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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
FORMATION OF A JOINT VENTURE**

THE JOINT VENTURE AGREEMENT

The Board is pleased to announce that on 7 June 2023 (after trading hours), BII Zhongfu, a wholly-owned subsidiary of the Company, entered into the Joint Venture Agreement with Beijing Smart City and Beiming Software in relation to the formation of the Joint Venture Company.

Pursuant to the Joint Venture Agreement, the registered capital of the Joint Venture Company will be RMB20 million (equivalent to approximately HK\$22.2 million). BII Zhongfu, Beijing Smart City and Beiming Software shall make capital injections of RMB6.4 million (equivalent to approximately HK\$7.1 million), RMB7.6 million (equivalent to approximately HK\$8.4 million) and RMB6 million (equivalent to approximately HK\$6.7 million), respectively, in the Joint Venture Company, in proportion to their respective equity holding in the Joint Venture Company, representing 32%, 38% and 30% of the registered capital of the Joint Venture Company, respectively.

LISTING RULES IMPLICATIONS

As at the date of this announcement, BII HK held 1,157,634,900 shares in the Company, 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 holds 45% of the equity interests in Beijing Smart City. Therefore, Beijing Smart City is an associate of BII as BII indirectly holds more than 30% of the equity interests in Beijing Smart City, and Beijing Smart City is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transaction contemplated under the Joint Venture 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 Joint Venture Agreement exceed 0.1% but are less than 5%, and the total consideration is more than HK\$3 million, the transaction contemplated under the Joint Venture Agreement is subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

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. Ms. Hou Weiwei, a non-executive Director, is the vice general manager of the investment and development department of BII. Accordingly, each of Mr. Guan Jifa and Ms. Hou Weiwei is considered to have a material interest in the transaction contemplated under the Joint Venture Agreement by virtue of his/her management positions held in BII respectively, and had abstained from voting on the board resolution(s) approving the transaction contemplated under the Joint Venture Agreement.

THE JOINT VENTURE AGREEMENT

The Board is pleased to announce that on 7 June 2023 (after trading hours), BII Zhongfu, a wholly-owned subsidiary of the Company, entered into the Joint Venture Agreement with Beijing Smart City and Beiming Software in relation to the formation of the Joint Venture Company.

The principal terms of the Joint Venture Agreement are as follows:

Date: 7 June 2023 (after trading hours)

Parties:

- (1) BII Zhongfu;
- (2) Beijing Smart City; and
- (3) Beiming Software, an Independent Third Party.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries:

(a) Beijing Smart City was held as to:

- (i) 45% by Beijing Jingtou Investment Holding Co., Ltd.* (北京京投投資控股有限公司), a wholly-owned subsidiary of BII, a substantial Shareholder of the Company;
- (ii) 35% by Beijing Yizhuang Smart City Research Institute Group Co., Ltd.* (北京亦莊智能城市研究院集團有限公司), an Independent Third Party and an indirect wholly-owned subsidiary of the Beijing Economic-Technological Development Area Management Committee* (北京經濟技術開發區管理委員會), which is also an Independent Third Party; and
- (iii) 20% by Beijing Shougang Fund Co., Ltd.* (北京首鋼基金有限公司), an Independent Third Party and a wholly-owned subsidiary of Shougang Group, which is also an Independent Third Party; and

- (b) Beiming Software was wholly-owned by Shijiazhuang Changshan Beiming Technology Co., Ltd.* (石家莊常山北明科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000158) and an Independent Third Party.

Equity holding structure

Pursuant to the Joint Venture Agreement, the registered capital of the Joint Venture Company will be RMB20 million (equivalent to approximately HK\$22.2 million). BII Zhongfu, Beijing Smart City and Beiming Software shall make capital injections of RMB6.4 million (equivalent to approximately HK\$7.1 million), RMB7.6 million (equivalent to approximately HK\$8.4 million) and RMB6 million (equivalent to approximately HK\$6.7 million), respectively, in the Joint Venture Company, in proportion to their respective equity holding in the Joint Venture Company, representing 32%, 38% and 30% of the registered capital of the Joint Venture Company, respectively.

Capital injection

Pursuant to the Joint Venture Agreement, the capital injections shall be paid on a pro-rata basis in accordance with each party's respective equity interests in the Joint Venture Company. Such capital contribution shall be made within 30 days of the establishment of the Joint Venture Company.

The amount of capital injections of each of the parties to the Joint Venture Agreement was determined after arm's length negotiations with reference to the capital requirements of the Joint Venture Company. The capital contribution to be made by BII Zhongfu will be funded by the Group's internal resources.

Purpose of the Joint Venture Company

The Joint Venture Company is established to engage in intelligent hub related business projects.

Cooperation by the equity holders of the Joint Venture Company

In accordance with the actual business needs of the Joint Venture Company, the equity holders of the Joint Venture Company shall assign certain core technical employees into the Joint Venture Company. Furthermore, existing patented technology and research and technology achievements owned by the equity holders of the Joint Venture Company that relates to certain business operations of the Joint Venture Company shall be licensed to the Joint Venture Company, on a complimentary basis, either (i) for a period of three years; or (ii) from the date of establishment of the Joint Venture Company to the date of completion and acceptance of the first hub project (whichever is later).

Management of the Joint Venture Company

The board of directors of the Joint Venture Company will comprise five directors. Two directors shall be nominated by BII Zhongfu, two directors shall be nominated by Beijing Smart City and one director shall be nominated by Beiming Software. The chairman of the board of directors of the Joint Venture Company shall be nominated by Beijing Smart City, and he or she shall also be the legal representative of the Joint Venture Company. The Joint Venture Company will also have one supervisor, who shall be nominated by Beiming Software. The Joint Venture Company shall have one general manager who shall be nominated by Beiming Software or recruited from the open market.

Restrictions on equity transfers and right of first refusal

Equity holders of the Joint Venture Company may transfer all or part of their equity holding in the Joint Venture Company among each other.

Any equity holder of the Joint Venture Company who wishes to transfer any of its equity interests in the Joint Venture Company to a third party shall give written notice to the other equity holders of the Joint Venture Company (such notice shall include the material terms of the transfer). Such transfer to a third party may only be effected after obtaining consent from the other equity holders of the Joint Venture Company by way of (i) written confirmation; or (ii) absence of reply within 30 days of the aforesaid written notice. If an equity holder of the Joint Venture Company does not consent to such transfer of equity interests in the Joint Venture Company, it shall acquire such equity interests of the Joint Venture Company (on the same terms and conditions). Failure to exercise such right to acquire the equity interests of the Joint Venture Company would be deemed as consenting to the equity transfer.

The equity holders of the Joint Venture Company shall have the right of first refusal to acquire equity interests of the Joint Venture Company (on the same terms and conditions). However, if more than one equity holder of the Joint Venture Company exercises such right of first refusal, they may separately negotiate their respective portion for the acquisition of equity interests. If there is negotiation breakdown, the right of first refusal shall be exercised by the equity holders on a pro-rata basis in accordance with their respective equity interests in the Joint Venture Company.

Profit distribution

Pursuant to the Joint Venture Agreement, the profits available for distribution shall be distributed to the parties to the Joint Venture Agreement annually and on a pro-rata basis in accordance with their respective equity interests in the Joint Venture Company.

Non-competition

After the establishment of the Joint Venture Company, the equity holders of the Joint Venture Company shall not engage in intelligent hub related business projects that may compete with the Joint Venture Company.

FINANCIAL IMPACT

Since BII Zhongfu does not have the right to appoint a majority of the board of directors of the Joint Venture Company and has no majority control over the voting rights in the equity holders' meeting of the Joint Venture Company, the Joint Venture Company shall not become a subsidiary of the Company. As a result, the financial results, assets and liabilities of the Joint Venture Company shall not be consolidated into the financial statements of the Group.

INFORMATION OF THE PARTIES TO THE JOINT VENTURE AGREEMENT

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.

Beijing Smart City

Beijing Smart City is a company established in the PRC with limited liability in 2021.

Beijing Smart City is a service provider for smart city and digital economy in Beijing. In accordance with government guidelines, Beijing Smart City is principally engaged in building a digital base for Beijing’s smart city. It gathers high-quality resources in order to build a smart city communication network that is interconnected and intelligently integrated.

Beiming Software

Beiming Software is a company established in the PRC in 1998.

Beiming Software is principally engaged in providing comprehensive IT solutions and cloud computing services for various industries. In the course of its operations, Beiming Software has built a “city smart brain” (城市智腦) and formed a “Beiming smart city operation centre” (北明智慧城市運營中心), in order to provide services ranging from cloud computing platform construction to delivery of smart applications in various industries.

REASONS FOR AND BENEFITS OF ENTERING INTO THE JOINT VENTURE AGREEMENT

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.

The Group would benefit from entering into the Joint Venture Agreement as the Joint Venture Company will expand the business scope of the Group, enhance the Group's overall competitiveness in the industry and enhance the overall corporate development of the Group, which will maximise return to the Company and the Shareholders in the long run. In particular, the Joint Venture Company will enable the Group to (i) accelerate the construction of its integrated transportation hub projects; (ii) better implement the Group's "intelligent +" business plan, details of which are disclosed in the annual report of the Company published on 25 April 2023; and (iii) establish a competitive advantage in the railway transportation business industry's digital infrastructure and smart city aspects due to the relationships with Beijing Smart City and Beiming Software.

The terms of the Joint Venture Agreement have been arrived at after arm's length negotiation between the parties to the Joint Venture Agreement. The Directors (including the independent non-executive Directors) are of the opinion that the terms of the Joint Venture Agreement and the transaction contemplated thereunder have been entered into in the ordinary and usual course of business of the Group, are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

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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. Ms. Hou Weiwei, a non-executive Director, is the vice general manager of the investment and development department of BII. Accordingly, each of Mr. Guan Jifa and Ms. Hou Weiwei is considered to have a material interest in the transaction contemplated under the Joint Venture Agreement by virtue of his/her management positions held in BII respectively, and had abstained from voting on the board resolution(s) approving the transaction contemplated under the Joint Venture Agreement.

DEFINITIONS

“Beijing Smart City”	北京智慧城市網絡有限公司 (Beijing Smart City Network Co., Ltd.*), a company established in the PRC with limited liability and indirectly owned as to 45% by BII, a substantial Shareholder, as at the date of this announcement
“Beiming Software”	北明軟件有限公司 (Beiming Software Co., Ltd.*), a company established in the PRC with limited liability and an Independent Third Party 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
“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
“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
“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
“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

“Joint Venture Agreement”	the joint venture agreement dated 7 June 2023 entered into between BII Zhongfu, Beijing Smart City and Beiming Software in relation to the establishment of the Joint Venture Company
“Joint Venture Company”	北京智慧樞紐科技發展有限公司(Beijing Smart Hub Technology Development Co., Ltd.*) (such company name is subject to the approval of the administration for industry and commerce), a company to be established in the PRC pursuant to the Joint Venture Agreement
“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
“Shougang Group”	首鋼集團有限公司 (Shougang Co., Ltd.*), a company established in the PRC and wholly-owned by the State-owned Assets Supervision and Administration Commission of People’s Government of Beijing Municipality as at the date of this announcement
“%”	per cent

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

Hong Kong, 7 June 2023

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\$1.11.

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.

* For identification purposes only