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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 IN RELATION TO SUBSCRIPTION OF EQUITY BY CAPITAL INJECTION**

#### **THE SUBSCRIPTION BY CAPITAL INJECTION**

The Board is pleased to announce that on 2 December 2019, BII Zhongfu, a wholly-owned subsidiary of the Company, entered into the Capital Injection Agreement with the Target Company, Mr. Song and Lemashi Technology, pursuant to which BII Zhongfu has agreed to subscribe for approximately 51% of the equity interest in the Target Company by injecting capital of RMB19,201,500 (equivalent to approximately HK\$21,313,665) into the Target Company, among which, RMB7,285,700 will be used for the capital increase of the Target Company, and RMB11,915,800 will be used as the capital reserves of the Target Company. Upon completion of the Subscription by Capital Injection, the Target Company will become a subsidiary of the Company and the financial statements of the Target Company will be consolidated in the audited consolidated financial statements of the Company.

#### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios for the Subscription by Capital Injection exceed 5% but are less than 25%, the Subscription by Capital Injection constitutes discloseable transaction of the Company under the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

#### **THE SUBSCRIPTION BY CAPITAL INJECTION**

The Board is pleased to announce that on 2 December 2019, BII Zhongfu, a wholly-owned subsidiary of the Company, entered into the Capital Injection Agreement with the Target Company, Mr. Song and Lemashi Technology, pursuant to which BII Zhongfu has agreed to subscribe for approximately 51% of the equity interest in the Target Company by injecting capital of RMB19,201,500 (equivalent to approximately HK\$21,313,665) into the Target Company, among which, RMB7,285,700 will be used for the capital increase of the Target Company, and RMB11,915,800 will be used as the capital reserves of the Target Company.

## THE CAPITAL INJECTION AGREEMENT

The major terms of the Capital Injection Agreement are set out as follows:

<b>Date</b>	2 December 2019
<b>Parties</b>	<ol style="list-style-type: none"><li>1. BII Zhongfu;</li><li>2. the Target Company;</li><li>3. Mr. Song; and</li><li>4. Lemashi Technology.</li></ol>

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of Mr. Song, the Target Company, Lemashi Technology and their respective beneficial owners were third parties independent from the Company and its connected persons under the Listing Rules as at the date of this announcement.

### The Subscription by Capital Injection

Pursuant to the Capital Injection Agreement, BII Zhongfu has agreed to subscribe for approximately 51% of the equity interest in the Target Company by injecting capital of RMB19,201,500 (equivalent to approximately HK\$21,313,665) into the Target Company, among which, RMB7,285,700 will be used for the capital increase of the Target Company, and RMB11,915,800 will be used as the capital reserves of the Target Company.

As at the date of this announcement and before completion of the Subscription by Capital Injection, the Target Company had a registered capital of RMB7,000,000 and was held by Mr. Song and Lemashi Technology as to 44% and 56%, respectively. Immediately upon completion of the Subscription by Capital Injection, the registered capital of the Target Company would increase to RMB14,285,700, and BII Zhongfu, Mr. Song and Lemashi Technology would be interested in approximately 51.00%, 21.56% and 27.44%, respectively, of the registered capital of the Target Company.

The consideration under the Capital Injection Agreement has been arrived after arm's length negotiations amongst the parties to the Capital Injection Agreement with reference to, among others, the total asset value of the Target Company as at 31 May 2019, the positive revenue and profit in the past two years of the Target Company, and the prospects of the businesses operated by the Target Company. The consideration under the Capital Injection Agreement, i.e. RMB19,201,500, shall be paid by BII Zhongfu to the Target Company in a lump sum within 30 business days from the satisfaction of, among others, the filing of the increase in registered capital of the Target Company with the relevant business administrative authority, and the signing of non-compete agreements by Mr. Song and certain core employees of Lemashi Technology and the Target Company.

## **Right to sell**

Pursuant to the Capital Injection Agreement, BII Zhongfu has the right to request Mr. Song, Lemashi Technology or their nominees to purchase all of the equity interest in the Target Company held by BII Zhongfu if the Target Company failed to meet certain financial targets for the year ending 31 December 2020, 2021 and 2022. Should BII Zhongfu exercise such right, the purchase price of the equity interest of the Target Company under the Capital Injection Agreement shall not be higher than RMB32,500,000.

The granting of such right to sell to BII Zhongfu under the Capital Injection Agreement constitutes a grant of option which is a notifiable transaction for the Company under Chapter 14 of the Listing Rules. The Company will by way of announcement update the Shareholders and investors upon exercise of such right as and where appropriate.

## **Conditions precedent**

The transactions contemplated under the Capital Injection Agreement are conditional upon the satisfaction of, among others, the followings:

- (i) BII Zhongfu having completed due diligence review in relation to legal compliance, finance and operation of the Target Company;
- (ii) the Target Company having passed the resolutions of the equity holders in respect of the Subscription by Capital Injection;
- (iii) BII Zhongfu having completed all internal procedures required in accordance with its articles of association and internal regulations in respect of the transactions contemplated under the Capital Injection Agreement;
- (iv) the valuation in relation to the Subscription by Capital Injection having been approved and filed with the relevant state-owned assets regulatory authority or any of its authorised entities in the PRC; and
- (v) BII Zhongfu having obtained all necessary approvals and consents from relevant regulatory authorities in respect of the Subscription by Capital Injection.

As at the date of this announcement, save as the conditions precedent (iv) and (v) above, all conditions precedent under the Capital Injection Agreement has been fulfilled.

## **Completion**

The Target Company shall complete the relevant filing of the increase in registered capital of the Target Company with the relevant business administrative authority within 30 business days from the fulfilment of the conditions precedent under the Capital Injection Agreement.

Upon completion of the Subscription by Capital Injection, the Target Company will become a subsidiary of the Company and the financial statements of the Target Company will be consolidated in the audited consolidated financial statements of the Company.

## FINANCIAL INFORMATION OF THE TARGET COMPANY

Set out below is the audited financial information of the Target Company for the two years ended 31 December 2018 in accordance with the PRC accounting standard:

	For the year ended	
	31 December 2017 RMB	31 December 2018 RMB
Revenue	18,391,399.80	21,220,226.13
Profit before tax	3,433,914.84	7,667,488.27
Profit after tax	3,533,427.30	7,748,526.18

The audited total asset value of the Target Company as at 31 May 2019 amounted to RMB20,392,133.02.

## REASONS AND BENEFITS FOR THE SUBSCRIPTION BY CAPITAL INJECTION

The Board believes that with the rapid development of enterprise asset management system related to railway transportation, the Subscription by Capital Injection will enable the Group to acquire the existing business of the Target Company and related technologies, for the development of enterprise asset management systems, and will in turn expand the products and services provided by the Group to its customers in accordance with the strategic planning of the Group regarding its intelligent railway transportation related business. Further, in view of the positive financial performance of the Target Company during the two years ended 31 December 2018, the Company believes that the Subscription by Capital Injection will enrich the Group's income stream in the future which will be beneficial to the Shareholders.

In view of the above, although the Subscription by Capital Injection is not in the ordinary and usual course of business of the Group, the Directors consider that the terms of the Capital Injection Agreement (including the consideration), are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

## **INFORMATION OF THE PARTIES TO THE CAPITAL INJECTION AGREEMENT**

### **BII Zhongfu and the Group**

BII Zhongfu is a company established in the PRC with limited liability and is a wholly-owned subsidiary of the 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 infrastructure information 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 railway transportation; 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.

### **The Target Company**

The Target Company is a company established in the PRC with limited liability. As at the date of this announcement and before completion of the Subscription by Capital Injection, the Target Company was held by Lemashi Technology and Mr. Song as to 56% and 44%, respectively. The Target Company is principally engaged in the development and application of asset management systems based on the full lifecycle management concept to provide services for railway transportation operators. The railway transportation enterprise asset management system is an integrated system that manages the railway transportation assets and their maintenance. It connects the management and the production of railway transportation business which manages the lifecycle of railway transportation assets. Its functions mainly include basic information management of assets, asset transfer management, inventory management, and management of equipment and vehicle maintenance.

### **Lemashi Technology and Mr. Song**

To the best of the Directors’ knowledge, information and belief, Lemashi Technology is a company established in the PRC with limited liability, and it was principally engaged in technology development and consulting services. As at the date of this announcement, Lemashi Technology was wholly owned by Mr. Song.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, each of Mr. Song, Lemashi Technology and its beneficial owners are third parties independent of the Company and its connected persons under the Listing Rules.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios for the Subscription by Capital Injection exceed 5% but are less than 25%, the Subscription by Capital Injection constitutes discloseable transaction of the Company under the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“BII Zhongfu”	京投眾甫科技有限公司 (BII Zhongfu Technology Company Limited*), a company established in the PRC with limited liability and is a wholly-owned subsidiary of the Company as at the date of this announcement
“Board”	the board of Directors
“Capital Injection Agreement”	the Capital Injection Agreement entered into between BII Zhongfu, the Target Company, Mr. Song and Lemashi Technology in relation to the Subscription by Capital Injection
“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
“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”	Hong Kong Special Administrative Region of the PRC
“Lemashi Technology”	北京樂碼仕科技有限公司 (Beijing Lemashi Technology Company Limited*), a company established in the PRC with limited liability and was wholly owned by Mr. Song as at the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Song”	Mr. Song Jifeng (宋繼峰), a third party independent from the Company and its connected persons under the Listing Rules
“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
“Subscription by Capital Injection”	the subscription of the registered capital of RMB7,285,700 in the Target Company (representing approximately 51% of the equity interest in the Target Company) by injecting capital of RMB19,201,500 (equivalent to approximately HK\$21,313,665) into the Target Company by BII Zhongfu in accordance with the terms of the Capital Injection Agreement
“Target Company”	北京樂碼仕智能科技有限公司 (Beijing Lemashi Smart Technology Company Limited*), a company established in the PRC with limited liability and was held by Lemashi Technology and Mr. Song as to 56% and 44%, respectively, as at the date of this announcement and before completion of the Subscription by Capital Injection
“%”	per cent

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

Hong Kong, 2 December 2019

*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 Directors are Mr. Cao Wei and Ms. Xuan Jing; the non-executive Directors are Mr. Zhang Yanyou, Mr. Guan Jifa, Mr. Zheng Yi and Mr. Ren Yuhang; and the independent non-executive Directors are Mr. Bai Jinrong, Mr. Luo Zhenbang and Mr. Huang Lixin.*

\* *For identification purposes only*