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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in BII Railway Transportation Technology Holdings Company Limited (the “Company”), you should at once hand this circular with the accompanying form of proxy to the purchaser or transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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
LOAN AGREEMENT
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed “Definitions” in this circular. A letter from the Board is set out on pages 4 to 18 of this circular.

A notice convening the EGM to be held at Conference Room, 15/F, Tower 2, Fusheng Building, No. 4 Huixin East Street, Chaoyang District, Beijing, the PRC on 6 December 2024 at 3:00 p.m. is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM is also enclosed.

Whether or not you intend to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and deposit the same with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the appointed time for holding the EGM (i.e. not later than 3:00 p.m. on Wednesday, 4 December 2024) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM and any adjournment thereof (as the case may be) should you so wish.

21 November 2024

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	4
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	19
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER	21
APPENDIX - GENERAL INFORMATION	33
NOTICE OF EGM	EGM-1

DEFINITIONS

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

“Announcement”	the announcement of the Company dated 14 October 2024 in relation to, among other matters, the Loan Agreement, the Share Charge Agreement and the transactions contemplated thereunder
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Beijing City Railway”	北京城市軌道交通控股有限公司 (Beijing City Railway Holdings Company Limited), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company as at the Latest Practicable Date
“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 Latest Practicable Date, 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 Latest Practicable Date
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“CCRTT Investment”	中國城市軌道交通科技投資有限公司 (China City Railway Transportation Technology Investment Co., Ltd), a company incorporated in Hong Kong with limited liability and a non-wholly owned subsidiary of the Company as at the Latest Practicable Date
“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

DEFINITIONS

“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
“Drawdown Date”	the date on which the Loan is drawn down and transferred to the bank account designated by the Company, which shall be any day after (i) the Loan Agreement becomes effective; and (ii) BII HK received a drawdown notice from the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of, among others, approving the Loan Agreement, the Share Charge Agreement and the transactions contemplated thereunder
“Great Legend”	Great Legend Development Limited, a company incorporated under the laws of BVI and a wholly-owned subsidiary of the Company as at the Latest Practicable Date
“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 Board Committee”	the independent board committee of the Board, comprising all the independent non-executive Directors, namely Mr. Luo Zhenbang, Mr. Huang Lixin and Mr. Li Wei, established for the purpose of advising the Independent Shareholders on the Loan Agreement, the Share Charge Agreement and the transactions contemplated thereunder
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the Loan Agreement and the Share Charge Agreement

DEFINITIONS

“Independent Shareholder(s)”	the Shareholder(s) other than BII and its associates
“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
“Latest Practicable Date”	19 November 2024, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loan to be granted to the Company by BII HK in a principal amount of HK\$255 million under the Loan Agreement
“Loan Agreement”	the loan agreement dated 14 October 2024 and entered into by the Company (as borrower) and BII HK (as lender) in relation to the provision of the Loan
“PRC”	the People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Charge”	the charge of the Company’s rights and interests in 30% of the issued share capital of Great Legend in favour of BII HK pursuant to the Share Charge Agreement
“Share Charge Agreement”	the share charge agreement to be entered into by the Company (as chargor) and BII HK (as chargee) by way of charge of the rights and interests in 30% of the issued share capital of Great Legend in favour of BII HK pursuant to the Loan Agreement
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

* For identification purposes only

LETTER FROM THE BOARD

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)

Executive Directors:

Mr. Liu Yu (*Chief Executive Officer*)

Ms. Zhao Jingyuan

Non-executive Directors:

Mr. Guan Jifa (*Chairman*)

Ms. Sun Fang

Mr. Cao Mingda

Mr. Fang Zhiwei

Independent non-executive Directors:

Mr. Luo Zhenbang

Mr. Huang Lixin

Mr. Li Wei

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

Principal place of business in

Hong Kong:

Rm 2502, 25/F, Tower 1

Enterprise Square Five

38 Wang Chiu Road

Kowloon Bay

Hong Kong

21 November 2024

To the Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION
LOAN AGREEMENT**

1. INTRODUCTION

Reference is made to the Announcement in relation to the Loan Agreement, the Share Charge Agreement and the transactions contemplated thereunder.

The purpose of this circular is to provide you with, among other things, (i) details of the Loan Agreement, the Share Charge Agreement and the transactions contemplated thereunder; (ii) the recommendation from the Independent Board Committee and the recommendation from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders with regards to the Loan Agreement, the Share Charge Agreement and the transactions contemplated thereunder; and (iii) the notice of EGM.

LETTER FROM THE BOARD

2. THE LOAN AGREEMENT

On 14 October 2024, the Company (as borrower) entered into the Loan Agreement with BII HK (as lender) pursuant to which BII HK agreed to provide the Loan of HK\$255 million to the Company for a term commencing from the Drawdown Date and expiring three years after the Drawdown Date. Pursuant to the Loan Agreement, the Company and BII HK will enter into the Share Charge Agreement within 30 business days from the Drawdown Date. Pursuant to the Share Charge Agreement, the Loan shall be secured by the charge of the Company's rights and interests in 30% of the issued share capital of Great Legend (i.e. Share Charge) provided by the Company in favour of BII HK.

The principal terms of the Loan Agreement are summarised as follows:

Date: 14 October 2024 (after trading hours)

Parties: (1) the Company (as borrower); and
(2) BII HK (as lender).

As at the Latest Practicable Date, BII HK held 1,157,634,900 Shares, 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. As at the Latest Practicable Date, BII was wholly-owned by the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality.

Principal amount: HK\$255 million

Interest rate: The interest rate shall be calculated every month. The interest rate shall be calculated with reference to:

1 month HIBOR (Hong Kong Interbank Offered Rate) + 70 basis points (bps).

Pursuant to the Loan Agreement, the maximum interest rate shall be 6.5%. If there is any material change to this term, the parties to the Loan Agreement shall enter into a supplemental agreement to clarify the payment arrangements. The Company shall comply with the applicable requirements under the Listing Rules if and as required if such supplemental agreement is entered into.

LETTER FROM THE BOARD

The interest rate under the Loan Agreement was determined based on the parties' arm's length negotiation with reference to market loan interest rates quoted by commercial banks in Hong Kong.

After the Loan Agreement is effective, BII HK shall deliver an interest payment notice to the Company each month, and the Company shall settle the interest payment stipulated in such interest payment notice with BII HK by the date specified by BII HK in the interest payment notice.

- Term:** Commencing from the Drawdown Date and expiring three years after the Drawdown Date.
- Usage:** The Loan is designated for (i) working capital purposes of the Company; and (ii) repayment of loans.
- Conditions precedent:** The Loan Agreement is subject to the following conditions precedent:
- (1) the Company and BII HK having obtained all necessary approvals in relation to the transaction contemplated under the Loan Agreement, including but not limited to passing relevant board resolutions and shareholders' resolutions to approve the transactions contemplated under the Loan Agreement;
 - (2) the Company and BII HK having obtained all necessary approvals from the relevant government and regulatory authorities (including the Stock Exchange) in relation to the transactions contemplated under the Loan Agreement;
 - (3) the Independent Shareholders having approved the transactions contemplated under the Loan Agreement and the Share Charge Agreement at the EGM; and
 - (4) the Company having paid to BII HK a handling fee of HK\$765,000 (i.e. 0.3% of the principal amount of the Loan) before the Drawdown Date.

LETTER FROM THE BOARD

If any of the abovementioned conditions precedent are not satisfied on or before 31 January 2025 or such other date(s) as the parties may agree in writing, the Loan Agreement shall cease and determine.

**Repayment
arrangement:**

The principal amount of the Loan shall be repaid before the expiry of the term of the Loan.

The Company and BII HK have mutually agreed that the Company may partially repay the Loan (including corresponding interest) in advance once per month before the expiry of the term of the Loan provided that the repayment amount shall be a multiple of HK\$5 million (the "**Partial Repayment**"). If the Company repays part of the Loan in advance, the Company must also settle the corresponding interest to be accrued for the month of such Partial Repayment.

Security:

The Share Charge Agreement shall be entered into by the parties to the Loan Agreement within 30 business days from the Drawdown Date. The Company shall charge all its beneficially owned rights and interests as to 30% of the issued share capital of Great Legend, a wholly-owned subsidiary of the Company, in favour of BII HK over the charge period so as to provide guarantee for the fulfillment of the obligations of the Company under the Loan Agreement.

Pursuant to the Loan Agreement:

- (i) when the Company repays an aggregate principal amount of HK\$45 million, BII HK shall release 5% of the issued share capital of Great Legend that is subject to the Share Charge within 30 days of such early repayment;
- (ii) when the Company repays an aggregate principal amount of HK\$90 million, BII HK shall release an aggregate 10% of the issued share capital of Great Legend that is subject to the Share Charge within 30 days of such early repayment;

LETTER FROM THE BOARD

- (iii) when the Company repays an aggregate principal amount of HK\$135 million, BII HK shall release an aggregate 15% of the issued share capital of Great Legend that is subject to the Share Charge within 30 days of such early repayment;
- (iv) when the Company repays an aggregate principal amount of HK\$180 million, BII HK shall release an aggregate 20% of the issued share capital of Great Legend that is subject to the Share Charge within 30 days of such early repayment; and
- (v) when the Company repays an aggregate principal amount of HK\$225 million, BII HK shall release an aggregate 25% of the issued share capital of Great Legend that is subject to the Share Charge within 30 days of such early repayment.

For the avoidance of doubt, the aggregate 30% of the issued share capital of Great Legend that is subject to the Share Charge shall be released in full upon repayment of the principal amount of HK\$255 million in full.

The Company undertakes that the audited book value of the Share Charge shall not be less than 120% of the principal amount of the Loan on the Drawdown Date.

The Company also undertakes that during the charge period, if the audited book value of the Share Charge is less than 120% of the principal amount of the Loan, the parties to the Loan Agreement shall enter into a supplemental agreement for the purpose of providing further security interests in Great Legend (in addition to the 30% of the issued share capital in Great Legend) to BII HK to make up the difference between the principal amount of the Loan and the book value of the Share Charge. The Company shall comply with the applicable requirements under the Listing Rules if and as required if such supplemental agreement is entered into.

Please refer to the paragraph headed “The Share Charge Agreement” below for details on the Share Charge.

LETTER FROM THE BOARD

3. THE SHARE CHARGE AGREEMENT

Pursuant to the Loan Agreement, the Share Charge Agreement shall be entered into by the parties to the Loan Agreement within 30 business days from the Drawdown Date.

The principal terms of the Share Charge Agreement are summarised below:

Date: Within 30 business days from the Drawdown Date.

Parties: (1) the Company (as chargor); and
(2) BII HK (as chargee).

Subject: Pursuant to the Share Charge Agreement, the Company shall charge all its beneficially owned rights and interests as to 30% of the issued share capital of Great Legend, a wholly-owned subsidiary of the Company, in favour of BII HK over the charge period so as to provide guarantee for the fulfillment of the obligations of the Company under the Loan Agreement. The unaudited net assets attributable to shareholders of Great Legend as at 30 June 2024 (being the latest financial information available prior to the entering into of the Loan Agreement) was approximately HK\$1,093.7 million.

During the charge period, if the audited book value of the Share Charge is less than 120% of the principal amount of the Loan, the parties to the Share Charge Agreement shall enter into a supplemental agreement for the purpose of providing further security interests in Great Legend (in addition to the 30% of the issued share capital in Great Legend) to BII HK to make up the difference between the principal amount of the Loan and the book value of the Share Charge. The Company shall comply with the applicable requirements under the Listing Rules if and as required if such supplemental agreement is entered into.

Charge period: Subject to BII HK releasing part of the Share Charge in the manner described in the section headed “The Loan Agreement” above, the period commencing from the Drawdown Date up to the date on which the Company fulfills its repayment obligations under the Loan Agreement.

LETTER FROM THE BOARD

Great Legend is a company incorporated under the laws of the BVI and a direct wholly-owned subsidiary of the Company. Great Legend is an investment holding company and it holds the entire equity interest in Beijing City Railway and 70% of the entire equity interest of CCRTT Investment. Each of Beijing City Railway and CCRTT Investment is an investment holding company. The principal business activities of the subsidiaries of Beijing City Railway include civil communication transmission services, smart card automatic fee collection systems and “Intelligent +” related business. CCRTT Investment holds 49% of the entire equity interest of Beijing Metro Science and Technology Development Co., Ltd.* (北京地鐵科技發展有限公司), which is principally engaged in the repair and maintenance of automatic fare collection systems.

4. INFORMATION ON THE PARTIES TO THE LOAN AGREEMENT AND SHARE CHARGE AGREEMENT

The Group

The Company is an investment holding company.

The Group is a high-tech enterprise group specialising in integrating investment and financing, technology research, and intelligent railway transportation construction, operation and maintenance. With the mission of “empowering railway transportation with intelligent technology”, and the strategic direction of “focusing on integrated innovation and becoming a leading rail transit smart systems service provider in the PRC” and building a technological ecosystem, the Group aims to be an international leader in smart rail transit.

BII HK

BII HK is a company incorporated in Hong Kong in 1997. It is principally engaged in investment holding.

As at the Latest Practicable Date, the entire issued equity capital of BII HK is directly owned by BII, which is interested in approximately 55.20% of the issued share capital of the Company through BII HK. BII is wholly-owned by the State-owned Assets Supervision and Administration Commission of People’s Government of Beijing Municipality.

LETTER FROM THE BOARD

5. REASONS FOR AND BENEFITS OF ENTERING INTO THE LOAN AGREEMENT AND SHARE CHARGE AGREEMENT

The Directors consider that the entering into of the Loan Agreement will enable the Group to repay its loans in a timely manner and maintain sufficient capital for its general operations purpose. In particular, the entering into of the Loan Agreement is effectively extending a previous loan with the remaining principal amount of HK\$255 million.

Background of the Loan Agreement

Reference is made to the Company's circular dated 21 June 2019. On 26 April 2019, the Company (as borrower) entered into a loan agreement (the "**Previous Loan Agreement**") with Eastern Creation II Investment Holdings Ltd (as lender) ("**Eastern Creation II**"), a wholly-owned subsidiary of BII, pursuant to which Eastern Creation II agreed to provide a loan in the principal amount of HK\$500 million to the Company. Details are as follows:

Date:	26 April 2019
Parties:	(1) the Company (as borrower); and (2) Eastern Creation II (as lender)
Principal amount:	HK\$500 million
Annual interest rate:	Capped at 5.43%
Term:	Commencing from 12 July 2019 and expiring on 12 December 2021
Security:	All beneficially owned rights to and interests in the entire share capital of Beijing Investment Railway Technology Development Limited, a direct wholly-owned subsidiary of the Company

References is also made to circular of the Company dated 2 December 2021. On 22 October 2021, the Company (as borrower) entered into a loan extension agreement with Eastern Creation II (as lender) (the "**Loan Extension Agreement**") pursuant to which (i) the Company agreed to repay HK\$200 million before the expiry of the term of the Previous Loan Agreement as partial repayment; and (ii) Eastern Creation II agreed to extend the term of the remaining principal amount of the loan amount to HK\$300 million to three years from 13 December 2021.

LETTER FROM THE BOARD

Details are as follows:

Date:	22 October 2021
Parties:	(1) the Company (as borrower); and (2) Eastern Creation II (as lender)
Principal amount:	HK\$300 million
Annual interest rate:	Capped at 3%
Term:	Commencing from 13 December 2021 and expiring on 12 December 2024
Security:	60% of the issued share capital of Great Legend

References is further made to Company's announcement dated 18 August 2023. On 18 August 2023, the Company and Eastern Creation II entered into a supplemental agreement to the Loan Extension Agreement pursuant to which the Company shall repay HK\$45 million as early repayment (including corresponding interest) by 31 August 2023 and repay the remaining principal amount the loan in the amount of HK\$255 million to Eastern Creation II by 12 December 2024. Details are as follows:

Date:	18 August 2023
Parties:	(1) the Company (as borrower); and (2) Eastern Creation II (as lender)
Remaining principal amount:	HK\$255 million
Annual interest rate:	1.72%
Term:	Commencing from 30 August 2023 and expiring on 12 December 2024
Security:	51% of the issued share capital of Great Legend

The entering into of the Loan Agreement is effectively extending the loan owed to Eastern Creation II with the remaining principal amount of HK\$255 million.

LETTER FROM THE BOARD

Terms of the Loan Agreement

The terms of the Loan Agreement, including the applicable interest rate, are entered into after arm's length negotiations between the parties and taking into account, among others, the prevailing market loan interest rates and practices. In particular, the Directors compared market loan interest rates offered by various commercial banks for the same principal amount of loan of HK\$255 million and noted that the interest stipulated under the Loan Agreement is comparable to the prevailing market loan interest rates. The prevailing market loan interest rates the Directors referred to were in the range of 5.625% to 5.875% between January 2024 and October 2024, being the prime lending rate quoted by the Hong Kong Monetary Authority.

The quotations obtained from independent banks for the same loan principal amount of HK\$255 million are summarised as follows, and is based on the Hong Kong Interbank Offered Rate, which is the benchmark interest rate for lending between banks in the Hong Kong interbank market.

Quotations obtained by BII HK:

- Ranging from 1 month HIBOR + 66 bps to + 110 bps.

Quotations obtained by the Company:

- Ranging from either (i) 1 month HIBOR; or (ii) 1 year HIBOR, + 100 bps to + 170 bps.

As disclosed above, BII HK is able to obtain more favourable quotations than the Company, which the Directors believe result from its favourable credit rating due to BII HK's existing commercial relationship with commercial banks. As such, the Directors are of the view that the cost of borrowing for the Company would be lower if BII HK obtained a loan to finance itself to provide the Loan to the Company.

The Directors understand that the determination basis of the interest rate of the Loan represents the interest rate of the bank borrowings obtained by BII HK. BII HK had corresponded with four independent commercial banks and reviewed the terms offered by such commercial banks for the purpose of providing the Loan. Based on the correspondence records between BII HK and the four independent commercial banks, BII HK selected one commercial bank (the "**Selected Bank**"), to finance itself for providing the Loan, as the cost of borrowings based on the terms offered by the Selected Bank is the lowest among the four independent commercial banks. Further, the maximum interest rate was determined to cater for possible fluctuations of 1-month HIBOR, given that the highest 1-month HIBOR plus 70 basis points was approximately 6.4% in the last 20 years prior to the date of the Loan Agreement.

LETTER FROM THE BOARD

Accordingly, as (i) BII HK obtained quotations from independent commercial banks before selecting the Selected Bank as the finance provider for providing the Loan; (ii) the cost of borrowing based on the terms offered by the Selected Bank is the lowest among the four independent commercial banks; and (iii) the interest rate of the Loan effectively equals the interest rate offered to BII HK by the Selected Bank, the Directors consider that the terms of the Loan Agreement are fair and reasonable and comparable to market rates.

Furthermore, although the maximum interest rate under the Loan Agreement is capped at a maximum of 6.5%, as compared to 5.43% for the Previous Loan Agreement and 3% for the Loan Extension Agreement, the Directors considered that the arrangement regarding the Partial Repayment would provide the Company with flexibility to progressively reduce its level of debt, as the Partial Repayment arrangement were not previously available to the Company under the Previous Loan Agreement and the Loan Extension Agreement. Moreover, the Partial Repayment arrangement would allow the Company to reduce financing costs and improve capital efficiency, as the effective principal amount would be reduced when Partial Repayment is made by the Company.

As well, the Directors also compared the interest rates between the Loan Agreement and the Loan Extension Agreement. The cap of 3% interest rate stipulated in the Loan Extension Agreement was determined when HIBOR was relatively low (i.e. ranging from approximately 0.06% to 0.21% during 2021, as compared to approximately 3.70% to 4.99% from 1 January 2024 up to the Latest Practicable Date). The Directors are of the view that although there is an increase in a maximum of 3.5% interest rates for the Loan Agreement as compared to the Loan Extension Agreement, the corresponding HIBOR had also increased significantly since the date of the Loan Extension Agreement. The Directors consider that the interest rate under the Loan Agreement and the Loan Extension Agreement are based on the prevailing market conditions at the relevant time, and as such, the interest rate under the Loan Agreement is fair and reasonable, even compared to the interest rate under the Loan Extension Agreement, as HIBOR has fluctuated to reflect the prevailing market conditions.

Further, the interest rate calculated under the Loan Agreement (i.e. 1 month HIBOR + 70 bps) is comparable to the prevailing market loan interest rates the Directors referred to above. In particular, the effective interest rate calculated based on 1 month HIBOR + 70 bps from 1 January 2024 up to the Latest Practicable Date ranges from approximately 4.40% to 5.70% (i.e. 3.70% + 0.7% to 4.99% + 0.7%) (the “**Effective Interest Rate**”), which does not exceed (i) the average of the prevailing market loan interest rates which the Directors referred to above, being 5.825%; and (ii) the upper limit of the prevailing market loan interest rates which the Directors referred above. As such, although the Loan Agreement provides for a maximum interest rate of 6.5%, the Directors relied on the Effective Interest Rate to determine whether the terms of the Loan Agreement are fair and reasonable as (i) the Effective Interest Rate should be considered when interest is payable to BII HK; and (ii) the maximum interest rate was only determined to cater to the possible fluctuations to 1-month HIBOR going forward.

LETTER FROM THE BOARD

As such, the Directors considered that the terms of the Loan Agreement, and in particular, the interest rates under the Loan Agreement, are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Additionally, taking into account the long term relationship between the Group and BII HK, and the fact that BII HK is the Company's substantial shareholder, the Directors believe that the Group will be able to renew or extend existing borrowings or obtain new borrowings from BII HK on favourable terms going forward if and when necessary.

Terms of the Share Charge Agreement

The net assets attributable to shareholders of Great Legend as at 30 June 2021 (being the latest financial information available prior to the entering into of the Loan Extension Agreement) was approximately HK\$936.5 million. Based on the principal amount of the previous loan of HK\$300 million and the share charge of such previous loan (i.e. 60% equity interest of Great Legend) (the "**Previous Share Charge**"), the value of the Previous Share Charge represents approximately 187% of the principal amount of the previous loan. On the other hand, the book value of the Share Charge as at 30 June 2024 (being 30% of Great Legend's net assets attributable to the shareholders of Great Legend of about HK\$1,093.7 million) is significantly less than that under the Previous Share Charge. Due to the fact that the book value of the Share Charge is significantly less than that under the Previous Share Charge, the Directors are of the view that the terms of the Share Charge Agreement, including the undertaking made by the Company that the Share Charge shall not be less than 120% of the principal amount of the Loan, is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

As a result of the above, the Directors are of the view that the transactions contemplated under the Loan Agreement and the Share Charge Agreement, although are not in the ordinary and usual course of business, are entered into on normal commercial terms, fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

6. LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, BII HK held 1,157,634,900 Shares, 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. Accordingly, the transaction contemplated under the Loan Agreement and the Share Charge Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As certain applicable percentage ratios in respect of the transaction contemplated under the Loan Agreement and the Share Charge Agreement are more than 25%, the Loan Agreement and the Share Charge Agreement are subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

An Independent Board Committee has been established to advise the Independent Shareholders in respect of the Loan Agreement, the Share Charge Agreement and the transactions contemplated thereunder. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Loan Agreement, the Share Charge Agreement and the transactions contemplated thereunder. The Company will seek the Independent Shareholders' approval for the Loan Agreement, the Share Charge Agreement and the transactions contemplated thereunder at the EGM.

As at the date of the Announcement, Mr. Guan Jifa, a non-executive Director, was the vice general manager of BII (i.e. the sole beneficial shareholder of BII HK). Accordingly, Mr. Guan Jifa was considered to have a material interest in the transactions contemplated under the Loan Agreement and the Share Charge Agreement by virtue of his management positions held in BII, and had abstained from voting on the board resolution(s) approving the transactions contemplated under the Loan Agreement and the Share Charge Agreement. Save as disclosed above, none of the Directors has abstained from voting on the board resolution(s) approving the transactions contemplated under the Loan Agreement and the Share Charge Agreement. Save as disclosed above, there were no Directors who were also a director or employee of any substantial shareholder of the Company.

7. THE EGM

The EGM will be held at Conference Room, 15/F, Tower 2, Fusheng Building, No. 4 Huixin East Street, Chaoyang District, Beijing, the PRC on 6 December 2024 at 3:00 p.m., during which an ordinary resolution will be proposed to the Shareholders to consider and, if thought fit, to approve the Loan Agreement, the Share Charge Agreement and the transactions contemplated thereunder by way of poll, the results of which will be announced after the EGM.

The notice of the EGM is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM is enclosed. Whether or not the Shareholders are able to attend the EGM, the Shareholders are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the EGM or any adjournment thereof should the Shareholders so wish.

For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 3 December 2024 to Friday, 6 December 2024, both dates inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the EGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance

LETTER FROM THE BOARD

Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 2 December 2024 (Hong Kong time).

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at general meetings must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.

As at the Latest Practicable Date, BII HK held 1,157,634,900 Shares, 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 HK will be required to abstain from voting on the resolution(s) to approve the Loan Agreement, the Share Charge Agreement and the transactions contemplated thereunder at the EGM. Save as disclosed, to the best of the knowledge, information and belief of the Directors, no other Shareholder has a material interest in respect of the Loan Agreement, the Share Charge Agreement and the transactions contemplated thereunder and will be required to abstain from voting on the resolution(s) to approve the Loan Agreement, the Share Charge Agreement and the transactions contemplated thereunder at the EGM.

8. BAD WEATHER ARRANGEMENTS

Where gale warning (orange typhoon warning or above), rainstorm warning (orange rainstorm warning or above), extreme weather conditions or other similar event is or are in force at 8:00 a.m. on the date of the EGM, the EGM will be postponed. The Company will post an announcement on its website (www.biitt.cn) and on the website of the Stock Exchange (www.hkexnews.hk) to notify the Shareholders of the date, time and place of the postponed meeting.

9. RECOMMENDATIONS

The Directors are of the opinion that the terms of the Loan Agreement and the Share Charge Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole, and accordingly recommend the Independent Shareholders to vote in favour of the relevant resolution(s) proposed at the EGM.

An Independent Board Committee has been formed to advise the Independent Shareholders in connection with the Loan Agreement, the Share Charge Agreement and the transactions contemplated thereunder, and Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. The text of the letter of advice from the Independent Financial Adviser containing its recommendation in respect of the Loan Agreement, the Share Charge Agreement and the transactions contemplated thereunder is set out on pages 21 to 32 of this circular.

LETTER FROM THE BOARD

10. ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 19 to 20 of this circular, the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 21 to 32 of this circular and the information set out in the appendix of this circular.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter of recommendation from the Independent Board Committee to the Independent Shareholders prepared for the purpose of inclusion in this circular.

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)

21 November 2024

To the Independent Shareholders

Dear Sir and Madam,

**CONNECTED TRANSACTION
LOAN AGREEMENT**

We refer to the circular of the Company to the Shareholders dated 21 November 2024 (the “**Circular**”), of which this letter forms part. Unless specified otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed as the Independent Board Committee to advise you as to whether, in our opinion, the terms of the Loan Agreement, the Share Charge Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned. Gram Capital Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this respect. Details of its advice, together with the principal factors taken into consideration in arriving at such advice, are set out on pages 21 to 32 of the Circular. Your attention is also drawn to the “Letter from the Board” of the Circular and the additional information set out in the appendix to the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the terms of the Loan Agreement, the Share Charge Agreement and the transactions contemplated thereunder and the advice of the Independent Financial Adviser, we consider that the Loan Agreement, the Share Charge Agreement and the transactions contemplated thereunder, although are not in the ordinary and usual course of business, are entered into on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM to approve the Loan Agreement, the Share Charge Agreement and the transactions contemplated thereunder.

Yours faithfully,

For and on behalf of

The Independent Board Committee of

BII Railway Transportation Technology Holdings Company Limited

Mr. Luo Zhenbang

*Independent non-executive
Director*

Mr. Huang Lixin

*Independent non-executive
Director*

Mr. Li Wei

*Independent non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transaction for the purpose of inclusion in this circular.



Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

21 November 2024

*To: The independent board committee and the independent shareholders
of BII Railway Transportation Technology Holdings Company Limited*

Dear Sir/Madam,

CONNECTED TRANSACTION IN RELATION TO THE LOAN AGREEMENT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the Loan Agreement (including the Share Charge) (the “**Transaction**”), details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 21 November 2024 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 14 October 2024 (the “**Agreement Date**”), the Company (as borrower) entered into the Loan Agreement with BII HK (as lender) pursuant to which BII HK agreed to provide the Loan of HK\$255 million to the Company for a term commencing from the Drawdown Date and expiring three years after the Drawdown Date. Pursuant to the Loan Agreement, the Company and BII HK will enter into the Share Charge Agreement within 30 business days from the Drawdown Date. Pursuant to the Share Charge Agreement, the Loan shall be secured by the charge of the Company’s rights and interests in 30% of the issued share capital of Great Legend (i.e. the Share Charge) provided by the Company in favour of BII HK.

With reference to the Board Letter, the Transaction constitutes a connected transaction of the Company and is subject to reporting, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising Mr. Luo Zhenbang, Mr. Huang Lixin and Mr. Li Wei (all being independent non-executive Directors) has been established to

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

advise the Independent Shareholders on (i) whether the terms of the Transaction are on normal commercial terms and are fair and reasonable; (ii) whether the Transaction is in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolution to approve the Transaction at the EGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

INDEPENDENCE

During the past two years immediately preceding the Latest Practicable Date, Gram Capital was engaged as independent financial adviser in relation to the continuing connected transaction as set out in the Company's announcement dated 23 October 2024. Save for the aforesaid engagement, there was no other service provided by Gram Capital to the Company relating to any transaction of the Company during the past two years immediately preceding the Latest Practicable Date. Notwithstanding the aforesaid engagement, we were not aware of any relationships or interests between Gram Capital and the Company or any other parties during the past two years immediately preceding the Latest Practicable Date that could be reasonably regarded as a hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Company. We have assumed that all information and representations that have been provided by the Company, for which it is solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Transaction. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable inquiries, that to the best of their

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statements therein or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, BII HK or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Transaction. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Transaction, we have taken into consideration the following principal factors and reasons:

Background of and reasons for the Transaction

Information on the Group

With reference to the Board Letter, the Group is a high-tech enterprise group specialising in integrating investment and financing, technology research, and intelligent railway transportation construction, operation and maintenance. With the mission of “empowering railway transportation with intelligent technology”, and the strategic direction of “focusing on integrated innovation and becoming a leading rail transit smart systems service provider in the PRC” and building a technological ecosystem, the Group aims to be an international leader in smart rail transit. With reference to the Company’s interim report for the six months ended 30 June 2024 (the “**2024 Interim Report**”), as at 30 June 2024, the Group’s businesses covered 55 cities in 28 provinces, municipalities, autonomous regions and special administrative regions in the PRC. As for overseas market, it has expanded into 30 cities in 19 overseas countries and regions.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below are the consolidated financial information of the Group for the two years ended 31 December 2023 and for the six months ended 30 June 2024 (together with comparative figures) as extracted from the Company's annual report for the year ended 31 December 2023 (the "2023 Annual Report") and the 2024 Interim Report:

	For the six months ended 30 June 2024 HK\$'000 (unaudited)	For the six months ended 30 June 2023 HK\$'000 (unaudited)	Year-on- year change %	For the year ended 31 December 2023 HK\$'000 (audited)	For the year ended 31 December 2022 HK\$'000 (audited)	Year-on- year change %
Revenue	468,982	473,188	(0.89)	1,637,181	1,638,948	(0.11)
– Intelligent passenger information services	167,374	243,942	(31.39)	770,937	742,217	3.87
– Data and integration services	165,240	143,247	15.35	577,432	662,014	(12.78)
– Intelligent infrastructure	136,368	85,999	58.57	288,812	234,717	23.05
Gross profit	189,650	188,375	0.68	591,007	586,299	0.80
Profit for the year/period	3,645	2,632	38.49	185,728	184,999	0.39

As depicted in the above table, the Group's revenue slightly decreased by approximately 0.11% from approximately HK\$1,638.9 million for the year ended 31 December 2022 ("FY2022") to approximately HK\$1,637.2 million for the year ended 31 December 2023 ("FY2023"). With reference to the 2023 Annual Report, such decrease was mainly due to the impact of exchange rate between Hong Kong dollar and Renminbi ("RMB"). The Group's revenue for FY2023 was equivalent to approximately RMB1,475.3 million, representing a year-on-year increase of approximately 4.3% as compared with the revenue recorded in RMB for FY2022.

Notwithstanding the aforesaid decrease in the Group's revenue, the Group's gross profit for FY2023 increased by approximately 0.80% as compared to that for FY2022; while the Group's gross profit margin for FY2023 increased by approximately 0.33 percentage points as compared to that for FY2022. As a result of foregoing, the Group's profit increased from approximately HK\$185.0 million for FY2022 to approximately HK\$185.7 million for FY2023.

The Group's revenue for 1H2024 slightly decreased by approximately 0.89% as compared to that for the corresponding period in 2023. The Group's revenue from intelligent passenger information services, data and integration services and intelligent infrastructure accounted approximately 35.69%, 35.23% and 29.08% of the Group's revenue for 1H2024, respectively. The Group's gross profit for 1H2024 slightly increased by approximately 0.68% as compared to that for the corresponding period in 2023, while the Group's gross profit margin for 1H2024 was approximately 40.44%, representing an increase of approximately 0.63 percentage points as compared to that for the corresponding period in 2023.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Group's profit for 1H2024 was approximately HK\$3.6 million, representing an increase of approximately 38.49% as compared to that for the corresponding period in 2023. With reference to the 2024 Interim Report, such increase was mainly due to decrease in (i) selling, general and administrative expenses; (ii) impairment loss on trade, bills and other receivables and contract assets; and (iii) research and development expenses, partially offset by the decrease in share of profits of joint ventures and associates and the increase in fair value loss on other financial assets.

Information on BII HK

With reference to the Board Letter, BII HK is a company established in Hong Kong in 1997 principally engaged in investment holding, BII HK is a wholly-owned subsidiary of BII. As at the Latest Practicable Date, BII HK is interested in approximately 55.20% of the issued share capital of the Company. BII HK is a substantial Shareholder and hence a connected person of the Company.

Reasons for and benefits of the Transaction

With reference to the Board Letter, the entering into of the Loan Agreement will enable the Group to repay its loans in a timely manner and maintain sufficient capital for its general operation purpose.

We noted from the Company's announcement dated 22 October 2021 that the Company entered into a loan extension agreement with Eastern Creation II Investment Holdings Ltd (a wholly-owned subsidiary of BII) in relation to the extension of the term of the loan in the principal amount of HK\$300 million (the "**Previous Loan**"). We understood from the Directors that the entering into of the Loan Agreement is effectively extending the Previous Loan with the remaining principal amount of HK\$255 million. Although the Group's cash and cash equivalents amounted to approximately HK\$675.0 million as at 30 June 2024, which is sufficient to settle the Previous Loan, we understood from the Directors that (i) the Group's subsidiaries operate on their own and, given their business nature, have substantial working capital requirements, thus they would only provide funds to the Company by way of dividends for distribution to the Shareholders; and (ii) the Company on its own does not have sufficient fund to settle the Previous Loan. We further enquired Directors regarding the Group's existing banking facilities and the Directors advised us that some of the Group's operating subsidiaries in the PRC had obtained banking facilities from commercial banks in the PRC. Nevertheless, the usage of bank borrowings from such facilities are restricted solely for the Group's principal business and thus it is impracticable for the Group to utilize its existing banking facilities for the purpose of repaying the Previous Loan. As such, it is impractical to repay the Previous Loan with the Group's internal resources and thus the entering into of the Loan Agreement with BII HK is able to serve the purpose of extending the Previous Loan.

Having considered the above, we are of the view that although the entering into of the Loan Agreement is not conducted in the ordinary and usual course of business of the Group, it is in the interest of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Principal terms of the Transaction

Set out below are the principal terms of the Transaction, details of which are set out under the section headed “2. The Loan Agreement” of the Board Letter:

Date

14 October 2024 (after trading hours)

Parties

- (1) The Company (as borrower); and
- (2) BII HK (as lender)

Term

Commencing from the Drawdown Date and expiring three years after the Drawdown Date.

Principal amount

HK\$255 million

Interest rate

The interest rate shall be calculated every month, with reference to the 1 month HIBOR (Hong Kong Interbank Offered Rate) plus 70 basis points (bps). Pursuant to the Loan Agreement, the maximum interest rate shall be 6.5%. If there is any material change to this term, the parties to the Loan Agreement shall enter into a supplemental agreement to clarify the payment arrangements.

We enquired into the Directors in relation to the determination basis of the interest rate of the Loan and we were given the understanding that the interest rate of the Loan represents the interest rate of the bank borrowings obtained by BII HK, after reviewing the terms of the banking facilities offered by four independent commercial banks, for the purpose of providing the Loan to the Company.

For our due diligence purpose, we obtained from the Company the correspondence records between BII HK and the four independent commercial banks in relation to the terms of the bank borrowings offered to BII HK by each of the four independent commercial banks (the “**Correspondence Records**”), together with the calculation of the costs of borrowing (including interest and handling fee) (the “**Calculation**”). Based on the Correspondence Records and the Calculation, we noted that BII HK selected one commercial bank (the “**Selected Bank**”), to finance itself for providing the Loan, as the cost of borrowings based on the terms offered by the Selected Bank is the lowest among the four independent commercial banks.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As noted from the Board Letter, the Company had also obtained quotations from independent banks on interest rates of loan with principal amount of HK\$255 million, ranging from either (i) 1 month HIBOR; or (ii) 1 year HIBOR, plus 100 basis points to 170 basis points. The quotations obtained by BII HK are more favourable than those obtained by the Company based on the Correspondence Records.

We enquired into the Directors regarding the basis of determining the maximum interest rate of the Loan of 6.5% and we understood that such maximum interest rate was determined to cater for the possible fluctuation of 1-month HIBOR. To assess the fairness and reasonableness of the maximum interest rate of 6.5%, we searched for the historical 1-month HIBOR for the last 20 years prior to the date of the Loan Agreement on Wind Financial Terminal and noted that the highest 1-month HIBOR during the said period was 5.7036% recorded on 12 October 2007.

Furthermore, as noted from the Company's circular dated 2 December 2021 in relation to the Previous Loan, the interest rate of the Previous Loan was capped at 3%, which was significantly less than the maximum interest rate of the Loan of 6.5%.

Notwithstanding the aforesaid, we consider the maximum interest rate of 6.5% to be reasonable on the basis that (i) the 1-month HIBOR at the time of entering into the agreement in relation to the Previous Loan was low (i.e. 0.06%) as compared to that on the Agreement Date (i.e. 4.37%), the increase in maximum interest rate was less than the corresponding increase in HIBOR during the said period; and (ii) the historical highest 1-month HIBOR plus 70 basis points is 6.4036%, which is close to the maximum interest rate of 6.5%.

We also searched for connected transactions in relation to the provision of secured loan (excluding convertible loans) by connected persons to Hong Kong listed companies and/or its subsidiaries ("**Comparable Transactions**"), announced by the Hong Kong listed companies from 15 October 2023 up to and including the Agreement Date. To our best effort and as far as we are aware of, we identified eight Comparable Transactions which met the said criteria and they are exhaustive. Shareholders should note that the businesses, operations and prospects of the Company are not the same as the underlying companies of the Comparable Transactions.

Company name (stock code)	Date of announcement	Loan/facility amount	Interest rate	Security
Hysan Development Company Limited (14)	22 November 2023	RMB200 million	One-year RMB loan prime rate ("LPR") and interest margin of 0.45% per annum (i.e., 3.9% based on the then prevailing LPR)	(i) Guarantee on the full amount owed under the relevant facility by the relevant listed issuer; and (ii) amount in the account of the borrower for collecting proceeds from project sales and rental of a commercial complex

(Information on the value of the security is not available up to the Latest Practicable Date)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Company name (stock code)	Date of announcement	Loan/facility amount	Interest rate	Security
China Jinmao Holdings Group Limited (817)	26 April 2024	RMB1,500 million	Five-year LPR (i.e. 3.95% based on the then prevailing LPR)	Properties with appraisal value of approximately RMB3,099 million
United Strength Power Holdings Limited (2337)	9 May 2024	Not more than HK\$130 million	HIBOR plus 0.7% (i.e. in the range of 5.26% to 6.17% based on the then prevailing HIBOR)	Properties in the total value of approximately RMB27.4 million
Beijing Enterprises Water Group Limited (371)	17 May 2024	RMB100 million	Over-five-year LPR minus 1% (i.e. 2.95% based on the then prevailing LPR)	Earning rights of a sewage treatment plant and reclaimed water reuse project with maximum value to be guaranteed of approximately RMB163 million
Yanchang Petroleum International Limited (346)	8 August 2024	US\$22 million	5.2% per annum	70% equity interest of a company held by the borrower with guaranteed carrying value of not less than US\$31.4 million
Cosmopolitan International Holdings Limited (120)	3 September 2024	(i) Term loan of HK\$357 million; and (ii) Revolving loan of up to HK\$500 million	1 month HIBOR plus 1.95% (i.e. 5.85% based on the then prevailing HIBOR)	(i) 100% of the issued shares of certain subsidiaries (which holds certain real estate projects); and (ii) 100% of the shareholder loan due by these subsidiaries to the listed company. (Information on the value of the security is not available up to the Latest Practicable Date)
Seazen Group Limited (1030)	30 September 2024	RMB120 million	The higher of (i) over-one year and less than five years LPR; and (ii) 6.05% per annum (i.e. 6.05% based on the then prevailing LPR)	A property with value not less than the loan-to-value ratio of 60% of the loan (Information on the value of the security is not available up to the Latest Practicable Date)
Yunnan Water Investment Co., Limited (6839)	8 October 2024	Approximately RMB1,373 million	2.7% per annum	Share charge of 161,850,891 shares of a company listed on the Shanghai Stock Exchange with market value of approximately RMB780 million as at the date before the relevant share charge

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As noted from the above table, the interest rates of the Comparable Transactions were determined on various basis, including fixed-rate, LPR or HIBOR. We consider the interest rates of the Hong Kong dollar-denominated Comparable Transactions are applicable for us to analyse on the interest rate of the Loan on the basis that (i) the Loan is denominated in Hong Kong dollar; and (ii) the interest rate of the Loan is based on HIBOR. We noted that the interest rates of the Hong Kong dollar-denominated Comparable Transactions were also based on HIBOR, plus a percentage of 0.7% or 1.95%. We consider the determination basis of the interest rate of the Loan is in line with those of the Hong Kong dollar-denominated Comparable Transactions.

Having also considered (i) the enquiry process carried out by BII HK through obtaining quotations from independent commercial banks before selecting the Selected Bank as the finance provider for providing the Loan; (ii) the quotations obtained by BII HK are more favourable than those obtained by the Company under the same loan principal amount; (iii) the cost of borrowings based on the terms offered by the Selected Bank is the lowest among the four independent commercial banks; and (iv) the interest rate of the Loan effectively equals the interest rate offered to BII HK by the Selected Bank (being a commercial bank independent to the Group and BII HK), we are of the view that the interest rate of the Loan is fair and reasonable.

Repayment and security

The principal amount of the Loan shall be repaid before the expiry of the term of the Loan. The Company and BII HK have mutually agreed that the Company may partially repay the Loan (including corresponding interest) in advance once per month before the expiry of the term of the Loan provided that the repayment amount shall be a multiple of HK\$5 million (i.e. the Partial Repayment). If the Company repays part of the Loan in advance, the Company must also settle the corresponding interest to be accrued for the month of such Partial Repayment.

The Share Charge Agreement shall be entered into by the parties to the Loan Agreement within 30 business days from the Drawdown Date. The Company shall charge all its beneficially owned rights and interests as to 30% of the issued share capital of Great Legend, a wholly-owned subsidiary of the Company, in favour of BII HK over the charge period so as to provide guarantee for the fulfillment of the obligations of the Company under the Loan Agreement.

During the charge period, if the audited book value of the Share Charge is less than 120% of the principal amount of the Loan, the parties to the Share Charge Agreement shall enter into a supplemental agreement for the purpose of providing further security interests in Great Legend (in addition to the 30% of the issued share capital in Great Legend) to BII HK to make up the difference between the principal amount of the Loan and the book value of the Share Charge.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Pursuant to the Loan Agreement:

- (i) when the Company repays an aggregate principal amount of HK\$45 million, BII HK shall release 5% of the issued share capital of Great Legend that is subject to the Share Charge within 30 days of such early repayment;
- (ii) when the Company repays an aggregate principal amount of HK\$90 million, BII HK shall release an aggregate 10% of the issued share capital of Great Legend that is subject to the Share Charge within 30 days of such early repayment;
- (iii) when the Company repays an aggregate principal amount of HK\$135 million, BII HK shall release an aggregate 15% of the issued share capital of Great Legend that is subject to the Share Charge within 30 days of such early repayment;
- (iv) when the Company repays an aggregate principal amount of HK\$180 million, BII HK shall release an aggregate 20% of the issued share capital of Great Legend that is subject to the Share Charge within 30 days of such early repayment; and
- (v) when the Company repays an aggregate principal amount of HK\$225 million, BII HK shall release an aggregate 25% of the issued share capital of Great Legend that is subject to the Share Charge within 30 days of such early repayment.

The aggregate 30% of the issued share capital of Great Legend that is subject to the Share Charge shall be released in full upon repayment of the principal amount of HK\$255 million in full.

We consider the Partial Repayment arrangement, together with the aforesaid arrangement to partially release the Share Charge upon achieve certain levels of repayment, would provide the Company with flexibility to progressively reduce its level of debt and release the Share Charge.

We enquired into the Directors regarding the choice of Great Legend as the underlying assets of the Share Charge, and we were advised that the Great Legend is a direct wholly-owned subsidiary of the Company that holds two branches of companies, namely the entire equity interest of Beijing City Railway and 70% equity interest of CCRTT Investment, both are investment holding companies. All of the subsidiaries of Beijing City Railway are wholly-owned by it; while CCRTT Investment only holds 49% equity interest in Beijing Metro Science and Technology Development Co., Ltd.* (北京地鐵科技發展有限公司) (“**Metro Science and Technology**”), a company principally engaged in the repair and maintenance of automatic fare collection system and is accounted for as a joint venture that is not consolidated into the Group’s financial statements. Thus, in the event of the enforcement of the Share Charge by BII HK, (i) the Group would maintain control over its subsidiaries and would not result in deconsolidation of any of its existing subsidiaries; and (ii) the investment in Metro Science and Technology would still be accounted for

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

using equity method of accounting in the Group's financial statements and the Group would continue to enjoy its economic benefits through share of its results and dividend income.

With reference to the Company's circular dated 2 December 2021 in relation to the Previous Loan, the net assets attributable to shareholder of Great Legend as at 30 June 2021 (being the latest financial information prepared by the Company prior to the entering into of the Previous Loan) was approximately HK\$936.5 million. Based on the principal amount of the Previous Loan (i.e. HK\$300 million) and the share charge of the Previous Loan (i.e. 60% equity interest of Great Legend) (the "**Previous Share Charge**"), the value of the Previous Share Charge represents approximately 187% of the principal amount of the Previous Loan. The book value of the Share Charge as at 30 June 2024 (being 30% of Great Legend's net assets attributable to shareholder of Great Legend) of approximately HK\$328.1 million, representing approximately 129% of the principal amount of the Loan, is significantly less than that under the Previous Share Charge.

Based on the aforesaid, we do not doubt the suitability of Great Legend as the underlying assets of the Share Charge.

We understood from the Directors that the purpose of maintaining the Share Charge at 120% over the principal amount of the Loan was to secure BII HK in view of possible fluctuation in the net assets value of Great Legend.

We also compared the Share Charge with the underlying security of all Comparable Transactions for a complete comparison as we consider the value of the underlying security of loan is not relevant to the currency of the loan. As depicted from the above Comparable Transactions table, the value/maximum value of security of three out of six Comparable Transactions with sufficient information are over 120% of the loan amount/maximum loan amount. Having also considered that (i) the Share Charge Agreement shall be entered into in accordance to PRC law; and (ii) BII HK will not obtain value or proceeds exceeding the repayment obligation of the Company through enforcement of the Share Charge in case of a default according to applicable PRC's law, we consider the provisions in relation to the Share Charge are acceptable.

Conditions precedent

The Loan Agreement is subject to the following conditions precedent:

- (1) the Company and BII HK having obtained all necessary approvals in relation to the transaction contemplated under the Loan Agreement, including but not limited to passing relevant board resolutions and shareholders' resolutions to approve the transaction contemplated under the Loan Agreement;
- (2) the Company and BII HK having obtained all necessary approvals from the relevant government and regulatory authorities (including the Stock Exchange) in relation to the transaction contemplated under the Loan Agreement;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (3) the Independent Shareholders having approved the transactions contemplated under the Loan Agreement and the Share Charge Agreement at the EGM; and
- (4) the Company having paid to BII HK a handling fee of HK\$765,000 (i.e. 0.3% of the principal amount of the Loan) before the Drawdown Date (the “**Handling Fee**”).

If any of the abovementioned conditions precedent are not satisfied on or before 31 January 2025 or such other date(s) as the parties may agree in writing, the Loan Agreement shall cease and determine.

Given that (i) the cost of borrowings based on the terms offered by the Selected Bank is the lowest among the four independent commercial banks as aforementioned; and (ii) the Handling Fee effectively equals the handling fee of the underlying bank borrowing charged to BII HK by the Selected Bank, we are of the view that the Handling Fee is fair and reasonable.

Taking into account the principal terms of the Transaction as highlighted above, we are of the view that the terms of the Transaction are on normal commercial terms and are fair and reasonable.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Transaction are on normal commercial terms and are fair and reasonable; and (ii) although the entering into of the Transaction is not conducted in the ordinary and usual course of business of the Group, the Transaction is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Transaction and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has around 30 years of experience in investment banking industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests of the Directors and the chief executive in the Shares, underlying Shares and debentures of the Company or its associated corporations, as defined in Part XV of the Securities and Futures Ordinance, Cap 571 of the Laws of Hong Kong (the "SFO") and as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3, and Divisions 7 and 8 of Part XV of the SFO and the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Name of Director	Long/Short position	Capacity	Number of Shares	Approximate percentage of the issued Shares held as at the Latest Practicable Date
Mr. Cao Mingda ^{Note} ("Mr. Cao")	Long position	Founder of a discretionary trust who can influence how the trustees exercises its discretion	244,657,815	11.66%

Note: Mr. Cao is the founder of a discretionary trust and is interested in 244,657,815 Shares through Trident Trust Company (Cayman) Limited, the trustee of the trust, through its controlled company, More Legend Limited.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or their associates had any interests and/or short position in the Shares, underlying Shares and debentures of the Company or any of its associated corporations as defined in Part XV of the SFO and as recorded in the register required to be kept by the Company under

Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3, and Divisions 7 and 8 of Part XV of the SFO and the Model Code.

(b) Substantial Shareholders' interests

As at the Latest Practicable Date, the following persons had interests of 5% or more in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of substantial shareholder	Long/Short position	Capacity	Number of Shares	Approximate percentage of the issued Shares held as at the Latest Practicable Date
BII HK	Long position	Beneficial owner ^(Note 1)	1,157,634,900	55.20%
BII	Long position	Interest of controlled corporation ^(Note 1)	1,157,634,900	55.20%
More Legend Limited	Long position	Beneficial owner ^(Note 2)	244,657,815	11.66%
Toplight Management Limited	Long position	Interest of controlled corporation ^(Note 2)	244,657,815	11.66%
Trident Trust Company (Cayman) Limited	Long position	Trustee ^(Note 2)	244,657,815	11.66%
Ms. Pang Ziqian	Long position	Interest of spouse ^(Note 3)	244,657,815	11.66%

Notes:

1. BII HK is a wholly-owned subsidiary of BII, a company established under PRC law with limited liability and wholly owned by the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality. By virtue of the SFO, BII is deemed to be interested in the 1,157,634,900 Shares owned by BII HK.
2. More Legend Limited is a wholly-owned subsidiary of Toplight Management Limited, and Trident Trust Company (Cayman) Limited is interested in all the shares in Toplight Management Limited as trustee of the trust. By virtue of the SFO, Toplight Management Limited and Trident Trust Company (Cayman) Limited are deemed to be interested in 244,657,815 Shares owned by More Legend Limited.
3. Ms. Pang Ziqian is the spouse of Mr. Cao and by virtue of the SFO, is deemed to be interested in the 244,657,815 Shares which Mr. Cao is interested in.

Save as disclosed above, as at the Latest Practicable Date, the Company is not aware of any other person having any interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

3. INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENT SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement, which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors had, or has had, any direct or indirect interest in any assets which have been acquired, disposed of by or leased to, or which are proposed to be acquired, disposed of by or leased to, any member of the Group since 31 December 2023, the date of which the latest published and audited consolidated financial statements of the Company were made up.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into a service contract with any member of the Group which does not expire or which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

5. COMPETING INTERESTS OF DIRECTORS

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective close associates had interest in any business which competed or was likely to compete, either directly or indirectly, with the business of the Group.

6. QUALIFICATION AND CONSENT OF EXPERT

The following sets out the qualification of the expert who had given its opinions or advice or statements as contained in this circular:

Name	Qualification
Gram Capital Limited	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

As at the Latest Practicable Date, the above expert had no shareholding in the Company or any other member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company or any other member of the Group.

As at the Latest Practicable Date, the above expert had no direct or indirect interests in any assets which has been acquired or disposed of by or leased to any member of the Group since 31 December 2023 (the date to which the latest published audited consolidated financial statements of the Group were made up) or proposed to be so acquired, disposed of or leased.

As at the Latest Practicable Date, the above expert had given and has not withdrawn its written consent to the issue of this circular with the inclusion of its advice, letters, reports and/or summary of its opinions (as the case may be) and references to its name and logo in the form and context in which they respectively appear.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse changes in the financial or trading position of the Group since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Group had been made up) up to the Latest Practicable Date.

8. DOCUMENTS ON DISPLAY

Copies of the following documents will be published and displayed on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.biitt.cn>) for a period of 14 days from the date of this circular (both days inclusive):

- (a) the Loan Agreement (including the Share Charge Agreement attached thereto);
- (b) the letter from Independent Financial Adviser as set out in this circular;
- (c) the letter from the Independent Board Committee as set out in this circular;
- (d) the written consent from the Independent Financial Adviser referred to in the paragraph headed "Qualification and consent of expert" in this Appendix; and
- (e) this circular.

NOTICE OF EGM

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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of BII Railway Transportation Technology Holdings Company Limited (the “**Company**”) will be physically held at Conference Room, 15/F, Tower 2, Fusheng Building, No. 4 Huixin East Street, Chaoyang District, Beijing, the People’s Republic of China on Friday, 6 December 2024 at 3:00 p.m., to consider and, if thought fit, pass the following ordinary resolution (with or without modifications):

ORDINARY RESOLUTION

“THAT:

1. (a) the loan agreement dated 14 October 2024 (the “**Loan Agreement**”) (attaching the share charge agreement to be entered into (the “**Share Charge Agreement**”) as appendix thereto) (a copy of the Loan Agreement has been produced at the meeting marked “A” and signed by the chairman of the meeting for identification purpose), the terms and conditions thereof and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) Mr. Liu Yu (an executive director of the Company (the “**Director**”)) be and is hereby authorised to do all such acts and things and to sign and execute all such other documents or instrument for and on behalf of the Company (including the affixation of the common seal of the Company where required) as he may consider necessary, appropriate, expedient or desirable in connection with, or to give effect to, the Loan Agreement and the Share Charge Agreement and to implement the transactions contemplated thereunder and to agree to such variations, amendments or waivers of matters relating thereto that are of administrative nature and ancillary to the implementation of the Loan Agreement and the Share Charge Agreement and any other transactions contemplated under or incidental to the Loan Agreement and the Share Charge Agreement.”

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

Hong Kong, 21 November 2024

NOTICE OF EGM

Notes:

1. Any shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint a proxy or, if holding two or more shares of the Company, more than one proxy to attend and on a poll, vote instead of him. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy.

On a show of hands, every shareholder of the Company who is present in person (or being a corporation, is present by a duly authorised representative), shall have one vote provided that where a proxy or more than one proxy is appointed by a shareholder which is a clearing house (or its nominee(s)), each such person shall have one vote on a show of hands. In the case of a poll, every shareholder of the Company present in person or by proxy or, in the case of a shareholder being a corporation, by a duly authorised representative shall be entitled to one vote for each share held by him/her.

2. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notorially certified copy of that power of attorney or authority, must be deposited at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for the holding of the EGM (i.e. not later than 3:00 p.m. on Wednesday, 4 December 2024 (Hong Kong time)) or the adjourned meeting (as the case may be). Completion and return of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the EGM and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
3. For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 3 December 2024 to Friday, 6 December 2024, both dates inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the EGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 2 December 2024 (Hong Kong time).
4. As required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the above resolution will be decided by way of poll, except where the chairman, in good faith, decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands.
5. Where gale warning (orange typhoon warning or above), rainstorm warning (orange rainstorm warning or above), extreme weather conditions or other similar event is or are in force at 8:00 a.m. on the date of the EGM, the EGM will be postponed. The Company will post an announcement on its website (www.biitt.cn) and on the website of the Stock Exchange (www.hkexnews.hk) to notify the Shareholders of the date, time and place of the postponed meeting.
6. The form of proxy for use at the EGM is enclosed herewith.

As at the date of this notice, the executive Directors are Mr. Liu Yu and Ms. Zhao Jingyuan; the non-executive Directors are Mr. Guan Jifa, Ms. Sun Fang, Mr. Cao Mingda and Mr. Fang Zhiwei; and the independent non-executive Directors are Mr. Luo Zhenbang, Mr. Huang Lixin and Mr. Li Wei.