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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)**

**DISCLOSEABLE TRANSACTION  
DEEMED DISPOSAL OF  
EQUITY INTERESTS IN SUBSIDIARY**

**THE CAPITAL INJECTION AGREEMENT**

References are made to the Disclosure Announcements in relation to, among other things, the potential capital increase in Huaqi Intelligent, by inviting new investor(s) to subscribe for equity interests in Huaqi Intelligent, through public listing procedure on the CBEX.

The Board is pleased to announce that on 8 August 2023 (after trading hours), (i) Huaqi Intelligent, a non-wholly owned subsidiary of the Company; (ii) BII Railway, a wholly-owned subsidiary of the Company; (iii) BII Zhongfu, a wholly-owned subsidiary of the Company; (iv) Suzhou Tianyue; and (v) Suzhou Rail Transit entered into the Capital Injection Agreement in relation to the Capital Increase and the Capital Injection.

Pursuant to the Capital Injection Agreement, Suzhou Rail Transit has conditionally agreed to inject the Capital Injection of RMB100 million (equivalent to approximately HK\$109 million) into Huaqi Intelligent in return for approximately 7.35% of the enlarged equity interest in Huaqi Intelligent. In particular, (i) RMB4,761,900 (equivalent to approximately HK\$5,190,471) of the Capital Injection shall be attributable to the increase in registered capital of Huaqi Intelligent (i.e. the Capital Increase); and (ii) RMB95,238,100 (equivalent to approximately HK\$103,809,529) of the Capital Injection shall be attributable to the increase in capital reserve of Huaqi Intelligent. The registered capital of Huaqi Intelligent will thus be increased from RMB60,000,000 to RMB64,761,900 (i.e. the Capital Increase).

**LISTING RULES IMPLICATIONS**

Pursuant to the Capital Injection Agreement, the Group's interest in Huaqi Intelligent will be diluted from 98.7% to approximately 91.44%. Accordingly, the transaction contemplated under the Capital Injection Agreement will be regarded as a deemed disposal for the Company pursuant to Rule 14.29 of the Listing Rules. As one or more of the applicable percentage ratios as defined in the Listing Rules in respect of the Capital Injection Agreement exceeds 5% but is less than 25%, the transaction contemplated thereunder constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. Accordingly, the entering into of the Capital Injection Agreement is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## THE CAPITAL INJECTION AGREEMENT

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The principal terms of the Capital Injection Agreement are as follows:

**Date:** 8 August 2023 (after trading hours)

**Parties:**

- (1) Huaqi Intelligent;
- (2) BII Railway;
- (3) BII Zhongfu;
- (4) Suzhou Tianyue; and
- (5) Suzhou Rail Transit.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Suzhou Rail Transit, and its ultimate beneficial owners, being 蘇州市人民政府國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of the Suzhou Municipal Government\*) (who directly holds approximately 66.2% equity interests in Suzhou Rail Transit) and other equity holders (and their respective ultimate beneficial owners) which each hold less than 10% equity interests in Suzhou Rail Transit, are Independent Third Parties.

### Capital Injection

Pursuant to the Capital Injection Agreement, Suzhou Rail Transit has conditionally agreed to inject the Capital Injection of RMB100 million (equivalent to approximately HK\$109 million) into Huaqi Intelligent in return for approximately 7.35% of the enlarged equity interest in Huaqi Intelligent. In particular, (i) RMB4,761,900 (equivalent to approximately HK\$5,190,471) of the Capital Injection shall be attributable to the increase in registered capital of Huaqi Intelligent (i.e. the Capital Increase); and (ii) RMB95,238,100 (equivalent to approximately HK\$103,809,529) of the Capital Injection shall be attributable to the increase in capital reserve of Huaqi Intelligent. The registered capital of Huaqi Intelligent will thus be increased from RMB60,000,000 to RMB64,761,900 (i.e. the Capital Increase).

*Equity holding structure of Huaqi Intelligent*

The equity holding of Huaqi Intelligent immediately before the Capital Increase is set out below:

<b>Equity holder</b>	<b>Registered capital</b> <i>(RMB'000)</i>	<b>Equity holding</b> <i>(%)</i>
BII Railway	57,000	95.00
BII Zhongfu	2,220	3.70
Suzhou Tianyue	780	1.30
<b>Total:</b>	<b>60,000</b>	<b>100.00</b>

Immediately before the Capital Increase, 98.7% of the equity interests in Huaqi Intelligent was indirectly owned by the Company through BII Railway and BII Zhongfu.

The equity holding of Huaqi Intelligent immediately after the Capital Increase is set out below:

<b>Equity holder</b>	<b>Registered capital</b> <i>(RMB'000)</i>	<b>Equity holding</b> <sup>Note</sup> <i>(%)</i>
BII Railway	57,000	88.01
BII Zhongfu	2,220	3.43
Suzhou Tianyue	780	1.20
Suzhou Rail Transit	4,761.9	7.35
<b>Total:</b>	<b>64,761.9</b>	<b>100.00</b>

Note: The equity holding of Huaqi Intelligent immediately after the Capital Increase is rounded to the nearest two decimal places for the purpose of this announcement.

Immediately after the Capital Increase, approximately 91.44% of the equity interests in Huaqi Intelligent will be indirectly owned by the Company through BII Railway and BII Zhongfu.

### *Terms of the Capital Injection*

Pursuant to the Capital Injection Agreement, Suzhou Rail Transit has paid a deposit to the CBEX in the amount of RMB30 million (equivalent to approximately HK\$32.7 million). Such deposit amount forms part of the Capital Injection and will be transferred to a bank account designated by Huaqi Intelligent within three Business Days after the issuance of the transaction certificate (交易憑證) reflecting the Capital Increase by the CBEX.

Pursuant to the Capital Injection Agreement, Suzhou Rail Transit shall make a one-off cash payment of the remaining part of the Capital Injection (amounting to RMB70 million, equivalent to approximately HK\$76.3 million) to a bank account designated by Huaqi Intelligent within 10 Business Days of the signing of the Capital Injection Agreement (i.e. by 22 August 2023).

### **Basis of the amount of Capital Injection**

The terms of the Capital Injection Agreement and the Capital Injection was determined after arm's length negotiations between the parties to the Capital Injection Agreement on normal commercial terms, taking into consideration of, among other things, (i) the fair value of approximately 7.35% equity interests in Huaqi Intelligent after the Capital Injection (being approximately RMB100.0 million (equivalent to approximately HK\$109.0 million)), which was determined by an independent valuer; (ii) the reasons and benefits of the Capital Injection as stated under the paragraph headed "Reasons for and benefits of the Capital Injection" in this announcement; and (iii) the prospects of the businesses operated by Huaqi Intelligent.

### **Completion and conditions precedent**

Completion will take place when Huaqi Intelligent completes the relevant corporate registration procedures for the Capital Increase. All parties to the Capital Injection Agreement shall cooperate with Huaqi Intelligent to complete such corporate registration procedures. Such procedures shall be completed within 30 Business Days after completion of all of the following:

- (1) Suzhou Rail Transit having paid all of the Capital Injection in accordance with the Capital Injection Agreement;
- (2) the issuance of the transaction certificate (交易憑證) reflecting the Capital Injection by the CBEX;
- (3) all required permits, approvals, resolutions and/or consents in relation to the Capital Increase having been obtained from the competent authorities; and
- (4) Huaqi Intelligent having completed its change of corporate registration to a joint stock limited liability company.

The costs of such corporate registration procedures shall be borne by Huaqi Intelligent.

## **Use of proceeds**

Huaqi Intelligent and its current equity holders, being BII Railway, BII Zhongfu and Suzhou Tianyue, intend to use the funds received from the Capital Injection for the purpose of (i) research and development in intelligent transportation; (ii) business development of Huaqi Intelligent; and (iii) any other purpose as agreed by the equity holders at the general meeting of Huaqi Intelligent.

## **Management of Huaqi Intelligent after the Capital Injection**

After the Capital Increase, the board of directors of Huaqi Intelligent shall comprise five directors and the board of supervisors of Huaqi Intelligent shall comprise three supervisors.

The directors of Huaqi Intelligent shall be nominated by the equity holders of Huaqi Intelligent and elected at the general meeting of Huaqi Intelligent. In particular, BII Railway shall nominate three directors, BII Zhongfu shall nominate one director and Suzhou Rail Transit shall nominate one director. The chairman of the board of directors of Huaqi Intelligent shall be a director nominated by BII Railway and shall be elected by the board of directors of Huaqi Intelligent.

The supervisors of Huaqi Intelligent shall comprise one employee representative supervisor, who shall be elected by the employees' representative congress, and two non-employee representative supervisors, who shall be nominated by BII Railway and elected at the general meeting of Huaqi Intelligent. The chairman of the board of supervisors of Huaqi Intelligent shall be elected by the board of supervisors of Huaqi Intelligent.

## **Profit distribution policy after the Capital Increase**

Pursuant to the Capital Injection Agreement, Huaqi Intelligent may distribute approximately 30% of its distributable profits achieved per year if such distribution would not affect (i) the normal operations; and (ii) the operating cash flow of Huaqi Intelligent.

## **Non-competition undertaking**

Huaqi Intelligent's key management personnel, core technical personnel and core business personnel shall sign a non-competition undertaking or an employment contract containing such non-competition undertaking with Huaqi Intelligent.

Without the prior written consent of the board of directors of Huaqi Intelligent, Suzhou Rail Transit (and company(ies) under its control) shall not enter into any mergers & acquisitions or investments that are in direct competition with the main business of Huaqi Intelligent. For the avoidance of doubt, Suzhou Rail Transit (and company(ies) under its control) shall not (i) directly or indirectly enter into any new business that directly competes with the main business of Huaqi Intelligent; (ii) directly or indirectly acquire any new interests in any entity or organisation (including entering into partnerships) that directly competes with the main business of Huaqi Intelligent; or (iii) solicit or induce employees of Huaqi Intelligent to accept an offer of employment or appointment from Suzhou Rail Transit and/or its affiliates.

### **Restriction on equity transfer on Suzhou Rail Transit**

Without the prior written consent of BII Railway, BII Zhongfu and Suzhou Tianyue, Suzhou Rail Transit shall not transfer its equity interests in Huaqi Intelligent within three years of Completion. The aforesaid restriction shall not apply where (i) Huaqi Intelligent has successfully completed a future listing of its shares on a stock exchange within such three year period; or (ii) it is an intra-group transfer of its equity interest to (a) company(ies) under its control; (b) its controlling equity holder(s); or (c) company(ies) (other than company(ies) that are under the control of a state-owned assets management authority) under the control of its controlling equity holder(s). If Huaqi Intelligent shall successfully complete a future listing of its shares on a stock exchange, Suzhou Rail Transit must comply with the requirements of the CSRC and the relevant stock exchange and regulatory authorities' regulations with regard to the lock-up period of Huaqi Intelligent's shares (if any).

Suzhou Rail Transit must not sell any of its interests in Huaqi Intelligent to any entity that engages in the same or similar business that may compete with Huaqi Intelligent without the prior written consent of BII Railway, BII Zhongfu and Suzhou Tianyue. Furthermore, unless prior written consent of BII Railway, BII Zhongfu and Suzhou Tianyue has been obtained, any such transferee must fulfil Suzhou Rail Transit's obligations under the Capital Injection Agreement, the articles of association of Huaqi Intelligent and any other documents relating to the Capital Injection Agreement that is signed by Suzhou Rail Transit.

### **Pre-emptive rights of Suzhou Rail Transit**

After Completion, Suzhou Rail Transit shall have the pre-emptive right to subscribe for additional registered capital of Huaqi Intelligent on equal terms and at the same price on a pro-rata basis. Such pre-emptive rights shall not be applicable under certain circumstances as agreed under the Capital Injection Agreement.

### **Restriction on effective control of Huaqi Intelligent by Suzhou Rail Transit**

Pursuant to the Capital Injection Agreement, Suzhou Rail Transit shall not under any circumstances, whether prior to or after Huaqi Intelligent's future listing of its shares on a stock exchange, obtain control of Huaqi Intelligent.

## **Right of first refusal**

After Completion, the equity holders of Huaqi Intelligent (including BII Railway, BII Zhongfu, Suzhou Tianyue and Suzhou Rail Transit), shall have the right of first refusal to acquire equity interests in Huaqi Intelligent that are proposed to be transferred to other equity holder(s) on a pro-rata basis. However, unless prior written consent from BII Railway, BII Zhongfu and Suzhou Tianyue has been obtained by Suzhou Rail Transit, Suzhou Rail Transit may only exercise such right of first refusal in the circumstances where the exercise of such right of first refusal would not affect the actual control of Huaqi Intelligent. Such right of first refusal shall not be applicable under certain circumstances as agreed under the Capital Injection Agreement.

## **FINANCIAL IMPACT**

As at the date of this announcement, Huaqi Intelligent was indirectly held as to 98.7% by the Company. After the Capital Injection and the corresponding Capital Increase, Huaqi Intelligent will be indirectly held as to approximately 91.44% by the Company. Huaqi Intelligent will remain as a subsidiary of the Company. The Group's interest in Huaqi Intelligent will be diluted from 98.7% to approximately 91.44% and the transactions contemplated under the Capital Injection Agreement will thus be regarded as a deemed disposal for the Company pursuant to Rule 14.29 of the Listing Rules.

It is expected that the deemed disposal will not result in any material gain or loss in the Company's consolidated statement of profit or loss and other comprehensive income and there will be no material financial impact on the asset and liabilities of the Group resulting from the deemed disposal.

## **INFORMATION ON THE GROUP, BII RAILWAY 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 Railway and BII Zhongfu are wholly-owned subsidiaries 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, 98.7% of equity interests in Huaqi Intelligent is indirectly owned by the Company, and 1.3% of equity interests in Huaqi Intelligent is owned by Suzhou Tianyue.

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 onboard 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 2022 was approximately RMB780.0 million (equivalent to approximately HK\$850.2 million).

The audited consolidated financial information of Huaqi Intelligent for the two years ended 31 December 2022 is set out below:

	For the year ended	
	31 December	
	2021	2022
	RMB'000	RMB'000
	(HK\$'000)	(HK\$'000)
Net profit (before taxation)	89,392 (97,437)	<b>87,384</b> <b>(95,249)</b>
Net profit (after taxation)	83,487 (91,001)	<b>80,544</b> <b>(87,793)</b>

## INFORMATION ON SUZHOU TIANYUE

Suzhou Tianyue is a limited partnership established in the PRC, and owned as to approximately 31.9% by Mr. Zhong, a director of Huaqi Intelligent as at the date of this announcement. Suzhou Tianyue was established by the management staff of Huaqi Intelligent for the management of Huaqi Group.



## **INFORMATION ON SUZHOU RAIL TRANSIT**

Suzhou Rail Transit is a company established in the PRC with limited liability in 2012. As at the date of this announcement, it is beneficially owned as to approximately 66.2% by 蘇州市人民政府國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of the Suzhou Municipal Government\*), an Independent Third Party. It is principally engaged in the planning, construction, operations, resource development and property protection of rail transit in Suzhou.

## **REASONS FOR AND BENEFITS OF THE THE CAPITAL INJECTION**

In order to (i) enhance Huaqi Intelligent's company strength; (ii) improve the corporate governance of Huaqi Intelligent; (iii) improve the scientific decision-making (決策科學性) of Huaqi Intelligent; and (iv) diversify the equity holding of Huaqi Intelligent, Huaqi Intelligent invited new investor(s) to subscribe for equity interests in Huaqi Intelligent through the public listing procedure on the CBEX. 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 considered that the Capital Injection in Huaqi Intelligent would allow Huaqi Intelligent to independently obtain the required funds for its development, which will contribute to the business stability and market expansion of Huaqi Intelligent. It will also develop its governance capacity and accelerate its transformation and upgrade, and further enhance its overall competitiveness, thereby promoting the overall development of the Group and maximising the return to all its shareholders. Accordingly, the Directors consider that the Capital Injection is beneficial to and in the interests of the Group and the Shareholders as a whole.

None of the Directors have a material interest in the Capital Injection Agreement or was required to abstain from voting in respect of the Board resolutions to approve the Capital Injection Agreement pursuant to the articles of association of the Company.

## **LISTING RULES IMPLICATIONS**

Pursuant to the Capital Injection Agreement, the Group's interest in Huaqi Intelligent will be diluted from 98.7% to approximately 91.44%. Accordingly, the transaction contemplated under the Capital Injection Agreement will be regarded as a deemed disposal for the Company pursuant to Rule 14.29 of the Listing Rules. As one or more of the applicable percentage ratios as defined in the Listing Rules in respect of the Capital Injection Agreement exceeds 5% but is less than 25%, the transaction contemplated thereunder constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. Accordingly, the entering into of the Capital Injection Agreement is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## DEFINITIONS

“BII Railway”	京投軌道科技發展有限公司 (Beijing Investment Railway Technology Development Limited*), a company established in the British Virgin Islands with limited liability and a wholly-owned subsidiary 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
“Business Day(s)”	a day(s) when commercial banks in the PRC are open for business, excluding Saturdays, Sundays and statutory holidays
“Capital Increase”	the increase in the registered capital of Huaqi Intelligent from RMB60,000,000 to RMB64,761,900 pursuant to the Capital Injection Agreement
“Capital Injection”	the capital injection of RMB100 million to be made by Suzhou Rail Transit pursuant to the Capital Injection Agreement, which includes the Capital Increase
“Capital Injection Agreement”	the capital injection agreement dated 8 August 2023 entered into among (i) Huaqi Intelligent; (ii) BII Railway; (iii) BII Zhongfu; (iv) Suzhou Tianyue; and (v) Suzhou Rail Transit in relation to the Capital Increase
“CBEX”	China Beijing Equity Exchange (北京產權交易所)
“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
“Completion”	completion of the Capital Injection Agreement, which will take place when Huaqi Intelligent completes the relevant corporate registration procedures for the increase in registered capital of Huaqi Intelligent
“connected person”	has the meaning ascribed to it under the Listing Rules and the word “connected” shall be construed accordingly
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)

“Director(s)”	the director(s) of the Company
“Disclosure Announcements”	the announcements of the Company dated 14 April 2023 and 19 May 2023 in relation to, among other things, the potential capital increase in Huaqi Intelligent
“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” or “Subsidiary”	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 and indirectly held as to 98.7% by the Company as at the date of this announcement
“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 under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Zhong”	Mr. Zhong Hua (鐘華), a director of Huaqi Intelligent, and an equity holder who directly holds approximately 31.9% of the equity interests in Suzhou Tianyue as at the date of this announcement
“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
“Suzhou Rail Transit”	蘇州市軌道交通集團有限公司 (Suzhou Rail Transit Group Co., Ltd.*), a company established in the PRC with limited liability and an Independent Third Party as at the date of this announcement

“Suzhou Tianyue”

蘇州田玥企業管理合夥企業（有限合夥）(Suzhou Tianyue Enterprise Management Partnership (Limited Partnership)\*), formerly known as 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

“%”

per cent

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

Hong Kong, 8 August 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\$1.09.*

*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.*

\* *For identification purposes only*