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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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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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This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities.

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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 EXTENSION AGREEMENT**  
**AND**  
**NOTICE OF EXTRAORDINARY GENERAL MEETING**

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



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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 5 to 13 of this circular.

A notice convening the EGM to be held at Conference Room, 4/F., 4th Building, Jingtou Plaza, No. 6 Xiaoying North Road, Chaoyang District, Beijing, the People’s Republic of China on 22 December 2021 at 9:30 a.m. is set out on pages 41 to 42 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 Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the appointed time for holding the meeting 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.

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## DEFINITIONS

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

“Announcement”	the announcement of the Company dated 22 October 2021 in relation to, among other matters, the Loan Extension Agreement, the New Share Charge Agreement and the transactions contemplated thereunder
“associate(s)”	has the meaning ascribed thereto in 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 established in Hong Kong with limited liability and a wholly-owned subsidiary of the Company as at the Latest Practicable Date
“Beijing Investment Railway”	Beijing Investment Railway Technology Development Limited, a company incorporated under the laws of BVI and a direct 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 the ultimate holding company of the Company as at the Latest Practicable Date
“BII HK”	Beijing Infrastructure Investment (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and the controlling Shareholder of the Company as at the Latest Practicable Date
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“CCRIT 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 established in Hong Kong with limited liability and a non-wholly owned subsidiary of the Company as at the Latest Practicable Date

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## DEFINITIONS

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“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
“Condition(s) Precedent”	the condition(s) precedent under the Loan Extension Agreement
“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 was drawn down and transferred to the bank account designated by the Company, i.e. 12 July 2019
“Eastern Creation II”	Eastern Creation II Investment Holdings Ltd, a company incorporated under the laws of BVI and a wholly-owned subsidiary of BII as at the Latest Practicable Date
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of, among others, approving the Loan Extension Agreement, the New 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

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## DEFINITIONS

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“Independent Board Committee”	the independent board committee of the Board, comprising all the independent non-executive Directors, namely Mr. Bai Jinrong, Mr. Luo Zhenbang and Mr. Huang Lixin, established for the purpose of advising the Independent Shareholders on the Loan Extension Agreement, the New Share Charge Agreement and the transactions contemplated thereunder
“Independent Financial Adviser”	VC Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser of the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Loan Extension Agreement, the New Share Charge Agreement and the transactions contemplated thereunder
“Independent Shareholder(s)”	the Shareholder(s) other than BII and its associates
“Latest Practicable Date”	29 November 2021, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loan granted to the Company by Eastern Creation II in a principal amount of HK\$500 million under the Loan Agreement
“Loan Agreement”	the loan agreement dated 26 April 2019 and entered into by the Company (as borrower) and Eastern Creation II (as lender) in relation to the provision of the Loan
“Loan Extension Agreement”	the loan extension agreement dated 22 October 2021 and entered into by the Company (as borrower) and Eastern Creation II (as lender) in relation to the extension of the term of the Remaining Loan

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## DEFINITIONS

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“New Share Charge”	the charge of the Company’s rights and interests as to 60% of the issued share capital of Great Legend in favour of Eastern Creation II pursuant to the New Share Charge Agreement
“New Share Charge Agreement”	the new share charge agreement to be entered into by the Company (as chargor) and Eastern Creation II (as chargee) by way of charge of the Company’s rights and interests as to 60% of the issued share capital of Great Legend in favour of Eastern Creation II pursuant to the Loan Extension Agreement
“PRC”	the People’s Republic of China
“Remaining Loan”	the remaining part of the Loan in a principal amount of HK\$300 million under the Loan Extension Agreement
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“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 the entire issued share capital of Beijing Investment Railway in favour of Eastern Creation II pursuant to the Share Charge Agreement
“Share Charge Agreement”	the share charge agreement dated 12 July 2019 and entered into by the Company (as chargor) and Eastern Creation II (as chargee) by way of charge of the Company’s rights and interests in the entire issued share capital of Beijing Investment Railway in favour of Eastern Creation II 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

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. Cao Wei (*Vice Chairman*)

Ms. Xuan Jing (*Chief Executive Officer*)

***Non-executive Directors:***

Mr. Zhang Yanyou (*Chairman*)

Mr. Guan Jifa

Mr. Zheng Yi

Ms. Gu Xiaohui

***Independent non-executive Directors:***

Mr. Bai Jinrong

Mr. Luo Zhenbang

Mr. Huang Lixin

***Registered office:***

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

***Principal place of business in Hong Kong:***

Unit 4407, 44/F, COSCO Tower

183 Queen's Road Central

Sheung Wan, Hong Kong

2 December 2021

*To the Shareholders*

Dear Sir or Madam,

**CONNECTED TRANSACTION  
LOAN EXTENSION AGREEMENT**

**1. INTRODUCTION**

Reference is made to the Announcement in relation to the Loan Extension Agreement, the New 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 Extension Agreement, the New 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 Extension Agreement, the New Share Charge Agreement and the transactions contemplated thereunder; and (iii) the notice of EGM.

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## LETTER FROM THE BOARD

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### 2. THE LOAN EXTENSION AGREEMENT

Reference is made to the announcement of the Company dated 26 April 2019 in relation to, among others, the Loan Agreement entered into between the Company (as the borrower) and Eastern Creation II (as the lender), pursuant to which Eastern Creation II agreed to provide the Loan of HK\$500 million to the Company for a term commencing from the Drawdown Date and expiring on 12 December 2021. Pursuant to the Loan Agreement, the Company (as chargor) and Eastern Creation II (as chargee) entered into the Share Charge Agreement for the charge of the Company's rights and interests in the entire issued share capital of Beijing Investment Railway in favour of Eastern Creation II as security of the Loan.

As set out in the Announcement, on 22 October 2021, the Company (as the borrower) entered into the Loan Extension Agreement with Eastern Creation II (as the lender) pursuant to which (i) the Company agreed to repay HK\$200 million before the expiry of the term of the Loan Agreement as partial repayment of the Loan; and (ii) Eastern Creation II agreed to extend the term of the Remaining Loan to three years from 13 December 2021. Pursuant to the Loan Extension Agreement, the Company and Eastern Creation II will enter into the New Share Charge Agreement within 30 business days from the date of the satisfaction of all Conditions Precedent. Pursuant to the New Share Charge Agreement, (i) the Share Charge provided by the Company in favour of Eastern Creation II in relation to the entire share capital of Beijing Investment Railway under the Share Charge Agreement shall be released; and (ii) the Remaining Loan shall be secured by the New Share Charge (i.e. the charge of the Company's rights and interests as to 60% of the issued share capital of Great Legend) provided by the Company in favour of Eastern Creation II.

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

<b>Date:</b>	22 October 2021
<b>Parties:</b>	(1) the Company (as borrower); and (2) Eastern Creation II (as lender).

As at the Latest Practicable Date, Eastern Creation II is a wholly-owned subsidiary of BII. BII indirectly holds approximately 55.20% of the Shares through its wholly-owned subsidiary, namely BII HK, thus BII is the ultimate holding company of the Company and Eastern Creation II is therefore a connected person of the Company under the Listing Rules.

<b>Principal amount of the Remaining Loan:</b>	HK\$300 million
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## LETTER FROM THE BOARD

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**Interest rate:** The annual interest rate shall be calculated as follow:

$$\text{Annual interest rate} = \frac{\text{The annual overall financing cost of Eastern Creation II} \times 3}{\text{Number of interest payment days}/360}$$

Pursuant to the Loan Extension Agreement, the annual interest rate is estimated to be not exceeding 3%. The parties agreed that the annual interest rate will be capped at 3%. The annual overall financing cost of Eastern Creation II comprises the total fixed interest expenses and other relevant expenses incidental to the extension of the Remaining Loan payable by Eastern Creation II per annum.

The interest shall be paid semi-annually, if such day falls on a statutory holiday or a public holiday, the interest payment date will be postponed to the following business day.

The interest rate under the Loan Extension Agreement was determined based on the parties' arm's length negotiation.

**Term:** Three years from 13 December 2021

**Usage:** The Remaining Loan is designated for working capital purposes of the Company.

**Conditions Precedent:** The Loan Extension Agreement is subject to the following Conditions Precedent:

- (1) the Company and Eastern Creation II having obtained all necessary approvals in relation to the transaction contemplated under the Loan Extension Agreement, including but not limited to passing relevant board resolutions and shareholders' resolutions to approve the transaction contemplated under the Loan Extension Agreement;

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## LETTER FROM THE BOARD

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- (2) the Company and Eastern Creation II 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 Extension Agreement; and
- (3) the Independent Shareholders having approved the transactions contemplated under the Loan Extension Agreement and the New Share Charge Agreement and thereunder at the EGM.

If any of the Conditions Precedent are not satisfied on or before 31 December 2021 or such other date(s) as the parties may agree in writing, the Loan Extension Agreement shall cease and determine.

**Repayment  
arrangement:**

The principal of the Remaining Loan shall be repaid in one lump sum before the expiry of the term of the Remaining Loan.

**Security:**

The New Share Charge Agreement shall be entered into by the parties to the Loan Extension Agreement within 30 business days from the date on which all the Conditions Precedent have been satisfied.

Please refer to the paragraph headed "The New Share Charge Agreement" below for details on the New Share Charge.

### 3. THE NEW SHARE CHARGE AGREEMENT

Pursuant to the Loan Extension Agreement, the New Share Charge Agreement shall be entered into by the parties to the Loan Extension Agreement within 30 business days from the date on which all the Conditions Precedent have been satisfied.

The principal terms of the New Share Charge Agreement are summarised as follows:

**Date:** Any day within 30 business days from the date on which all the Conditions Precedent have been satisfied.

**Parties:**

- (1) the Company (as chargor); and
- (2) Eastern Creation II (as chargee).

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## LETTER FROM THE BOARD

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**Subject:** Pursuant to the New Share Charge Agreement, (i) the Share Charge provided by the Company in favour of Eastern Creation II in relation to the entire share capital of Beijing Investment Railway under the Share Charge Agreement shall be released; and (ii) the Company shall charge all its beneficially owned rights and interests as to 60% of the issued share capital of Great Legend, a wholly-owned subsidiary of the Company, in favour of Eastern Creation II over the charge period so as to provide guarantee for the fulfillment of the obligations of the Company under the Loan Extension Agreement.

**Charge period:** Being the period commencing from the date of commencement of the term of the Remaining Loan under the Loan Extension Agreement up to the date on which the Company fulfills all its repayment obligations under the Loan Extension Agreement.

Great Legend is a company incorporated under the laws of 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 the construction and maintenance of intelligent railway transportation, civil communication transmission systems and utility tunnels. 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.

Set out below is a summary extracted from the latest unaudited consolidated financial statements of Great Legend for the two years ended 31 December 2019 and 2020 prepared based on the International Financial Reporting Standards:

	For the year ended	
	31 December	
	2019	2020
	HK\$'000	HK\$'000
	(approximately)	(approximately)
Revenue	243,573	274,905
Profit before tax	114,898	79,916
Profit after tax	104,631	69,250

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## LETTER FROM THE BOARD

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Set out below is a summary extracted from the latest unaudited consolidated financial statements of Great Legend as at 30 June 2021 prepared based on the accounting principles generally accepted in the PRC:

	<b>As at</b> <b>30 June</b> <b>2021</b> <i>HK\$'000</i> <i>(approximately)</i>
Net assets	956,995
Total equity attributable to equity shareholders of Great Legend	936,536

As at 30 June 2021, the unaudited consolidated total equity attributable to equity shareholders of Great Legend amounted to approximately HK\$937 million. After arm's length negotiation between the parties, the parties considered appropriate and prudent to determine the value of Great Legend at a discount of 30% of its unaudited consolidated total equity attributable to equity shareholders. Therefore, the parties determined the value of Great Legend as approximately HK\$656 million. Taking into account the principal amount of the Remaining Loan of HK\$300 million, the parties agreed that 60% of the issued share capital of Great Legend, which entails a value of approximately HK\$394 million, instead of the entire issued share capital, shall be charged in favour of Eastern Creation II pursuant to the New Share Charge Agreement.

#### **4. INFORMATION ON THE PARTIES TO THE LOAN EXTENSION AGREEMENT**

##### **The Company and the Group**

The Company is an investment holding 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 civil communication transmission 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 urban railway transportation. The Group's intelligent railway transportation services provide design, implementation and sale, and maintenance of application solution services, including related software; 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.

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## LETTER FROM THE BOARD

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### **Eastern Creation II**

As at the Latest Practicable Date, Eastern Creation II is a company incorporated under the laws of BVI and is a wholly-owned subsidiary of BII. BII holds approximately 55.20% of the issued share capital of the Company through its wholly-owned subsidiary, namely BII HK. To the best of the Directors' knowledge, information and belief, Eastern Creation II is an investment holding company.

### **5. REASONS FOR AND BENEFITS OF ENTERING INTO THE LOAN EXTENSION AGREEMENT**

The Directors consider that the entering into of the Loan Extension Agreement will enable the Group to maintain sufficient capital for its general operations purpose. In addition, the Company intends to utilise the Remaining Loan for (i) the Company's business expansion in overseas market according to the Company's overseas business strategy, including but not limited to expanding the Company's intelligent railway transportation business in the countries along the "Belt and Road", which will enhance the Company's international market presence and competitiveness; and (ii) the Company's investment, mergers and acquisitions in the railway transportation market according to the Company's overall investment strategy, in order to expand the Company's business scope, strengthen business synergy and enhance business capabilities. The terms of the Loan Extension 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 interest rates and practices.

The Directors are of the view that the transactions contemplated under the Loan Extension Agreement and the New 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, Eastern Creation II is a wholly-owned subsidiary of BII. BII indirectly holds approximately 55.20% of the Shares (i.e. 1,157,634,900 Shares) through its wholly-owned subsidiary, namely BII HK, thus BII is the ultimate holding company of the Company and Eastern Creation II is therefore a connected person of the Company under the Listing Rules. Therefore, the transaction contemplated under the Loan Extension Agreement and the New 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 Extension Agreement and the New Share Charge Agreement are more than 5% and the principal amount of the Remaining Loan exceeds HK\$10 million, the Loan Extension Agreement and the New Share Charge Agreement are subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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## LETTER FROM THE BOARD

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

As at the Latest Practicable Date, Mr. Zhang Yanyou, a non-executive Director and the chairman of the Board, is the chairman of the board of directors of BII. Mr. Guan Jifa, a non-executive Director, is the vice general manager of BII. Mr. Zheng Yi, a non-executive Director, is the assistant to the general manager of BII, and the general manager of the planning and design department and railway project management department of BII. Ms. Gu Xiaohui, a non-executive Director, is the assistant to the general manager of the investment and development department of BII. Accordingly, each of Mr. Zhang Yanyou, Mr. Guan Jifa, Mr. Zheng Yi and Ms. Gu Xiaohui is considered to have a material interest in the transactions contemplated under the Loan Extension Agreement and the New Share Charge Agreement by virtue of their management positions held in BII respectively, and had abstained from voting on the board resolution(s) approving the transactions contemplated under the Loan Extension Agreement and the New Share Charge Agreement. Save as disclosed above, none of the Directors had abstained from voting on the board resolution(s) approving the transactions contemplated under the Loan Extension Agreement and the New Share Charge Agreement.

### 7. THE EGM

The EGM will be held at Conference Room, 4/F., 4th Building, Jingtou Plaza, No. 6 Xiaoying North Road, Chaoyang District, Beijing, the People's Republic of China on 22 December 2021 at 9:30 a.m., during which an ordinary resolution will be proposed to the Shareholders to consider and, if thought fit, to approve the Loan Extension Agreement, the New 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 41 to 42 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 Level 54, Hopewell Centre, 183 Queen's Road East, 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.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, Eastern Creation II is a wholly-owned subsidiary of BII. BII indirectly holds approximately 55.20% of the Shares (i.e. 1,157,634,900 Shares) through its wholly-owned subsidiary, namely BII HK, thus BII is the ultimate holding company of the Company and Eastern Creation II is therefore a connected person of the Company under the Listing Rules. BII HK and its associates, holding approximately 55.20% of the Shares (i.e. 1,157,634,900 Shares), will be required to abstain from voting on the resolution(s) to approve the Loan Extension Agreement, the New 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 the transactions contemplated under the Loan Extension Agreement, the New Share Charge Agreement and the transactions contemplated thereunder and will be required to abstain from voting on the resolution(s) to approve the Loan Extension Agreement, the New Share Charge Agreement and the transactions contemplated thereunder at the EGM.

### 8. RECOMMENDATIONS

The Directors are of the opinion that, although the transactions contemplated under the Loan Extension Agreement and the New Share Charge Agreement are not in the ordinary and usual course of business, the transactions are entered into on normal commercial terms, 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 Extension Agreement, the New Share Charge Agreement and the transactions contemplated thereunder, and VC Capital Limited 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 Extension Agreement, the New Share Charge Agreement and the transactions contemplated thereunder is set out on pages 16 to 35 of this circular.

### 9. ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 14 to 15 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 16 to 35 of this circular and the information set out in the appendix to this circular.

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

\* For identification purposes only

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LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*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)**

2 December 2021

*To the Independent Shareholders*

Dear Sir and Madam,

**CONNECTED TRANSACTION  
LOAN EXTENSION AGREEMENT**

We refer to the circular of the Company to the Shareholders dated 2 December 2021 (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 Extension Agreement, the New Share Charge Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned. VC 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 16 to 35 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.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having considered the terms of the Loan Extension Agreement, the New Share Charge Agreement and the transactions contemplated thereunder and the advice of the Independent Financial Adviser, we consider that the Loan Extension Agreement, the New 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 Extension Agreement, the New 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. Bai Jinrong**

*Independent*

*non-executive Director*

**Mr. Luo Zhenbang**

*Independent*

*non-executive Director*

**Mr. Huang Lixin**

*Independent*

*non-executive Director*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the text of a letter from VC Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Loan Extension Agreement for the purpose of inclusion in this circular.*



7/F, Centre Point,  
181-185 Gloucester Road,  
Wanchai, Hong Kong

2 December 2021

*To: the Independent Board Committee and the Independent Shareholders*

Dear Sir/Madam,

### CONNECTED TRANSACTION LOAN EXTENSION 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 Loan Extension Agreement entered into between the Company and Eastern Creation II (the “Parties”), details of which are set out in the letter from the Board (the “Letter from the Board”) contained in the circular of the Company dated 2 December 2021 (the “Circular”) issued to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

Reference is made to the announcement of the Company dated 26 April 2019 in relation to, among others, the Loan Agreement entered into between the Company (as the borrower) and Eastern Creation II (as the lender), pursuant to which Eastern Creation II agreed to provide the Loan of HK\$500 million to the Company for a term commencing from the Drawdown Date and expiring on 12 December 2021. Pursuant to the Loan Agreement, the Company (as chargor) and Eastern Creation II (as chargee) entered into the Share Charge Agreement for the charge of the Company’s rights and interests in the entire issued share capital of Beijing Investment Railway in favour of Eastern Creation II as security of the Loan.

As set out in the Letter from the Board, on 22 October 2021, the Company (as the borrower) entered into the Loan Extension Agreement with Eastern Creation II (as the lender) pursuant to which (i) the Company agreed to repay HK\$200 million before the expiry of the term of the Loan Agreement as partial repayment of the Loan; and (ii) Eastern Creation II agreed to extend the term of the Remaining Loan to three years from 13 December 2021. Pursuant to the Loan Extension Agreement, the Company and Eastern Creation II will enter into the New Share Charge Agreement within 30 business days from the date of the satisfaction of all Conditions Precedent. Pursuant to the New Share Charge Agreement, (i) the Share Charge provided by the Company in favour of Eastern Creation II

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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in relation to the entire share capital of Beijing Investment Railway under the Share Charge Agreement shall be released; and (ii) the Remaining Loan shall be secured by the New Share Charge (i.e. the charge of the Company's rights and interests as to 60% of the issued share capital of Great Legend) provided by the Company in favour of Eastern Creation II.

As at the Latest Practicable Date, Eastern Creation II is a wholly-owned subsidiary of BII. BII indirectly holds approximately 55.20% of the Shares (i.e. 1,157,634,900 Shares) through its wholly-owned subsidiary, namely BII HK, thus BII is the ultimate holding company of the Company and Eastern Creation II is therefore a connected person of the Company under the Listing Rules. BII HK and its associates, holding approximately 55.20% of the Shares (i.e. 1,157,634,900 Shares), will be required to abstain from voting on the resolution(s) to approve the Loan Extension Agreement, the New 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 the transactions contemplated under the Loan Extension Agreement, the New Share Charge Agreement and the transactions contemplated thereunder and will be required to abstain from voting on the resolution(s) to approve the Loan Extension Agreement, the New Share Charge Agreement and the transactions contemplated thereunder at the EGM.

As at the the Latest Practicable Date, Mr. Zhang Yanyou, a non-executive Director and the chairman of the Board, is the chairman of the board of directors of BII. Mr. Guan Jifa, a non-executive Director, is the vice general manager of BII. Mr. Zheng Yi, a non-executive Director, is the assistant to the general manager of BII, and the general manager of the planning and design department and railway project management department of BII. Ms. Gu Xiaohui, a non-executive Director, is the assistant to the general manager of the investment and development department of BII. Accordingly, each of Mr. Zhang Yanyou, Mr. Guan Jifa, Mr. Zheng Yi and Ms. Gu Xiaohui is considered to have a material interest in the transactions contemplated under the Loan Extension Agreement and the New Share Charge Agreement by virtue of their management positions held in BII respectively, and had abstained from voting on the board resolution(s) approving the transactions contemplated under the Loan Extension Agreement and the New Share Charge Agreement. Save as disclosed above, none of the Directors had abstained from voting on the board resolution(s) approving the transactions contemplated under the Loan Extension Agreement and the New Share Charge Agreement.

### THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Bai Jinrong, Mr. Luo Zhenbang and Mr. Huang Lixin, has been formed to advise the Independent Shareholders in connection with the Loan Extension Agreement, the New Share Charge Agreement and the transactions contemplated thereunder. Our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the Loan Extension Agreement, the New Share Charge Agreement and the transactions contemplated thereunder has been approved by the Independent Board Committee.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Our role as the Independent Financial Adviser is to advise the Independent Board Committee and the Independent Shareholders as to: (i) whether the terms of the Loan Extension Agreement and the New Share Charge Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole; (ii) whether the Loan Extension Agreement and the New Share Charge Agreement were entered into in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote on the resolution in relation to the Loan Extension Agreement and the New Share Charge Agreement at the EGM.

### OUR INDEPENDENCE

During the last two years prior to the Latest Practicable Date, there was no engagement and no other relationship between the Company and us.

As at the Latest Practicable Date, apart from normal professional fees payable to us in connection with this appointment, we did not have any relationship with, or interest in, the Group or other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

### BASIS OF OUR ADVICE

In formulating our advice and recommendation to the Independent Board Committee and the Independent Shareholders, we have reviewed, amongst other things:

- (i) the Company's annual reports for the three years ended 31 December 2018 ("**FY2018**") (the "**2018 Annual Report**"), 31 December 2019 ("**FY2019**") (the "**2019 Annual Report**") and 31 December 2020 ("**FY2020**") (the "**2020 Annual Report**") (collectively, the "**Annual Reports**");
- (ii) the Company's interim reports for the six months ended 30 June 2020 ("**1H2020**") and 30 June 2021 ("**1H2021**") (the "**2021 Interim Report**") (collectively, the "**Interim Reports**");
- (iii) the Loan Extension Agreement;
- (iv) the New Share Charge Agreement;
- (v) the Announcement; and
- (vi) other information as set out in the Circular.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided by the Directors and the management of the Company (collectively, the “**Management**”). We have assumed that the information and representations contained or referred to in the Circular and provided and opinions expressed to us are true, accurate and complete in all respects at the time they were made and will remain so up to the Latest Practicable Date. The Directors have jointly and severally accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, to the best of their knowledge and belief, there are no other matters the omission of which would make any statement in the Circular misleading. We have no reason to suspect that any relevant information has been withheld, or to doubt the truth and accuracy of the information provided to us, or the reasonableness of the opinions expressed by the Management to us.

We consider the information we have received is sufficient for us to reach an informed view and to provide a reasonable basis for our recommendation. We have not, however, conducted any independent investigation into the business, financial position and affairs of the Group or its prospects, nor have we carried out any independent verification of the information provided by the Management.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In formulating our opinion regarding the connected transaction, we have taken into account the following principal factors and reasons:

#### **I. Background of and reasons for entering into the Loan Extension Agreement**

##### ***(a) Business and financial information of the Group***

As disclosed in the Letter from the Board, the Company is an investment holding 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 civil communication transmission 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 urban railway transportation. The Group’s intelligent railway transportation services provide design, implementation and sale, and maintenance of application solution services, including related software; 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.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Set out below is a summary of the consolidated statement of profit or loss of the Group as extracted from the Annual Reports and the Interim Reports:

	For the year ended 31 December			For the six months ended 30 June	
	2018	2019	2020	2020	2021
	HK\$'000 (Audited)	HK\$'000 (Audited)	HK\$'000 (Audited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Revenue	453,204	1,193,937	1,549,976	530,060	518,272
Profit before tax	58,639	119,348	212,904	42,345	87,613
Profit for the year/period	53,328	110,483	183,792	34,860	77,852

During FY2018, FY2019 and FY2020, the revenues were mainly generated from the provision of design, production, implementation and sale, and maintenance, of application solution services.

As disclosed in the 2019 Annual Report and depicted by the above table, the revenue of the Group amounted to approximately HK\$1,193.94 million for FY2019, representing an increase of approximately 163.45% as compared to approximately HK\$453.20 million for FY2018, whereas the profit before tax and the profit for the year were approximately HK\$119.35 million and HK\$110.48 million for FY2019, representing an increase of approximately 103.53% and 107.16% as compared to approximately HK\$58.64 million and HK\$53.33 million for FY2018 respectively. The significant increment of the revenue and profits were mainly attributable to the completion of the acquisition of 95% equity interests in Suzhou Huaqi Intelligent Technology Co., Ltd.\* (蘇州華啟智能科技有限公司) (“**Huaqi Intelligent**”), a company and its subsidiaries principally engage in the provision of solutions of automation and information-based systems for transportation applications, in FY2019, contributing revenue and profit of approximately HK\$556.1 million and HK\$110.8 million for the Company in FY2019 respectively.

As disclosed in the 2020 Annual Report and depicted by the above table, the revenue of the Group amounted to approximately HK\$1,549.98 million for FY2020, representing an increase of approximately 29.82% as compared to approximately HK\$1,193.94 million for FY2019, whereas the profit before tax and the profit for the year were approximately HK\$212.90 million and HK\$183.79 million for FY2020, representing an increase of approximately 78.38% and 66.36% as compared to approximately HK\$119.35 million and HK\$110.48 million for FY2019 respectively. The increase in revenue and profits are mainly attribute to the expansion of projects outside Beijing in FY2020, including the expansion of the projects of Zhengzhou Metro Line 4, Hebei Jingche Railway Transportation Vehicle Equipment, Taiyuan Metro Line 2, Fuzhou Metro Line 6, Urumqi Metro Line 1, etc., and the first-time revenue recognition. In addition, the consolidation of the revenue from the acquisition of the Huaqi Intelligent and Litmus Technologies (Beijing) Co., Ltd.\* (北京樂碼仕智能科技有限公司) in FY2019 respectively into its total full-year revenue also contributed to the increment in revenue and profits in FY2020.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As disclosed in the 2021 Interim Report and depicted by the above table, the revenue of the Group amounted to approximately HK\$518.27 million for 1H2021, representing a slight decrease of approximately 2.22% as compared to approximately HK\$530.06 million for 1H2020. It was due to the slight delay of individual projects' progress, and the recognition of revenue from some projects under construction was delayed. Despite the fall in the revenue, the Group managed to record profit before tax and profit for the period of approximately HK\$87.61 million and HK\$77.85 million for 1H2021, representing an increase of approximately 106.87% and 123.32% as compared to approximately HK\$42.35 million and HK\$34.86 million for 1H2020 respectively. The increase was caused by the sustained growth of the 4G civil communications business and increase in returns on investment from Beijing Metro Co., Ltd, the Group's joint venture in which it holds 49% stake and principally engaged in investing, constructing, operating, managing subway lines, operating value-added services and related property development, including managing the operating income rights of Capital Airport Express, Dongzhimen Terminal and new lines of the Beijing Subway.

Upon our enquiry to the Management, obtaining the Loan in 2019 provided more working capital for the Group to conduct business development and had significant improvement to the financial improvement of the Group. The Management are of the view that it is beneficial to the Group and its Shareholders as a whole.

Set out below is a summary of the consolidated statement of financial position of the Group as extracted from the Annual Reports and the Interim Reports:

	<b>As at 31 December</b>			<b>As at 30 June</b>
	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>
Cash on hand and in bank	1,069,561	850,891	983,829	1,104,595
Total assets	3,043,432	4,033,846	4,297,030	4,525,187
Total liabilities	845,780	1,761,306	1,744,026	1,922,223
Net assets	2,197,652	2,272,540	2,553,004	2,602,964

The total assets of the Group increased by approximately 32.57% from approximately HK\$3,043 million as at 31 December 2018 to approximately HK\$4,034 million as at 31 December 2019, and then further increased by approximately 6.52% to approximately HK\$4,297 million as at 31 December 2020. The total assets of the Group have continued to increase by approximately 5.31% to approximately HK\$4,525 million as at 30 June 2021. The total assets mainly comprised of cash and cash equivalents, trade and other receivables and goodwill.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Total liabilities of the Group increased by approximately 108.16% from approximately HK\$846 million as at 31 December 2018 to approximately HK\$1,761 million as at 31 December 2019, and then slightly decreased by approximately 0.97% to approximately HK\$1,744 million as at 31 December 2020. As at 30 June 2021, the total liabilities increased again by approximately 10.21% to approximately HK\$1,922 million. The total liabilities of the Group mainly comprise of trade and other payables, bank and other borrowings and contract liabilities.

Upon our enquiry, the Management explained that the Group's cash on hand and in bank comprises of cash held by its subsidiaries outside and inside the PRC. The Remaining Loan will be used for the Group's business outside the PRC. Please refer to section headed "(b) Business development of the Group" below for details.

### *(b) Business development of the Group*

As disclosed in the 2021 Interim Report, the Group will adhere to the established strategies to develop intelligent rail transit and infrastructure information businesses, in a bid to enhance its core competitiveness. It will continue to deepen the market strategy of "relying on Beijing, expand across the country, and to make presence in international markets". Specifically, close attention will be paid to the development of rail transit sector in key regions, such as the Beijing-Tianjin-Hebei region, the Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area and Chengdu-Chongqing Metropolitan Area. Priorities will be given to the expansion in Wuhan, Xi'an, Chengdu, Nanjing, Shaoxing, etc. Relying on the urban rail transit industry, the Group will strengthen the internal coordination of market sales, extend the business coverage, and explore innovative businesses and products in the "intelligent plus" field, such as intelligent communities, intelligent streets and intelligent hubs.

As disclosed in the Letter from the Board, the Directors consider that the entering into of the Loan Extension Agreement will enable the Group to maintain sufficient capital for its general operations purpose. In addition, the Company intends to utilise the Remaining Loan for (i) the Company's business expansion in overseas market according to the Company's overseas business strategy, including but not limited to expanding the Company's intelligent railway transportation business in the countries along the "Belt and Road", which will enhance the Company's international market presence and competitiveness; and (ii) the Company's investment, mergers and acquisitions in the railway transportation market according to the Company's overall investment strategy, in order to expand the Company's business scope, strengthen business synergy and enhance business capabilities. The terms of the Loan Extension 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 interest rates and practices.

*(c) Information on Eastern Creation II*

As disclosed in the Letter from the Board, as at the Latest Practicable Date, Eastern Creation II is a company incorporated under the laws of BVI and is a wholly-owned subsidiary of BII. BII holds approximately 55.20% of the issued share capital of the Company through its wholly-owned subsidiary, namely BII HK. To the best of the Directors' knowledge, information and belief, Eastern Creation II is an investment holding company.

**II. Principal terms of the Loan Extension Agreement**

The following is our analysis and view on the principal terms of the Loan Extension Agreement:

*(i) Principal Amount*

Eastern Creation II agrees to extend the repayment date of the Remaining Loan in the amount of HK\$300 million to the Company. As informed by the Management, HK\$300 million is adequate to ensure the Group's normal operation and development taking into account the Group's current situation.

*(ii) Conditions precedent*

The Loan Extension Agreement is subject to the following Conditions Precedent:

- (1) the Company and Eastern Creation II having obtained all necessary approvals in relation to the transaction contemplated under the Loan Extension Agreement, including but not limited to passing relevant board resolutions and shareholders' resolutions to approve the transaction contemplated under the Loan Extension Agreement;
- (2) the Company and Eastern Creation II 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 Extension Agreement; and
- (3) the Independent Shareholders having approved the transactions contemplated under the Loan Extension Agreement and the New Share Charge Agreement and thereunder at the EGM.

If any of the Conditions Precedent are not satisfied on or before 31 December 2021 or such other date(s) as the parties may agree in writing, the Loan Extension Agreement shall cease and determine.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As the Conditions Precedent are statutory requirements, we consider the Conditions Precedent to be fair and reasonable so far as the Independent Shareholders are concerned.

*(iii) Maturity*

The term of the Remaining Loan shall commence for three years from 13 December 2021. As informed by the Management, the term of the Remaining Loan was reached after arm's length negotiation between the parties to the Loan Extension Agreement, with reference to, among others, the term of possible debt financing outside the PRC by Beijing Infrastructure Investment (Hong Kong) Limited.

As shown in the Table 1 in the section headed "IV. Market Comparables Analysis" below, the term of the Remaining Loan is 36 months and the terms of the Comparable Loans (as defined below) range from 7 months to 36 months with an average of approximately 19.8 months (excluding the outliers). Since the term of the Remaining Loan is within the range of that of the Comparable Loans (as defined below), we are of the view and concur with the view of the Management that the maturity of the Remaining Loan is justifiable.

*(iv) Interest rate*

The annual interest rate shall be calculated as follow:

$$\text{Annual interest rate} = \frac{\text{The annual overall financing cost of Eastern Creation II} \times 3}{\text{Number of interest payment days}/360}$$

Pursuant to the Loan Extension Agreement, the annual interest rate is estimated to be not exceeding 3%. The parties agreed that the annual interest rate will be capped at 3%. The annual overall financing cost of Eastern Creation II comprises the total fixed interest expenses and other relevant expenses incidental to the extension of the Remaining Loan payable by Eastern Creation II per annum.

The annual interest rate of the Remaining Loan is calculated by first multiplying the annual overall financing cost of Eastern Creation II by the term of the Remaining Loan (i.e. 3 years). The result of which is then divided by number of interest payment days per 360. Therefore, we are of the view that the formula for calculation of the annual interest rate of the Remaining Loan is fair and reasonable.

The interest shall be paid semi-annually, if such day falls on a statutory holiday or a public holiday, the interest payment date will be postponed to the following business day.

As disclosed in the Letter from the Board, the interest rate under the Loan Extension Agreement was determined based on the parties' arm's length negotiation.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Upon our enquiry and as informed by the Management, BII, being the ultimate holding company of the Company, has high international credit rating and established extensive and good relationships with international investors. The financing cost of BII is lower by virtue of its high credit rating. As a result, the borrowing rate will be relatively lower. Based on the above equation on calculation of the interest rate, it is understandable that the interest rate of the Remaining Loan is lower than that of the Comparable Loans.

As shown in the Table 1 in the section headed "IV. Market Comparables Analysis" below, the interest rate of the Comparable Loans (as defined below) range from approximately 4.60% per annum to 8.00% per annum with an average of approximately 6.38% per annum (excluding the outliers). Since the interest rate of the Remaining Loan is lower than the range and lower than the average of that of the Comparable Loans (as defined below), we are of the view and concur with the view of the Management that the interest rate of the Remaining Loan is justifiable.

*(v) Repayment arrangement*

The principal of the Remaining Loan shall be repaid in one lump sum before the expiry of the term of the Remaining Loan.

As the repayment arrangement is a common practice for borrowing money which would allow the Company to use the Remaining Loan for capital requirements of its operations during the term of the Remaining Loan, we consider the repayment arrangement to be fair and reasonable so far as the Independent Shareholders are concerned.

*(vi) Security*

The New Share Charge Agreement shall be entered into by the parties to the Loan Extension Agreement within 30 business days from the date on which all the Conditions Precedent have been satisfied.

Please refer to the paragraph headed "III. Principal Terms of the New Share Charge Agreement" below for details on the New Share Charge.

*(vii) Usage*

The Remaining Loan is designated for working capital purposes of the Company.

As informed by the Management, the usage is to allow the Company flexibility on using the Remaining Loan to purposes which the Board determines necessary, including but not limited to the areas mentioned in the subsection headed "(b) Business development of the Group" under the section headed "I. Background of and reasons for entering into the Loan Extension Agreement" above. Also as informed by the Management, the Company will, from time to time, explore other business opportunities according to its business strategies when suitable

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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investment opportunities arise. We are of the view and concur with the view of the Management that the usage of the Remaining Loan is justifiable.

### III. Principal Terms of the New Share Charge Agreement

The following is our analysis and view on the principal terms of the New Share Charge Agreement:

*(i) Date*

The date of the New Share Charge Agreement shall be any day within 30 business days from the date on which all the Conditions Precedent have been satisfied, which, in our view, provides sufficient time for the Company to prepare for the administrative work involved in signing the New Share Charge Agreement.

*(ii) Subject*

Pursuant to the New Share Charge Agreement, (i) the Share Charge provided by the Company in favour of Eastern Creation II in relation to the entire share capital of Beijing Investment Railway under the Share Charge Agreement shall be released; and (ii) the Company shall charge all its beneficially owned rights and interests as to 60% of the issued share capital of Great Legend, a wholly-owned subsidiary of the Company, in favour of Eastern Creation II over the charge period so as to provide guarantee for the fulfillment of the obligations of the Company under the Loan Extension Agreement.

As disclosed in the Letter from the Board, Great Legend is a company incorporated under the laws of 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 the construction and maintenance of intelligent railway transportation, civil communication transmission systems and utility tunnels. 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.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Set out below is a summary extracted from the latest unaudited consolidated financial statements of Great Legend for the two years ended 31 December 2019 and 2020 prepared based on the International Financial Reporting Standards:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2019</b>	<b>2020</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(approximately)</i>	<i>(approximately)</i>
Revenue	243,573	274,905
Profit before tax	114,898	79,916
Profit after tax	104,631	69,250

Set out below is a summary extracted from the latest unaudited consolidated financial statements of Great Legend as at 30 June 2021 prepared based on the accounting principles generally accepted in the PRC:

	<b>As at</b>
	<b>30 June</b>
	<b>2021</b>
	<i>HK\$'000</i>
	<i>(approximately)</i>
Total assets	1,261,400
Total liabilities	304,405
Net assets	956,995
Total equity attributable to equity shareholders of Great Legend	936,536

The total assets of Great Legend mainly comprise of deposits, other receivables and prepayments, interest in joint ventures and associates, as well as property, plant and equipment. The total liabilities of Great Legend mainly consist of accounts and bills payables, as well as contract liabilities.

It is the industry practice for a lender to require security with value higher than principal amount of the loan to be granted, which is to safeguard the interest of the lender in case of default on repayment of the loan. As informed by the Management, the subject for the charge was determined after arm's length negotiation between the parties to the Loan Extension Agreement taking into consideration the abovementioned net asset value attributable to 60% of the issued share capital of Great Legend, being approximately HK\$574 million.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As at 30 June 2021, the unaudited consolidated total equity attributable to equity shareholders of Great Legend amounted to approximately HK\$937 million. After arm's length negotiation between the parties, the parties considered appropriate and prudent to determine the value of Great Legend at a discount of 30% of its unaudited consolidated total equity attributable to equity shareholders. Therefore, the parties determined the value of Great Legend as approximately HK\$656 million. Taking into account the principal amount of the Remaining Loan of HK\$300 million, the parties agreed that 60% of the issued share capital of Great Legend, which entails a value of approximately HK\$394 million, instead of the entire issued share capital, shall be charged in favour of Eastern Creation II pursuant to the New Share Charge Agreement.

Upon our enquiry to the Management, the charge of the Company's rights and interests as to 60% of the issued share capital of Great Legend is determined after arm's length negotiation between the Company and Eastern Creation II with consideration of (i) the industry practice for a lender to require security with value higher than principal amount of the loan to be granted and the aggregated interest to be accrued; and (ii) compliance of the internal control and risk management of each party involved.

Also, based on the abovementioned, we concur with the view of the Management that the discount of 30% of its unaudited consolidated total equity attributable to equity shareholders of Great Legend as at 30 June 2021 is considered appropriate and prudent as it is a usual practice that value of the security is higher than the principal amount of the loan to be granted. Therefore, we consider the charge of 60% issued share capital of Great Legend in favour of Eastern Creation II pursuant to the New Share Charge Agreement is fair and reasonable.

In view of the above, we consider the choosing of the subject for the charge to be fair and reasonable so far as the Independent Shareholders are concerned.

### *(iii) Charge period*

The charge period shall be the period commencing from the date of commencement of the term of the Remaining Loan under the Loan Extension Agreement up to the date on which the Company fulfills all its repayment obligations under the Loan Extension Agreement.

As the charge period is a common practice for charge under a loan agreement which would allow the Company to regain rights and interests of the subject of the charge upon repayment of the Remaining Loan, we consider the charge period to be fair and reasonable so far as the Independent Shareholders are concerned.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### IV. Market Comparables Analysis

In assessing the fairness and reasonableness of the terms of the Loan Extension Agreement and the New Share Charge Agreement, we have conducted an analysis of the loan facilities provided by connected person(s) to companies listed on the Main Board of the Stock Exchange or their subsidiaries (the “Listcos”). We have reviewed connected transactions involving provision of loans by connected person(s) to Listcos during the one-year period prior to and up to the date of the Loan Extension Agreement (the “Comparable Loans”).

To the best of our knowledge and based on the key selection criteria of (i) the selected company’s information is publicly available; (ii) publication of initial announcement of the Comparable Loans are within the one-year period prior to and up to the date of the Loan Extension Agreement; (iii) such announcement is under the headline category “connected transactions” in the website of the Stock Exchange; (iv) interest rates and terms of the Comparable Loans were disclosed; and (v) no requirement for repayment on demand by lender at its sole discretion, 10 Comparable Loans were identified.

To the best of our knowledge and as far as we are aware of, we found 10 Comparable Loans which we consider an exhaustive list of relevant Comparable Loans that illustrate similar transaction nature as the transactions based on the abovementioned criteria so as to provide an overall understanding to the Shareholders.

The Independent Shareholders should note that the businesses, operations and prospects of the Group may not be exactly the same as the Listcos in Table 1 below. Nevertheless, we consider that the Comparable Loans were (i) determined under similar market conditions and sentiment; and (ii) provided by connected person(s) to Listcos, and hence, reflect the general market trend of provision of loan by connected person(s) to Listcos in the open market and therefore, the Comparable Loans provide a general reference in assessing the fairness and reasonableness of the terms of the Remaining Loan.

Among the 10 Comparable Loans, given the terms of Comparable Loans of Beijing Enterprises Water Group Limited (stock code: 371) are 144 months and 180 months which were significantly longer than that of the Remaining Loan, they were considered as outliers and excluded from the assessment on interest rate and term of the Remaining Loan.

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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**Table 1 Details of the Comparable Loans**

Stock code	Company name	Date of initial announcement	Interest rate (per annum) (approximately)	Term (in month) (approximately)	Security
371	Beijing Enterprises Water Group Limited	25 August 2021	4.05% <i>Note 1</i>	180 (outlier)	(i) Pledge of account receivables from certain projects, with book value of the assets estimated to be RMB343,564,000; and  (ii) Guarantee given by a wholly-owned subsidiary of such Listco.
371	Beijing Enterprises Water Group Limited	27 July 2021	4.90% <i>Note 2</i>	144 (outlier)	(i) Pledge of financial accounts receivable from the borrower; and  (ii) Guarantee given by a non-wholly owned subsidiary of such Listco.
346	Yanchang Petroleum International Limited	30 June 2021	4.80%	36	35% of the issued share capital of a wholly-owned subsidiary of such Listco.
1148	Xinchen China Power Holdings Limited	11 May 2021	4.60%	8.4 <i>Note 3</i>	The mortgages to be created over the production facilities owned by the borrowers.
371	Beijing Enterprises Water Group Limited	24 March 2021	4.90% <i>Note 4</i>	144 (outlier)	(i) Pledge of financial accounts receivable from the borrower; and  (ii) Guarantee given by a non-wholly owned subsidiary of such Listco.

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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Stock code	Company name	Date of initial announcement	Interest rate (per annum) (approximately)	Term (in month) (approximately)	Security
3639	Yida China Holdings Limited	11 March 2021	8.00%	7	<p>(i) The land use rights of two plots of land owned by a wholly-owned subsidiary of such Listco; and</p> <p>(ii) The property and land use rights of the land owned by a wholly-owned subsidiary of such Listco.</p>
371	Beijing Enterprises Water Group Limited	5 February 2021	4.90% <i>Note 5</i>	144 (outlier)	<p>(i) Pledge of financial accounts receivable from the borrower; and</p> <p>(ii) Guarantee given by a wholly-owned subsidiary of such Listco.</p>
1848	China Aircraft Leasing Group Holdings Limited	26 January 2021	8.00% <i>Note 6</i>	35.7 <i>Note 7</i>	There is no security. In the event the borrower, a commonly held entity of such Listco, raises loans from banks, financial or other institutions and guarantee is required to be provided to the lender of the loans, the borrower shall pay the guarantor (the shareholder of the borrower which has provided guarantee for the loan) a guarantee fee equal to 3% per annum of the principal amount of the bank loans guaranteed by such guarantor.
371	Beijing Enterprises Water Group Limited	30 November 2020	4.05% <i>Note 8</i>	180 (outlier)	<p>(i) Pledge of expected earnings from certain projects, with book value of the assets estimated to be RMB66,041,000; and</p> <p>(ii) Guarantee given by a wholly-owned subsidiary of such Listco.</p>

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Stock code	Company name	Date of initial announcement	Interest rate <i>(per annum)</i> <i>(approximately)</i>	Term <i>(in month)</i> <i>(approximately)</i>	Security
726	DIT Group Limited	30 November 2020	6.5%	12	The mortgage of land use rights of a stated-owned construction land and six constructions in process thereon (with a gross floor area of approximately 89,025 m <sup>2</sup> )
			(excluding outliers)		
		Highest:	8.00%	36	
		Lowest:	4.60%	7	
		Median:	6.50%	12	
		Average:	6.38%	19.8	
		The Company:	3%	36	

Source: *The Stock Exchange's website (www.hkex.com.hk)*

Notes:

1. The applicable interest rate is a floating interest rate equals to the relevant loan prime rate (the "LPR") for a period longer than 5 years (currently 4.65% per annum) announced by the National Interbank Funding Centre (the "NIFC") on the date immediately preceding the drawdown date minus 0.6%. It shall be adjusted for each 12 months with reference to the then latest LPR for a period longer than 5 years. Given the term of this loan is significantly longer than that of the Remaining Loan, it was considered as an outlier and excluded from the assessment on interest rate and term of the Remaining Loan.
2. The applicable interest rate is a floating interest rate equals to the relevant LPR for a period longer than 5 years (currently 4.65% per annum) announced by the NIFC on the date immediately preceding the drawdown date plus 0.25%. It shall be adjusted for each 12 months with reference to the then latest LPR for a period longer than 5 years. Given the term of this loan is significantly longer than that of the Remaining Loan, it was considered as an outlier and excluded from the assessment on interest rate and term of the Remaining Loan.
3. The term shall be for a period commencing from the day on which the lender releases the proceeds of the loan in accordance with the agreement and ending on the day on which the loan shall be repaid in accordance with the agreement. Notwithstanding any other provisions of the agreement, the repayment date of the loan shall not exceed 190 business days after execution of the agreement, i.e. the loan together with interest accrued thereon shall be repaid by the borrowers to the lender no later than 10 business days from the 180th business day after execution of the agreement. 180 business days are equivalent to approximately 8.4 months for comparison purpose.
4. The applicable interest rate is a floating interest rate equals to the relevant LPR for a period longer than 5 years (currently 4.65% per annum) announced by the NIFC on the date immediately preceding the drawdown date plus 0.25%. It shall be adjusted for each 12 months with reference to the then latest LPR for a period longer than 5 years. Given the term of this loan is significantly longer than that of the Remaining Loan, it was considered as an outlier and excluded from the assessment on interest rate and term of the Remaining Loan.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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5. Over 5-year LPR (currently 4.65% per annum) published by the NIFC on the date preceding the drawdown date plus 0.25%. Given the term of this loan is significantly longer than that of the Remaining Loan, it was considered as an outlier and excluded from the assessment on interest rate and term of the Remaining Loan.
6. The interest rate of the loan is 3% per annum above the Hong Kong dollar prime lending rate quoted by The Bank of China (Hong Kong) Limited from time to time, which is 5% per annum.
7. The extended term of the loan is 1070 days, which is equivalent to approximately 35.7 months for comparison purpose.
8. The 5-year LPR (currently 4.65% per annum) published by the NIFC on the date preceding the drawdown date minus 0.6%. Given the term of this loan is significantly longer than that of the Remaining Loan, it was considered as an outlier and excluded from the assessment on interest rate and term of the Remaining Loan.

**Table 2 Loan Prime Rate**

<b>Period</b>	<b>One-year</b>	<b>Five-year or above</b>
Since 20 April 2020 to 20 October 2021	3.85%	4.65%

Source: Website of the NIFC  
(<http://www.chinamoney.com.cn/chinese/bklpr/>)

**(i) Interest rate**

As illustrated in the Table 1, the interest rate of the Comparable Loans ranges from 4.60% per annum to 8.00% per annum (excluding the outliers), with an average of approximately 6.38%. The annual interest rate of the Remaining Loan is estimated to be not exceeding 3% which is less than the average. Accordingly, we consider the interest rate of the Remaining Loan is fair and reasonable.

To further assess the fairness and reasonableness of the Loan Extension Agreement, we have also compared the interest rate of the Remaining Loan with the one-year and five-year or above LPR to assess if the interest rate of the Remaining Loan is made in a fair and reasonable manner as compared to the market benchmark set by the People's Bank of China, the central bank of the PRC (the "PBOC") in the PRC. According to the website of the NIFC, the LPR since 20 April 2020 to 20 October 2021 is set out in the Table 2 above.

Based on our research, we understand that the LPR, which was introduced by the PBOC in August 2019, is the most preferential lending rate and offered by a financial institution to its prime clients. The LPR is calculated based on an average (excluding the highest and the lowest quotes) of lending rates from 18 commercial banks, which will submit their LPR quotations to the NIFC. The PBOC has been publishing the LPR for the one-year and five-year or above loan on a monthly basis.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The interest rate offered by financial institutions shall be determined based on the LPR plus basis point. The interest rate of the Remaining Loan of not exceeding 3% per annum represents a discount to both one-year and five-year or above LPRs.

In addition, the term of the Remaining Loan will be fixed for three years from 13 December 2021 which is subject to the Independent Shareholders' approval at the EGM.

In view of the above, we consider the interest rate under the Loan Extension Agreement is on normal commercial terms and fair and reasonable.

In light of the above, we are of the view that the terms of the Loan Extension Agreement will not adversely affect the earnings, assets and liabilities of the Group and are in the interests of the Company and the Shareholders as a whole.

### *(ii) Term*

Furthermore, as shown in the Table 1, the term of maturity of the Comparable Loans ranges from 7 months to 36 months, with an average of approximately 19.8 months. The term of the Remaining Loan of 36 months is within the aforesaid range of the Comparable Loans. We are also of the view that the term of loans is largely determined by the individual cases of the Listcos. As for the Company, the Remaining Loan is for general working capital purposes of the Company during the term of the Remaining Loan. Accordingly, we consider the term of maturity of the Remaining Loan is fair and reasonable.

### *(iii) Security*

We also consider that security is a principal term of a loan facility. As shown in the Table 1, the majority of the Comparable Loans have security. We are of the view that the arrangement in the New Share Charge Agreement, including but not limited to, (i) the subject for the charge as detailed on pages 26 to 28 under the subsection headed "(ii) Subject" under the section headed "III. Principal Terms of the New Share Charge Agreement"; and (ii) the charge period of the Remaining Loan, i.e. the period commencing for the three years from 13 December 2021, is fair to both Eastern Creation II and the Company, which will enable the Company to better run its operational assets with efficiency and security for the Company upon release of the charge. As such, the choosing of the subject for the charge is fair and reasonable.

### *(iv) Usage of the Remaining Loan*

As informed by the Management, it is the Company's intention to utilise the Remaining Loan to, including but not limited to the areas mentioned in the subsection headed "(b) Business development of the Group" under the section headed "I. Background of and reasons for entering into the Loan Extension Agreement" above.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In conclusion, the interest rate of the Remaining Loan is lower than the range of and discounted to the average of the interest rates of the Comparable Loans as shown in the Table 1; and the annual interest rate of the Remaining Loan is estimated to be not exceeding 3% and the parties agreed that the annual interest rate will be capped at 3%, it will therefore be beneficial to the Group as a whole by reducing its financial cost and thereby improving the cash flow position of the Group. In addition, there is a significant improvement on the financial performance of the Group upon borrowing the Loan since 2019. Based on our analysis above, the terms of the Loan Extension Agreement and the New Share Charge Agreement are on normal commercial terms or better and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### RECOMMENDATION

Having taken into account the principal factors and reasons as discussed above, we consider that, although the transactions contemplated under the Loan Extension Agreement and the New Share Charge Agreement are not in the ordinary and usual course of business, the transactions are entered into on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders, and we recommend the Independent Shareholders, to vote in favour of the relevant resolution(s) proposed at the EGM.

Yours faithfully,  
For and on behalf of  
**VC Capital Limited**  
**Ginny Ho**  
*Managing Director*

*Note:* Ms. Ginny Ho is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of VC Capital Limited to carry out type 6 (advising on corporate finance) regulated activity under the SFO. She has extensive experience in the corporate finance industry.

\* *For identification purposes only*

## 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 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 Wei ("Mr. Cao")	Long position	Interest of controlled corporation ( <i>Note 1</i> )	244,657,815	11.66%
	Long position	Beneficial owner	800,000	0.04%
				11.70%
Ms. Xuan Jing	Long position	Beneficial owner	4,032,000	0.19%

*Note:*

- These shares are held by More Legend Limited ("More Legend"), and More Legend is wholly owned by Mr. Cao. By virtue of the SFO, Mr. Cao is deemed to be interested in the 244,657,815 shares of the Company which More Legend owns. Mr. Cao is the sole director of More Legend.

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
More Legend	Long position	Beneficial owner (Note 1)	244,657,815	11.66%
Ms. Wang Jianping ("Ms.Wang")	Long position	Interest of spouse (Note 2)	245,457,815	11.70%
BII HK	Long position	Beneficial owner (Note 3)	1,157,634,900	55.20%
BII	Long position	Interest of controlled corporation (Note 3)	1,157,634,900	55.20%
China Property and Casualty Reinsurance Company Ltd.* (中國財產再保險有限公司)	Long position	Beneficial owner (Note 4)	142,789,534	6.81%
China Reinsurance (Group) Corporation* (中國再保險(集團)股份有限公司)	Long position	Interest of controlled corporation (Note 4)	167,745,534	8.00%
Central Huijin Investment Ltd	Long position	Interest of controlled corporation (Note 4)	167,745,534	8.00%

*Notes:*

1. More Legend is the legal and beneficial owner of 244,657,815 shares of the Company and is wholly-owned by Mr. Cao. Mr. Cao is also the sole director of More Legend.
2. Ms. Wang is the spouse of Mr. Cao and by virtue of the SFO, is deemed to be interested in the 245,457,815 shares of the Company which Mr. Cao is interested in.
3. BII HK is a wholly-owned subsidiary of BII. By virtue of the SFO, BII is deemed to be interested in the 1,157,634,900 shares of the Company owned by BII HK.
4. China Property and Casualty Reinsurance Company Ltd. and China Life Reinsurance Company Ltd. which hold 142,789,534 Shares and 24,956,000 Shares, respectively, are each a wholly-owned subsidiary of China Reinsurance (Group) Corporation, which is in turn owned as to 71.56% by Central Huijin Investment Ltd. By virtue of the SFO, China Reinsurance (Group) Corporation and Central Huijin Investment Ltd. are deemed to be interested in the 142,789,534 shares of the Company owned by China Property and Casualty Reinsurance Company Ltd. and 24,956,000 shares of the Company owned by China Life Reinsurance Company Ltd.

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 at the Latest Practicable Date 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 2020, 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 CONSENTS OF EXPERT

The following sets out the qualifications of the experts who have given their opinions or advice or statements as contained in this circular:

<b>Name</b>	<b>Qualification</b>
VC Capital Limited	A corporation licensed to carry out Type 6 (advising on corporate finance) of the regulated activity under the SFO

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 2020 (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 2020 (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 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:

- (a) the Loan Extension Agreement (including the New 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 consents of expert” in this Appendix; and
- (e) this circular.

\* *For identification purposes only*

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## NOTICE OF EGM

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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)**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “**EGM**”) of BII Railway Transportation Technology Holdings Company Limited (the “**Company**”) will be held at Conference Room, 4/F, 4th Building, Jingtou Plaza, No. 6 Xiaoying North Road, Chaoyang District, Beijing, the People’s Republic of China on Wednesday, 22 December 2021 at 9:30 a.m., to consider and, if thought fit, pass the following ordinary resolution (with or without modifications):

### ORDINARY RESOLUTION

“**THAT**

- (a) the loan extension agreement dated 22 October 2021 (the “**Loan Extension Agreement**”) (attaching the new share charge agreement to be entered into (the “**New Share Charge Agreement**”) as appendix thereto) (a copy of the Loan Extension 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. Zhang Yanyou (the chairman of the board of directors (the “**Director(s)**”) of the Company and a non-executive Director) or Ms. Xuan Jing (an executive 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 or she may consider necessary, appropriate, expedient or desirable in connection with, or to give effect to, the Loan Extension Agreement and the New 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 Extension Agreement and the New Share Charge Agreement and any other transactions contemplated under or incidental to the Loan Extension Agreement and the New Share Charge Agreement.”

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

Hong Kong, 2 December 2021

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## NOTICE OF EGM

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*Notes:*

1. A member of the Company entitled to attend and vote at the EGM convened by the above notice is entitled to appoint one or if he/she is the holder of two or more shares, more than one proxy to attend and, subject to the provisions of the memorandum of association and articles of association of the Company, to vote on his/her behalf. A proxy need not be a member of the Company but must be present in person at the EGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. In order to be valid, the form of proxy must be deposited together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, at the office of the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting or adjourned meeting. Completion and return of the form of proxy will not preclude a member of the Company from attending and voting in person at the EGM or any adjournment thereof, should he/she so wish.
3. For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 17 December 2021 to Wednesday, 22 December 2021, 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 16 December 2021 (Hong Kong time).
4. Completion and return of an instrument appointing a proxy will not preclude a member of the Company from attending and voting in person at the meeting and/or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. 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.
6. The form of proxy for use at the EGM is enclosed herewith.

*As at the date of this notice, the executive directors of the Company are Mr. Cao Wei and Ms. Xuan Jing, the non-executive directors of the Company are Mr. Zhang Yanyou, Mr. Guan Jifa, Mr. Zheng Yi and Ms. Gu Xiaohui, the independent non-executive directors of the Company are Mr. Bai Jinrong, Mr. Luo Zhenbang and Mr. Huang Lixin.*