. Thus, the Equity Transfer would constitute a connected transaction for the Company under Chapter 14A of the Listing Rules.

The Board has approved the Equity Transfer, and the Directors (including the independent non-executive Directors) have also confirmed that the terms of the Equity Transfer Agreement are fair and reasonable, the Equity Transfer is on normal commercial terms or better, and are in the interests of the Company and the Shareholders as a whole. As one of the applicable percentage ratios of Equity Transfer is more than 5% and the Consideration is higher than HK\$10 million, the Equity Transfer is subject to the reporting and announcement requirements, but is exempt from circular, independent financial advice and shareholders' approval requirements by virtue of Rule 14A.101 of the Listing Rules.

### **INTRODUCTION**

Reference is made to the announcements of the Company dated 29 November 2018 and 28 March 2019, and the Circular, in relation to, among others, the sale and purchase of 95% of the equity interests in Huaqi Intelligent from NetPosa to the Group pursuant to the Acquisition Agreements. In accordance with the Acquisition Agreements, the Expected Performance Guarantee Agreement was entered into.

Pursuant to Expected Performance Guarantee Agreement (as supplemented), if the 2019 Actual Performance or the 2020 Actual Performance shall reach 90% or more (but less than 100%) of the 2019 Guaranteed Performance or the 2020 Guaranteed Performance (as the case may be), Huaqi Management Team shall have the right to request the Group to purchase from them 30% equity interests in Huaqi Intelligent held by them as at completion of the Acquisition (being 5%) times the proportion of the 2019 Actual Performance or the 2020 Actual Performance (as the case may be) to the 2019 Guaranteed Performance or the 2020 Guaranteed Performance (as the case maybe). Besides, in order to enhance the Group's control over Huaqi Intelligent and promote its future development, on 16 December 2022 (after trading hours), BII Zhongfu, Huaqi Intelligent and Huaqi Management Team entered into the Equity Transfer Agreement pursuant to which BII Zhongfu, a wholly-owned subsidiary of the Company, has conditionally agreed to acquire and Huaqi Management Team has conditionally agreed to sell 3.7% of equity interests in Huaqi Intelligent, at the Consideration of not more

than RMB42,510,600 (equivalent to approximately HK\$46,336,554). Pursuant to the Equity Transfer Agreement, the parties agreed to determine the Consideration with reference to the valuation determined by an independent valuer rather than with reference to the terms of the Expected Performance Guarantee Agreement as disclosed in the Circular.

## **THE EQUITY TRANSFER AGREEMENT**

Details of the major terms of the Equity Transfer Agreement are as follows:

**Date:** 16 December 2022

**Parties:**

1. BII Zhongfu, as the purchaser;
2. Huaqi Management Team, as the vendor; and
3. Huaqi Intelligent, as the target company.

As at the date of this announcement, 95% equity interests in Huaqi Intelligent is indirectly owned by the Company, and 5% equity interests in Huaqi Intelligent is owned by Huaqi Management Team.

### **Subject matter**

Pursuant to the Equity Transfer Agreement, BII Zhongfu, a wholly-owned subsidiary of the Company, has conditionally agreed to acquire and Huaqi Management Team has conditionally agreed to sell 3.7% of equity interests in Huaqi Intelligent, at the Consideration of not more than RMB42,510,600 (equivalent to approximately HK\$46,336,554).

### **Consideration and conditions precedent**

Pursuant to the Equity Transfer Agreement, the Consideration shall be satisfied by BII Zhongfu to Huaqi Management Team by two payments payable in following manner:

- (a) the first payment (the “**First Payment**”) of RMB40,700,000 (equivalent to approximately HK\$44,363,000) shall be payable to Huaqi Management Team in three parts:
  - (i) RMB15,000,000 (equivalent to approximately HK\$16,350,000) shall be payable to Changxing Xiangyue within 5 Business Days after the satisfaction of the following conditions precedent:
    - i. the parties to the Equity Transfer Agreement having properly signed the Equity Transfer Agreement and any other transaction documents;
    - ii. Huaqi Management Team having internally approved or consented to the Equity Transfer and provided the relevant written documents of such approval or consent to BII Zhongfu;

- iii. the relevant equity holders of Huaqi Intelligent having waived their preemptive rights in relation to the acquisition of the equity interests in Huaqi Intelligent under all laws, regulations and articles of association of Huaqi Intelligent and have provided a written confirmation of such waiver to BII Zhongfu;
  - iv. Changxing Xiangyue having released any encumbrance over 1.3636% of equity interests in Huaqi Intelligent and providing documentary evidence issued by the market supervision and administration authority confirming the release of share charge over 1.3636% of equity interests in Huaqi Intelligent to BII Zhongfu;
  - v. Huaqi Intelligent completing the corporate registration procedure in relation to BII Zhongfu's ownership to the abovementioned 1.3636% of equity interests in Huaqi Intelligent and registering such transfer with the market supervision and administration authority; and
  - vi. any other conditions considered necessary by BII Zhongfu;
- (ii) RMB15,030,000 (equivalent to approximately HK\$16,382,700) shall be payable to Changxing Xiangyue within 5 Business Days after the satisfaction of the following conditions precedent:
- i. Changxing Xiangyue having released any encumbrance over 1.3664% of equity interests in Huaqi Intelligent and providing documentary evidence issued by the market supervision and administration authority confirming the release of share charge over 1.3664% of equity interests in Huaqi Intelligent to BII Zhongfu; and
  - ii. Huaqi Intelligent completing the corporate registration procedure in relation to BII Zhongfu's ownership to the abovementioned 1.3664% of equity interests in Huaqi Intelligent and registering such transfer with the market supervision and administration authority; and
- (iii) RMB10,670,000 (equivalent to approximately HK\$11,630,300) shall be payable to Changxing Tianyue within 5 Business Days after the satisfaction of the following conditions precedent:
- i. Changxing Tianyue having released any encumbrance over 0.97% of equity interests in Huaqi Intelligent and providing documentary evidence issued by the market supervision and administration authority confirming the release of share charge over 0.97% of equity interests in Huaqi Intelligent to BII Zhongfu; and
  - ii. Huaqi Intelligent completing the corporate registration procedure in relation to BII Zhongfu's ownership to the abovementioned 0.97% of equity interests in Huaqi Intelligent and registering such transfer with the market supervision and administration authority.

- (b) the second payment (the “**Second Payment**”) shall be payable to Huaqi Management Team within 15 Business Days after (i) reviewing the financial information of Huaqi Intelligent for the year ending 31 December 2025; and (ii) confirming an equity impairment compensation amount for the impairment of equity interests of Huaqi Intelligent. The Second Payment shall be offset against such equity impairment compensation amount and shall not exceed RMB1,810,600 (equivalent to approximately HK\$1,973,554).

### **Basis of the Consideration**

The basis of the Consideration was determined after arm’s length negotiations between the parties to the Equity Transfer Agreement, taking into consideration of, among other things, (i) the fair value of the 3.7% equity interests in Huaqi Intelligent as at 31 December 2021 (being approximately RMB43,845,000 (equivalent to approximately HK\$47,791,050)), which was determined by an independent valuer; (ii) the reasons and benefits of the Equity Transfer as stated under the paragraph headed “Reasons for and benefits of the Equity Transfer” in this announcement; and (iii) the prospects of the businesses operated by Huaqi Intelligent.

### **Completion**

Completion shall take place after all the conditions precedent as set out in the paragraph relating to the First Payment in the section headed “The Equity Transfer Agreement – Consideration and conditions precedent” in this announcement have been fulfilled, including, among others: (i) Huaqi Management Team having released any encumbrance over all of the 5% equity interests it held in Huaqi Intelligent and providing documentary evidence issued by the market supervision and administration authority confirming the release of share charge over all of the 5% of equity interests it held in Huaqi Intelligent to BII Zhongfu; (ii) Huaqi Intelligent completing the relevant registration procedures for the Equity Transfer; (iii) completion of relevant changes of directors, supervisors and senior management and registering such changes with the market supervision and administration authority; and (iv) Huaqi Intelligent amending its articles of association to reflect the Equity Transfer and registering such corporate registration with the market supervision and administration authority.

Pursuant to the Equity Transfer Agreement, Huaqi Management Team undertakes that the release of the share charge over and the corporate registration procedure in relation to the 0.97% of equity interests in Huaqi Intelligent to be transferred from Changxing Tianyue to BII Zhongfu shall be effected on or before 20 January 2023. Changxing Tianyue undertakes that the release of share charge over the remaining 1.3% of equity interests in Huaqi Intelligent shall be completed within 5 Business Days after the payment of the First Payment.

Pursuant to the Equity Transfer Agreement, Huaqi Management Team warrants that completion of all relevant release of share charge and corporate registrations shall be effected on or before 27 January 2023.

Upon Completion, the Company’s indirect equity interests in Huaqi Intelligent will be increased from 95.0% to 98.7%. The remaining 1.3% equity interests in Huaqi Intelligent will be owned by Changxing Tianyue.

## INFORMATION ON THE GROUP AND BII ZHONGFU

The Group is a high-tech enterprise group specialising in the field of railway transportation, 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”, the Group focuses on two core businesses, namely intelligent railway transportation and infrastructure information, building a business pattern of providing full life-cycle services for rail transit development, focusing on integration and innovation, and becoming China’s leading rail transit intelligent system service provider. BII Zhongfu is a wholly-owned subsidiary of the Company.

## INFORMATION ON HUAQI GROUP

Huaqi Intelligent is a company established in the PRC with limited liability in 2010. As at the date of this announcement, 95% of equity interests in Huaqi Intelligent is indirectly owned by the Company, and 5% of equity interests in Huaqi Intelligent is owned by Huaqi Management Team. The original acquisition cost of 5% of the equity interests in Huaqi Intelligent by Huaqi Management Team in 2018 was RMB55,000,000 (equivalent to approximately HK\$59,950,000). Accordingly, the original acquisition cost of 3.7% of the equity interests in Huaqi Intelligent was approximately RMB40,700,000 (equivalent to approximately HK\$44,363,000).

Headquartered in Suzhou, the PRC, Huaqi Group was founded in 2010 and is principally engaged in the provision of solutions of automation and information-based systems for transportation applications. It offers products, techniques, system integration, operation services and consultancy for high-speed railway, train, urban rail transit, interurban railway and urban railway in the PRC. Huaqi Group operates in the railway transit industry and the railway transit information system market. It possesses the technology to produce on-board passenger information system (車載乘客信息系統) (“**on-board PIS**”), train control and remote diagnosis system and train network control system which are used on trains and railway transits. The on-board PIS is one of the six major information systems used in railway transportation. It acts as a communication medium between passengers and train stations or trains. Other than on-board PIS, Huaqi Group has developed a variety of high-tech products such as train control and remote diagnosis system, train network control system, subway ground passenger information system, etc.. Huaqi Group is the market leader in the on-board PIS market in the PRC.

## Financial information of Huaqi Intelligent

The net asset value of Huaqi Intelligent as at 31 December 2021 is approximately RMB716.9 million (equivalent to approximately HK\$781.4 million).

The audited consolidated financial information of Huaqi Intelligent for the two years ended 31 December 2021 is set out below:

	For the year ended 31 December	
	2020	2021
	RMB'000	RMB'000
	(HK\$'000)	(HK\$'000)
Net profit (before taxation)	126,805	89,392
	(138,217)	(97,437)
Net profit (after taxation)	115,933	83,487
	(126,367)	(91,001)

## INFORMATION ON HUAQI MANAGEMENT TEAM

Huaqi Management Team comprises Changxing Tianyue and Changxing Xiangyue, each of Changxing Tianyue and Changxing Xiangyue is a limited partnership established in the PRC by the management staff of Huaqi Intelligent, and owned as to approximately 31.9% and approximately 99.7%, respectively, by Mr. Zhong.

## REASONS FOR AND BENEFITS OF THE EQUITY TRANSFER

As disclosed above, pursuant to the terms of the Expected Performance Guarantee Agreement (as supplemented), Huaqi Management Team shall have the right to request the Group to purchase part of their equity interest in Huaqi Intelligent held by them as at completion of the Acquisition. Accordingly, one of the reasons to enter into the Equity Transfer is to fulfil the obligations under the Expected Performance Guarantee Agreement (as supplemented). Moreover, taking into account Huaqi Group being the market leader in the on-board PIS market in the PRC and equipped with technical capabilities, the Directors consider that acquiring the minority interests in Huaqi Intelligent will enhance the effectiveness of control by the Group. With the above reasons, the Directors considers that the Equity Transfer is beneficial to and in the interests of the Group and the Shareholders as a whole.

Ms. Xuan Jing, an executive Director, is the chairman of the board of directors of Huaqi Intelligent, therefore she is considered to have a material interest in the Equity Transfer by virtue of her position in Huaqi Intelligent. Accordingly, Ms. Xuan Jing had abstained from voting in respect of the Board resolutions to approve the Equity Transfer.

Save as disclosed above, none of the Directors have a material interest in the Equity Transfer or was required to abstain from voting in respect of the Board resolutions to approve the Equity Transfer pursuant to the articles of association of the Company.

## LISTING RULES IMPLICATIONS

As at the date of this announcement, approximately 31.9% of the equity interests in Changxing Tianyue and approximately 99.7% of the equity interests in Changxing Xiangyue are owned by Mr. Zhong, who is a director of Huaqi Intelligent, an indirect non-wholly owned subsidiary of the Company. Accordingly, Huaqi Management Team (which includes Changxing Tianyue and Changxing Xiangyue) is an associate of Mr. Zhong, and is therefore a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. Thus, the Equity Transfer would constitute a connected transaction for the Company under Chapter 14A of the Listing Rules.

The Board has approved the Equity Transfer, and the Directors (including the independent non-executive Directors) have also confirmed that the terms of the Equity Transfer Agreement are fair and reasonable, the Equity Transfer is on normal commercial terms or better, and are in the interests of the Company and the Shareholders as a whole. As one of the applicable percentage ratios of Equity Transfer is more than 5% and the Consideration is higher than HK\$10 million, the Equity Transfer is subject to the reporting and announcement requirements, but is exempt from circular, independent financial advice and shareholders' approval requirements by virtue of Rule 14A.101 of the Listing Rules.

## DEFINITIONS

“2019 Actual Performance”	the audited consolidated net profit after taxation of approximately RMB97,322,000, arising from the ordinary course of business of Huaqi Intelligent based on the 2019 Audited Accounts, after deducting extraordinary items and one-off items
“2019 Audited Accounts”	the audited consolidated financial statements of Huaqi Intelligent for the year ended 31 December 2019 prepared in accordance with IFRS and reported by the auditors appointed by the Company
“2019 Guaranteed Performance”	the guarantee of a Net Profit of no less than RMB108,000,000 for the year ended 31 December 2019
“2020 Actual Performance”	the audited consolidated net profit after taxation of approximately RMB116,304,000, arising from the ordinary course of business of Huaqi Intelligent based on the 2020 Audited Accounts, after deducting extraordinary items and one-off items
“2020 Audited Accounts”	the audited consolidated financial statements of Huaqi Intelligent for the year ended 31 December 2020 prepared in accordance with IFRS and reported by the auditors appointed by the Company
“2020 Guaranteed Performance”	the guarantee of a Net Profit of no less than RMB129,000,000 for the year ended 31 December 2020



“Acquisition”	the sale and purchase of 95% of the equity interests in Huaqi from NetPosa to the Group
“Acquisition Agreements”	the conditional equity transfer agreements dated 29 November 2018 and entered into among the Company, NetPosa, Huaqi Intelligent and Mr. Liu Guang (劉光), together with its ancillary agreements, including but not limited to agreements such as the acquisition framework agreement and the Expected Performance Guarantee Agreement, in relation to the Acquisition
“BII Zhongfu”	京投眾甫科技有限公司 (BII Zhongfu Technology Company Ltd*), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company as at the date of this announcement
“Board”	the board of Directors of the Company
“Business Days”	a day(s) when commercial banks in the PRC are open for business, excluding Saturdays, Sundays and statutory holidays
“Changxing Tianyue”	長興天越企業管理合夥企業 (有限合夥) (Changxing Tianyue Corporate Management Partnership (Limited Partnership)*), a limited partnership established in the PRC by the management staff of Huaqi Intelligent, and owned as to approximately 31.9% by Mr. Zhong
“Changxing Xiangyue”	長興祥悅企業管理合夥企業 (有限合夥) (Changxing Xiangyue Corporate Management Partnership (Limited Partnership)*), a limited partnership established in the PRC by the management staff of Huaqi Intelligent, and owned as to approximately 99.7% by Mr. Zhong
“Circular”	the circular of the Company dated 31 January 2019, in relation to, among others, the sale and purchase of 95% of the equity interests in Huaqi Intelligent from NetPosa to the Group pursuant to the Acquisition Agreements
“Company”	BII Railway Transportation Technology Holdings, a company incorporated in the Cayman Islands with limited liability, and the Shares of which are listed on the Stock Exchange
“Completion”	completion of the Equity Transfer in accordance with the terms and conditions of the Equity Transfer Agreement
“connected person”	has the meaning ascribed to it under the Listing Rules and the word “connected” shall be construed accordingly

“Consideration”	the consideration payable for the Equity Transfer under the Equity Transfer Agreement
“Director(s)”	the director(s) of the Company
“Equity Transfer”	the transfer of 3.7% of the equity interests in Huaqi Intelligent from Huaqi Management Team to BII Zhongfu pursuant to the Equity Transfer Agreement
“Equity Transfer Agreement”	the conditional equity transfer agreement dated 16 December 2022 and entered into among BII Zhongfu, Huaqi Intelligent and Huaqi Management Team in relation to the Equity Transfer
“Expected Performance Guarantee”	collectively, the 2019 Guaranteed Performance and the 2020 Guaranteed Performance
“Expected Performance Guarantee Agreement”	the agreement dated 29 November 2018 and entered into among the Company, NetPosa, Huaqi Intelligent, Mr. Liu Guang (劉光) and Huaqi Management Team in relation to, among others, the Expected Performance Guarantee
“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
“Huaqi Group”	Huaqi Intelligent and its subsidiaries
“Huaqi Intelligent”	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 Management Team”	collectively, Changxing Tianyue and Changxing Xiangyue
“IFRS”	International Financial Reporting Standards issued by International Accounting Standard Board
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Zhong”	Mr. Zhong Hua (鍾華), a director of Huaqi Intelligent, and an equity holder who directly holds approximately 31.9% of the equity interests in Changxing Tianyue and approximately 99.7% of the equity interests in Changxing Xiangyue as at the date of this announcement

“NetPosa”	東方網力科技股份有限公司 (NetPosa Technologies Limited*), a company established in the PRC with limited liability, and the shares of which were listed on the Shenzhen Stock Exchange (SZSE: 300367) but was subsequently delisted on 30 June 2022
“Net Profit”	the audited consolidated net profit after taxation arising from the ordinary course of business of Huaqi Intelligent based on the 2019 Audited Accounts or the 2020 Audited Accounts (as the case may be), after deducting extraordinary items and one-off items
“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**  
**Xuan Jing**  
*Executive Director*  
*Chief Executive Officer*

Hong Kong, 16 December 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\$1.09.*

*As at the date of this announcement, the executive Directors are Ms. Xuan Jing and 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.*

\* *For identification purposes only*