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

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

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京投轨道交通科技控股有限公司
BII Railway Transportation Technology
Holdings Company Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1522)

CONNECTED TRANSACTION
LOAN AGREEMENT
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING

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



Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed “Definitions” in this circular. A letter from the Board is set out on pages 5 to 14 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 9 July 2019 at 3:00 p.m. is set out on pages 40 to 41 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 22, Hopewell Centre, 183 Queen’s Road East, Wanchai, 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.

21 June 2019

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DEFINITIONS

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

“Announcement”	the announcement of the Company dated 26 April 2019 in relation to, among other matters, the Loan Agreement, the Share Charge Agreement and the transactions contemplated thereunder
“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“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
“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 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

DEFINITIONS

“Drawdown Date”	the date on which the Loan is drawn down and transferred to the bank account designated by the Company, which shall be any date after (i) the Loan Agreement becomes effective; and (ii) Eastern Creation II received a drawdown notice from the Company
“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 Agreement, the Share Charge Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huaqi Intelligent”	蘇州華啟智能科技有限公司 (Suzhou Huaqi Intelligent Technology Co., Ltd.*), a company established in the PRC with limited liability and a non-wholly owned subsidiary of the Company as at the Latest Practicable Date
“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 Agreement, the Share Charge Agreement and the transactions contemplated thereunder

DEFINITIONS

“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 Agreement, the Share Charge Agreement and the transactions contemplated thereunder
“Independent Shareholder(s)”	the Shareholder(s) other than BII and its associates
“independent third party(ies)”	person(s) who or company(ies) which is/are third party(ies) independent of the Company and its connected person
“Latest Practicable Date”	14 June 2019, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loan 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
“PRC”	the People’s Republic of China
“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 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

DEFINITIONS

“Share Charge Agreement”	the share charge agreement to be entered into by the Company (as chargor) and Eastern Creation II (as chargee) by way of charge of the rights and interests in the entire issued share capital of Beijing Investment Railway in favour of Eastern Creation II pursuant to the Loan Agreement
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“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

Mr. Ren Yuhang

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

21 June 2019

To the Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION
LOAN AGREEMENT**

1. INTRODUCTION

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

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

LETTER FROM THE BOARD

2. THE LOAN AGREEMENT

As set out in the Announcement, on 26 April 2019, the Company (as the borrower) entered into the Loan Agreement with 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 and Eastern Creation II will enter into the Share Charge Agreement within 30 business days from the Drawdown Date. Pursuant to the Share Charge Agreement, the Loan shall be secured by the Share Charge provided by the Company in favour of Eastern Creation II.

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

Date: 26 April 2019

Parties: (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 55.12% 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.

Principal amount: HK\$500 million

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

$$\text{Annual interest rate} = \frac{4.20\% \times 3}{\text{Number of calendar days of the term of the Loan} \div 360}$$

The number of calendar days of the term of the Loan shall be determined by the number of days between the Drawdown Date and 12 December 2021 (both days inclusive). As at the Latest Practicable Date, the Loan had not been drawn down by the Company. The Directors intend to draw down the Loan as soon as practicable and shortly after fulfillment of all the Conditions Precedent.

LETTER FROM THE BOARD

The interest rate under the Loan Agreement was determined based on the parties' arm's length negotiation with reference to the prevailing interest rates quoted by the commercial banks in the PRC and the benchmark rate for one-year term loan provided by The People's Bank of China.

In addition, since the interest rate of the Loan is determined by, among others, the number of calendar days of the term of the Loan which is depending on the actual Drawdown Date, the interest rate of the Loan takes into account the actual period of time when the Company could obtain and utilise the Loan. It has always been the intention of the parties to the Loan Agreement that the Drawdown Date will be as soon as practicable and shortly after fulfillment of all the Conditions Precedent, which is expected to be on 9 July 2019, being the date of the EGM on the assumption that the resolution in the EGM is passed by the Independent Shareholders. Further, the earlier the Loan is drawn down, the lower the interest rate of the Loan will be, according to the formula on the calculation of the annual interest rate of the Loan.

Further, the parties to the Loan Agreement have agreed in writing that the Drawdown Date shall be within 10 business days after the date of the EGM on the assumption that the resolution in the EGM is passed by the Independent Shareholders. If the parties fail to draw down the Loan within 10 business days after the date of the EGM due to the fault of any of the parties, then the Company will not proceed with the Loan and no party shall be liable to any other party in respect of the Loan Agreement. On the other hand, if the parties fail to draw down the Loan within 10 business days after the date of the EGM whereby the fault is not due to any of the parties, and subsequently if the Loan cannot be drawn down by 31 August 2019, then the Company will not proceed with the Loan and no party shall be liable to any other party in respect of the Loan Agreement.

In view of the above, the latest Drawdown Date shall be 31 August 2019, and accordingly the annual interest rate of the Loan shall be 5.43%. Taking into account that the annual interest rate of the Loan is similar to (i) the prevailing market interest rate; and (ii) the annual interest rate of other comparable loans obtained by other listed companies on the Stock Exchange, the Board considers that the annual interest rate of the Loan is on normal commercial terms and is fair and reasonable.

LETTER FROM THE BOARD

In respect of the effective interest rate of the Loan, as the interest of the Loan is calculated on a simple basis rather than on a compound basis, hence the effective interest rate of the Loan shall be equivalent to its annual interest rate. Assuming the Drawdown Date is 9 July 2019, being the date of the EGM on the assumption that the resolution in the EGM is passed by the Independent Shareholders, the number of calendar days of the term of the Loan shall be 888 days, thus the annual interest rate and the effective interest rate shall be approximately 5.11%, which was calculated as follow:

$$\frac{4.20\% \times 3}{888 \div 360} = 5.11\%$$

The interest shall be paid on the 12th of June and the 12th of December each year, if such day falls on a statutory holiday or a public holiday, the interest payment date will be postponed to the following business day. On each interest payment date, the Company shall pay Eastern Creation II the amount of interest calculated as follow:

$$\text{Interest payment} = \text{HK\$500 million} \times \text{Annual interest rate} \times \frac{\text{Number of calendar days from the last interest payment date to the current interest payment date}}{360}$$

Term: Commencing from the Drawdown Date and expiring on 12 December 2021

Usage: The Loan is designated for working capital purposes of the Company. Please refer to the paragraph headed "Reasons for and benefits of the Loan" under this section in this circular for details on the proposed utilisation of the Loan.

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

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

LETTER FROM THE BOARD

- (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 transactions contemplated under the Loan Agreement; and
- (3) the Independent Shareholders having approved the Loan Agreement, the Share Charge Agreement and the transactions contemplated thereunder at the EGM.

If any of the Conditions Precedent are not satisfied on or before 31 December 2019 or such other date(s) as the parties may agree in writing, the Loan Agreement shall cease and determine.

Repayment arrangement:

The principal of the Loan shall be repaid in one lump sum by maturity.

Repayment on demand:

If the Loan is not utilised according to its designated purposes, Eastern Creation II has the right to issue a written notice to the Company to demand repayment of the Loan and all outstanding interests within 15 business days after the date of receipt of such notice by the Company.

Security:

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

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

Late payment penalty:

If the Company fails to repay the Loan or any interests accrued within the time limit as stipulated under the Loan Agreement, the Company shall pay Eastern Creation II penalty interest calculated based on a daily interest rate of 0.05% of the overdue amount and the actual number of days of default.

3. THE SHARE CHARGE AGREEMENT

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

LETTER FROM THE BOARD

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

- Date:** any day within 30 business days from the Drawdown Date
- Parties:** (1) the Company (as chargor); and
(2) Eastern Creation II (as chargee).
- Subject:** Pursuant to the Share Charge Agreement, the Company shall charge all its beneficially owned rights to and interests in the entire share capital of Beijing Investment Railway, 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 Agreement.
- Charge period:** being the period commencing from the Drawdown Date up to the date on which the Company fulfills all its repayment obligations under the Loan Agreement

Beijing Investment Railway is a company incorporated under the laws of BVI and a direct wholly-owned subsidiary of the Company. Beijing Investment Railway is an investment holding company and it holds 95% of the entire equity interest in Huaqi Intelligent, an investment holding company. Huaqi Intelligent and its subsidiaries are principally engaged in the provision of solutions of automation and information-based systems for transportation applications. It offers products, techniques, system integration, operation services and consultancy for high-speed railway, train, urban rail transit, interurban railway and urban railway in the PRC. As at 30 April 2019, the unaudited consolidated net asset value of Beijing Investment Railway amounted to approximately RMB53.6 million.

4. INFORMATION ON THE PARTIES TO THE LOAN 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

LETTER FROM THE BOARD

analysis, so as to promote the development of urban rail transit systems from informationised business to intelligent business.

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 55.12% 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 THE LOAN

The Directors consider that entering into of the Loan Agreement will enable the Group to obtain additional capital for its general operations purpose, which allows the Company flexibility on utilising the Loan for purposes which the Board determines necessary. The Company intends to utilise the Loan for future business development of the Group including but not limited to (i) a project in Kunming obtained in 2019 and projects in Zhengzhou, Nanning, and Fuzhou obtained in 2018, in particular the bid for construction of Zhengzhou Rail Transit Innovation Key Project, which was a landmark project of the Group's networking operation solution business and also the first time for the Group to introduce the new model of Beijing's intelligent rail transit to other areas in the PRC; (ii) future development of Huaqi Intelligent, in particular the synergy to be brought by the complementary advantages formed by the Group's ground Passenger Information System and Huaqi Intelligent's on-board PIS system; (iii) new development opportunities in future in the civil communication transmission service segment brought by gradual implementation of the intelligent subway transportation action plan in Beijing and the construction of big data centre, integrated cloud platform, 10G Ethernet and the enlarged application of 5G based intelligent subway transportation system; (iv) technological innovation to strengthen its technological competitiveness and the research and development of core product lines such as the Automatic Fare Collection System and the Passenger Information System; (v) the new business in information security obtained by the Group through its non-wholly owned subsidiary, namely BII Information Security Technology Development Company Limited* (北京京投信安科技發展有限公司), that could help the Group improve the reliability and safety of rail transit system; and (vi) consolidation of the Group's industry layout in the area of ground-to-train wireless communication for railway transportation by acquisition of 30% equity interest in Beijing Nufont Line Rail Transit Technology Co., Ltd.* (北京新岸線軌道交通技術有限公司) which grasped the strategic opportunity from the commercialisation of 5G in the PRC. The Company will, from time to time, explore other business opportunities according to its business strategies when suitable investment opportunities arise. The terms of the Loan Agreement, including the applicable interest rate, are entered into after arm's length negotiations between the parties and taking into account the prevailing market interest rates and practices. The Company has considered obtaining loan from independent financial institution. However, obtaining loan from independent financial institutions may require lengthy due diligence exercises conducted by the independent financial institutions on the charged security and the Group's financial positions, capital structures and business plans; and more lengthy negotiation on the other terms of the loan. Further,

LETTER FROM THE BOARD

the term of loan usually offered by independent financial intuitions is shorter than that of the Loan. As the Loan is intended to be used for general working capital purposes including business development as mentioned above, a longer term of loan is more suitable for the Group. In addition, the Loan represents the financial support for the development of the Group's businesses by the controlling Shareholder. As such, the Directors consider that it is more favourable to obtain the Loan from Eastern Creation II.

The Board considers that (i) the interest rate of the Loan is similar to the prevailing market interest rate; (ii) the provision of the Share Charge and other terms stipulated under the Loan Agreement are similar to those in the market; and (iii) the tenor of the Loan is more suitable for the Group's intended usage of the Loan, hence the interest rate, the provision of the Share Charge and the tenor of the Loan are fair and reasonable. The Directors are of the view that the Loan Agreement, the Share Charge Agreement and the transactions contemplated thereunder, although are not in the ordinary and usual course of business, are entered into on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

6. LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Eastern Creation II is a wholly-owned subsidiary of BII. BII indirectly holds approximately 55.12% 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. Therefore, the transaction contemplated under the Loan Agreement and the Share Charge Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

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

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

As none of the Directors has material interest in the Loan Agreement, the Share Charge Agreement and the transactions contemplated thereunder, none of the Directors has abstained from voting on the board resolutions approving the Loan Agreement, the Share Charge Agreement and the transactions contemplated thereunder.

LETTER FROM THE BOARD

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 9 July 2019 at 3:00 p.m., during which an ordinary resolution will be proposed to the Shareholders to consider and, if thought fit, to approve the Loan Agreement, the Share Charge Agreement and the transactions contemplated thereunder by way of poll, the results of which will be announced after the EGM.

The notice of the EGM is set out on pages 40 to 41 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 22, Hopewell Centre, 183 Queen's Road East, Wanchai, 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.

As at the Latest Practicable Date, Eastern Creation II is a wholly-owned subsidiary of BII. BII indirectly holds approximately 55.12% 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. BII HK will be required to abstain from voting on the resolution(s) to approve the Loan Agreement, the Share Charge Agreement and the transactions contemplated thereunder at the EGM. Save as disclosed, to the best of the knowledge, information and belief of the Directors, no other Shareholder has a material interest in the transactions contemplated under the Loan Agreement, the Share Charge Agreement and the transactions contemplated thereunder and will be required to abstain from voting on the resolution to approve the Loan Agreement, the Share Charge Agreement and the transactions contemplated thereunder at the EGM.

8. RECOMMENDATIONS

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

An Independent Board Committee has been formed to advise the Independent Shareholders in connection with the Loan Agreement, the Share Charge Agreement and the transactions contemplated thereunder, and 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 Agreement, the Share Charge Agreement and the transactions contemplated thereunder is set out on pages 16 to 34 of this circular.

LETTER FROM THE BOARD

9. ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee set out on page 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 34 of this circular and the information set out in the appendix of this circular.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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

京投轨道交通科技控股有限公司
BII Railway Transportation Technology
Holdings Company Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1522)

21 June 2019

To the Independent Shareholders

Dear Sir and Madam,

CONNECTED TRANSACTION
LOAN AGREEMENT

We refer to the circular of the Company to the Shareholders dated 21 June 2019 (the “**Circular**”), of which this letter forms part. Unless specified otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed as the Independent Board Committee to advise you as to whether, in our opinion, the terms of the Loan Agreement, the Share Charge Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned. 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 34 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.

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

Yours faithfully,
For and on behalf of

The Independent Board Committee of
BII Railway Transportation Technology Holdings Company Limited

Mr. Bai Jinrong
Independent non-executive
Director

Mr. Luo Zhenbang
Independent non-executive
Director

Mr. Huang Lixin
Independent non-executive
Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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 Agreement for the purpose of inclusion in this circular.



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

21 June 2019

To: the Independent Board Committee and the Independent Shareholders

CONNECTED TRANSACTION IN RELATION TO THE LOAN AGREEMENT

Dear Sir/Madam,

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 Agreement entered into between the Company and the Eastern Creation II (“**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 21 June 2019 (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.

The Loan Agreement

On 26 April 2019, the Company (as the borrower) entered into the Loan Agreement with 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 and Eastern Creation II will enter into the Share Charge Agreement within 30 business days from the Drawdown Date. Pursuant to the Share Charge Agreement, the Loan shall be secured by the Share Charge 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 55.12% 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. Therefore, the transaction contemplated under the Loan Agreement and the Share Charge Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. BII HK will be required to abstain from voting on the resolution(s) to approve the Loan Agreement, the Share Charge Agreement and the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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 Loan Agreement, the Share Charge Agreement and the transactions contemplated thereunder and will be required to abstain from voting on the resolution to approve the Loan Agreement, the Share Charge Agreement and the transactions contemplated thereunder at the EGM.

As none of the Directors has material interest in the Loan Agreement, the Share Charge Agreement and the transactions contemplated thereunder, none of the Directors has abstained from voting on the board resolutions approving the Loan Agreement, the Share Charge Agreement and the transactions contemplated thereunder.

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 established to advise and make recommendation to the Independent Shareholders in respect of the Loan Agreement, the Share Charge Agreement and the transactions contemplated thereunder. Our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders has been approved by the Independent Board Committee in this respect.

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 Agreement and the 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 Agreement and the 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 Agreement and the Share Charge Agreement at the EGM.

OUR INDEPENDENCE

We did not act as a financial adviser to the Company or its subsidiaries or any parties involved in the Loan Agreement and the Share Charge Agreement in the last two years.

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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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 2016 ("FY2016"), 31 December 2017 ("FY2017") and 31 December 2018 ("FY2018") (the "2018 Annual Report", and collectively, the "Annual Reports");
- (ii) the Loan Agreement;
- (iii) the Share Charge Agreement;
- (iv) the Announcement; and
- (v) other information as set out in the Circular.

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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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 the Loan

(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.

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

	For the year ended 31 December 2016 HK\$'000 (Audited)	For the year ended 31 December 2017 HK\$'000 (Audited)	For the year ended 31 December 2018 HK\$'000 (Audited)
Revenue	479,309	564,587	453,204
Profit before tax	29,925	51,576	58,639
Profit after tax	28,394	45,240	53,328

During FY2016, FY2017 and FY2018, the revenues were mainly generated from the provision of design, implementation and sale, and maintenance, of application solution services. As depicted by the above table, the revenue of the Group amounted to approximately HK\$453.2 million for FY2018, representing a decrease of approximately 19.7% and approximately 5.4% compared to approximately HK\$564.6 million for FY2017 and approximately HK\$479.3 million for FY2016 respectively. As disclosed in 2018 Annual Report and informed by the Management, the decrease was mainly attributable to the finalisation stage of the intelligent railway transportation service business, the Phase II Beijing Fare Renovation Project, and the delay of the progress of some projects.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Despite the decrease of revenue, in FY2018, profit before tax of the Group amounted to approximately HK\$58.6 million, representing an increase of approximately 13.6% and approximately 96.0% compared to approximately HK\$51.6 million for FY2017 and approximately HK\$29.9 million for FY2016 respectively. As disclosed in 2018 Annual Report and informed by the Management, the increase was mainly attributable to the increase in revenue from the 4G service of civil communication transmission service business, and the increase in investment income and other revenue from financial planning as compared to the corresponding period of 2017.

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

	As at 31 December 2016	As at 31 December 2017	As at 31 December 2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)	(Audited)	(Audited)
Cash and cash equivalents	1,118,431	1,128,780	1,069,561
Total assets	2,494,897	2,713,027	3,043,432
Total liabilities	378,370	498,918	845,780
Net assets	2,116,527	2,214,109	2,197,652

The total assets of the Group increased by approximately 8.7% from approximately HK\$2,495 million as at 31 December 2016 to approximately HK\$2,713 million as at 31 December 2017, and then further increased by approximately 12.2% to approximately HK\$3,043 million as at 31 December 2018, mainly comprising cash and cash equivalents, trade and other receivables and interests in joint ventures and an associate.

Total liabilities of the Group increased by approximately 32.0% from approximately HK\$378 million as at 31 December 2016 to approximately HK\$499 million as at 31 December 2017, and then further increased by approximately 69.5% to approximately HK\$846 million as at 31 December 2018, which mainly comprises of trade and other payables and loans from a related party.

As disclosed in the 2018 Annual Report, under the guidance of BII, the Group firmly adhered to the strategic deployment of “one body-two wings, two wheel drive” and the new strategic direction of “Three aspects of transformation” to sustain and continued to promote the new strategic development of “Giving priority to intelligent railway transportation services and civil communication transmission services and supplementing with new business development through joint ventures and partnership”. In addition, riding on its approach based on anchoring in Beijing, Hong Kong and covering Beijing-Tianjin-Hebei, the Group actively expanded its development throughout the nation and seized projects in Zhengzhou, Nanning, Kunming, and Fuzhou beyond Beijing with the bidding price of these new projects amounting to approximately RMB0.49 billion.

(b) Business development of the Group

Based on our discussion with the Management, the Company may use the Loan to the future business development of the Group in the areas of, including but not limited to (i) a project in Kunming obtained in 2019 and projects in Zhengzhou, Nanning and Fuzhou obtained in 2018, in particular the bid for construction of Zhengzhou Rail Transit Innovation Key Project, which was a landmark project of the Group's networking operation solution business and also the first time for the Group to introduce the new model of Beijing's intelligent rail transit to other areas in the PRC; (ii) the future development of Huaqi Intelligent, in particular the synergy to be brought by the complementary advantages formed by the Group's ground PIS system and Huaqi Intelligent's on-board PIS system; (iii) the new development opportunities in future in the civil communication transmission service segment brought by gradual implementation of the intelligent subway transportation action plan in Beijing and the construction of big data centre, integrated cloud platform, 10G Ethernet and the enlarged application of 5G based intelligent subway transportation system; (iv) technological innovation to strengthen its technological competitiveness and the research and development of core product lines such as the Automatic Fare Collection System and the Passenger Information System; (v) the new business in information security obtained by the Group through its 51% shareholding in BII Information Security Technology Development Company Limited (北京京投信安科技發展有限公司) that could help the Group to improve the reliability and safety of rail transit system; and (vi) consolidation of the Group's industry layout in the area of ground-to-train wireless communication for railway transportation by acquisition of 30% equity interest in Beijing Nufront Line Rail Transit Technology Co., Ltd. (北京新岸線軌道交通技術有限公司) which grasped the strategic opportunity from the commercialisation of 5G in the PRC.

(c) Information on Eastern Creation II

As disclosed in the Letter from the Board, Eastern Creation II is a company incorporated under the laws of BVI and is a wholly-owned subsidiary of BII. BII holds approximately 55.12% 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 Agreement

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

(i) *Principal Amount*

Eastern Creation II agrees to give the Company a loan in the amount of HK\$500 million.

(ii) *Conditions precedent*

The Loan Agreement is subject to the following Conditions Precedent:

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

If any of the Conditions Precedent are not satisfied on or before 31 December 2019 or such other date(s) as the parties may agree in writing, the Loan Agreement shall cease and determine.

As the conditions precedent to the Loan Agreement are statutory requirements, we consider the conditions precedent to be fair and reasonable so far as the Independent Shareholders are concerned.

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(iii) Maturity

The term of the Loan shall commence from the Drawdown Date and expire on 12 December 2021. As informed by the Management, the term of the Loan was reached after arm's length negotiation between the parties to the Loan Agreement.

As the Drawdown Date is subject to the Loan Agreement becoming effective, which is in turn subject to the Conditions Precedent, the term of the Loan remains to be determined as at the Latest Practicable Date. As shown in Table 1 in the section headed "IV. Market Comparables Analysis" below, the term of 30 months of the Loan is adopted for illustration and the terms of the Comparable Loans (as defined below) range from 12 months to 36 months with an average of approximately 27 months. Since the term of the 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 Loan is justifiable.

(iv) Interest rate

The annual interest rate shall be calculated as follow:

$$\text{Annual interest rate} = \frac{4.20\% \times 3}{\text{Number of calendar days of the term of the Loan} \div 360}$$

The number of calendar days of the term of the Loan shall be determined by the number of days between the Drawdown Date and 12 December 2021 (both days inclusive). As disclosed in the Letter from the Board, as at the Latest Practicable Date, the Loan had not been drawn down by the Company. The Directors intend to draw down the Loan as soon as practicable and shortly after fulfillment of all the Conditions Precedent.

As disclosed in the Letter from the Board, the interest rate under the Loan Agreement was determined based on the parties' arm's length negotiation with reference to the prevailing interest rates quoted by the commercial banks in the PRC and the benchmark rate for one-year term loan provided by The People's Bank of China.

As disclosed in the Letter from the Board, in addition, since the interest rate of the Loan is determined by, among others, the number of calendar days of the term of the Loan which is depending on the actual Drawdown Date, the interest rate of the Loan takes into account the actual period of time when the Company could obtain and utilise the Loan. It has always been the intention of the parties to the Loan Agreement that the Drawdown Date will be as soon as practicable and shortly after fulfillment of all the Conditions Precedent, which is expected to be on 9 July 2019, being the date of the EGM on the assumption that the resolution in the EGM is passed by the Independent Shareholders. Further, the earlier the Loan is drawn down, the lower the interest rate of the Loan will be, according to the formula on the calculation of the annual interest rate of the Loan. Further, the parties to the Loan

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Agreement have agreed in writing that the Drawdown Date shall be within 10 business days after the date of EGM on the assumption that the resolution in the EGM is passed by the Independent Shareholders. If the parties fail to draw down the Loan within 10 business days after the date of EGM due to the fault of any of the parties, then the Company will not proceed with the Loan and no party shall be liable to any other party in respect of the Loan Agreement. On the other hand, if the parties fail to draw down the Loan within 10 business days after the date of EGM whereby the fault is not due to any of the parties, and subsequently if the Loan cannot be drawn down by 31 August 2019, then the Company will not proceed with the Loan and no party shall be liable to any other party in respect of the Loan Agreement.

In accordance with the above, the latest Drawdown Date shall be 31 August 2019, which renders the annual interest rate of the Loan to be 5.43% as the term of the Loan would be 835 days. As the annual interest rate of the Loan is within the range of the interest rate of the Comparable Loans of 4.35% to 5.94% per annum set out in the section headed "IV. Market Comparables Analysis", we concur with the view of the Board that the annual interest rate of the Loan is on normal commercial terms and is fair and reasonable.

As disclosed in the Letter from the Board, in respect of the effective interest rate of the Loan, as the interest of the Loan is calculated on a simple basis rather than on a compound basis, hence the effective interest rate of the Loan shall be equivalent to its annual interest rate. Assuming the Drawdown Date is 9 July 2019, being the date of the EGM on the assumption that the resolution in the EGM is passed by the Independent Shareholders, the number of calendar days of the term of the Loan shall be 888 days, thus the annual interest rate and the effective interest rate shall be approximately 5.11%, which was calculated as follows:

$$\frac{4.20\% \times 3}{888 \div 360} = 5.11\%$$

The interest shall be paid on the 12th of June and the 12th of December each year, if such day falls on a statutory holiday or a public holiday, the interest payment date will be postponed to the following business day. On each interest payment date, the Company shall pay Eastern Creation II the amount of interest calculated as follow:

$$\text{Interest payment} = \text{HK\$500 million} \times \text{Annual interest rate} \times \frac{\text{Number of calendar days from the last interest payment date to the current interest payment date}}{360}$$

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Upon discussion with the Management, the Drawdown Date of 9 July 2019 is an assumption made by the Company. For the best interest of the Company and the Shareholders, the Company will draw down the Loan as soon as practicable upon fulfillment of the Conditions Precedent. According to the formula on the calculation of the annual interest rate of the Loan, the earlier the Loan is drawn down, the lower the interest rate of the Loan will be. In view of the above, we concur with the view of the Management in choosing the assumed Drawdown Date and to draw down the Loan as soon as practicable upon fulfillment of the Conditions Precedent.

As shown in Table 1 in the section headed “IV. Market Comparables Analysis” below, the interests of the Comparable Loans (as defined below) range from 4.35% per annum to 5.94% per annum (excluding the outliers). Since the interest of the 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 interest of the Loan is justifiable.

(v) Repayment arrangement

The principal of the Loan shall be repaid in one lump sum by maturity.

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

(vi) Repayment on demand

If the Loan is not utilised according to its designated purposes, Eastern Creation II has the right to issue a written notice to the Company to demand repayment of the Loan and all outstanding interests within 15 business days after the date of receipt of such notice by the Company.

(vii) Security

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

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

(viii) Late payment penalty

If the Company fails to repay the Loan or any interests accrued within the time limit as stipulated under the Loan Agreement, the Company shall pay Eastern Creation II penalty interest calculated based on a daily interest rate of 0.05% of the overdue amount and the actual number of days of default.

(ix) Usage

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

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As informed by the Management, the usage is to allow the Company flexibility on using the 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 the Loan” 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 investment opportunities arise. We are of the view and concur with the view of the Management that the usage of the Loan is justifiable.

III. Principal Terms of the Share Charge Agreement

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

(i) *Date*

The date of the Share Charge Agreement shall be any day within 30 business days from the Drawdown Date, which, in our view, provides sufficient time for the Company to prepare for the administrative work involved in signing the Share Charge Agreement.

(ii) *Subject*

Pursuant to the Share Charge Agreement, the Company shall charge all its beneficially owned rights to and interests in the entire share capital of Beijing Investment Railway, 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 Agreement.

As disclosed in the Letter from the Board and informed by the Management, Beijing Investment Railway is a company incorporated under the laws of the BVI and a direct wholly-owned subsidiary of the Company. Beijing Investment Railway is an investment holding company and it holds 95% of the entire equity interest in Huaqi Intelligent, an investment holding company. Huaqi Intelligent and its subsidiaries are principally engaged in the provision of solutions of automation and information-based systems for transportation applications. It offers products, techniques, system integration, operation services and consultancy for high-speed railway, train, urban rail transit, interurban railway and urban railway in the PRC.

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Set out below is a summary of the latest unaudited consolidated financials of Beijing Investment Railway:

	For the first four months of 2019 <i>RMB'000</i> (approximately)
Revenue	173,211
Profit/(loss) before tax	59,941
Profit/(loss) after tax	51,722

The unaudited net asset value of Beijing Investment Railway as at 30 April 2019 amounted to approximately RMB53.6 million (equivalent to approximately HK\$62.5 million)*, which is the holding company of Huaqi Intelligent.

Upon our enquiry to the Management, Beijing Investment Railway was newly incorporated on 26 November 2018 and no audited consolidated financials for the year ended 31 December 2018 has been prepared.

As informed by the Management, Huaqi Intelligent is the only direct subsidiary of Beijing Investment Railway. A summary of the latest audited consolidated financial statements of Huaqi Intelligent is also set out below for reference:

	For the year ended 31 December 2018 <i>RMB'000</i> (approximately)
Revenue	458,227
Profit/(loss) before tax	96,699
Profit/(loss) after tax	83,793

The audited net asset value of Huaqi Intelligent as at 31 December 2018 amounted to approximately RMB455.5 million (equivalent to approximately HK\$531.0 million)*, which represents a slight premium of approximately 6.2% to the principal amount of the Loan.

* The exchange rate of RMB1 = HK\$1.1657 quoted on Bloomberg on the date of the Loan Agreement has been used for illustration purpose only.

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The Company's acquisition of 95% of the equity interest in Huaqi Intelligent was completed this March. As at 30 April 2019, the total assets of Beijing Investment Railway amounted to approximately RMB1,889.4 million, whereas its total liabilities amounted to approximately RMB1,835.9 million, from which its net asset value was reached as approximately RMB53.6 million. Upon our enquiry to the Management, "other payables" and "long-term payables" in the total liabilities were mainly composed of loans due to companies within the Group for the consideration of acquisition of Huaqi Intelligent. For details on acquisition of Huaqi Intelligent, please refer to the announcements of the Company dated 29 November 2018 and 28 March 2019 as well as the circular of the Company dated 31 January 2019.

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 Agreement taking into consideration the abovementioned net asset value of Huaqi Intelligent.

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 commence from the Drawdown Date up to the date on which the Company fulfills all its repayment obligations under the Loan 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 Loan, we consider the charge period to be fair and reasonable so far as the Independent Shareholders are concerned.

IV. Market Comparables Analysis

In assessing the fairness and reasonableness of the terms of the Loan Agreement and the 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 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 Agreement; (iii) interest rates of the Comparable Loans were disclosed; and (iv) no requirement for repayment on demand by lender at its sole discretion, seven Comparable Loans were identified.

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 Loan.

Among the seven Comparable Loans, given the terms of Comparable Loans of Asia Television Holdings Limited (stock code: 707) and IRC Limited (stock code: 1029) are just 2 months and 4 months which were significantly shorter than that of the Loan, they were considered as outliers and excluded from the assessment on interest rate and term of the Loan. In addition, Given the Comparable Loans of i-Cable Communications Limited (stock code: 1097) was in financial difficulties when borrowing the loan, the interest rate of which was the lowest among the Comparable Loans, it was also considered as an outlier and excluded from the assessment on interest rate and term of the Loan.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Table 1 Details of the Comparable Loans

Stock code	Company name	Date of initial announcement	Interest rate (per annum)	Term (in month)	Security
707	Asia Television Holdings Limited	28 January 2019	30.00% ^{Note 1}	2	The issued share capital of a non-wholly owned subsidiary of the borrower.
1097	i-CABLE Communications Limited	25 January 2019	2.10% ^{Note 2}	18 ^{Note 6}	None
196	Honghua Group Limited	17 September 2018	4.35%	12	The property of the borrower.
571	eSun Holdings Limited	27 July 2018	5.40% ^{Note 3}	24	None
1035	BBI Life Sciences Corporation	24 July 2018	4.75%	36	The entire equity interests of the borrower.
1029	IRC Limited	13 June 2018	12.00% ^{Note 4}	4	(i) Assignment of contracts by a wholly owned subsidiary of the borrower; (ii) Power of attorney to transfer amounts standing to the credit of the abovementioned subsidiary to the lender's own account; and (iii) The shareholding in a non-wholly owned subsidiary of a wholly owned subsidiary of the borrower.
1908	C&D International Investment Group Limited	31 May 2018	5.94% ^{Note 5}	36	None
		Highest:	5.94%	36	
		Lowest:	4.35%	12	
		Median:	5.08%	30	
		Average:	5.11%	27	
		the Company	5.11% ^{Note 7}	30 ^{Note 8}	

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

Notes:

1. The interest rate of the loan is 2.5% per month, which is annualised for illustration. Given the term of this loan is significantly shorter than that of the Loan and is the shortest among the Comparable Loans, it was considered as an outlier and excluded from the assessment on interest rate and term of the Loan.
2. The interest rate of the loan is HIBOR per annum, which is defined in its announcement as the Hong Kong Interbank offered rate for interest period of 3 months as quoted by The Hongkong and Shanghai Banking Corporation Limited. As this HIBOR could not be found in public information, the equivalent on The Hong Kong Association of Banks website (<https://www.hkab.org.hk/DisplayInterestSettlementRatesAction.do?lang=en>) was quoted for reference. Given i-Cable Communications Limited was in financial difficulties when borrowing the loan, the interest rate of which was the lowest among the Comparable Loans, it was considered as an outlier and excluded from the assessment on interest rate and term of the Loan.
3. The interest rate of the loan is HIBOR plus 3.3% per annum, the HIBOR of which is defined in its announcement as the rate appearing on Reuters page "HKABHIBOR" as being the rate per annum at which Hong Kong dollar deposits are being offered in the Hong Kong interbank market for a period equal or approximately equal to the interest periods at about 11:00 a.m. (Hong Kong time) on the first day of each interest period. As this HIBOR could not be found in public information, the same rate mentioned in note 2 above was quoted for reference.
4. The interest rate of the loan is subject to an upward adjustment of 4% per annum if the security agreements set out in the above table do not come into effect. Given the term of this loan is significantly shorter than that of the Loan, it was considered as an outlier and excluded from the assessment on interest rate and term of the Loan.
5. The annual interest rate of the loan is 5.94% if the amount of loan is not exceeding RMB15,000,000,000 and 6.18% if the amount of loan is between RMB15,000,000,000 to RMB30,000,000,000, subject to annual adjustment (if any). The lower one is adopted for comparison.
6. The term of the loan is the period commencing on the date of the loan agreement and ending on the date that is the earlier of (a) 18-months from the date of the loan agreement; and (b) 5 business days following completion of last fund raising activity of the borrower (including issuance of equity or debt or convertible securities) from the date of the loan agreement with an aggregate amount of gross proceeds received by the borrower from all fund raising activities completed after the date of the loan agreement being not less than HK\$600 million. The term of 18 months is adopted for comparison.
7. The interest rate of the Loan is calculated assuming the number of calendar days of the term of the Loan being 888 days for illustration. Please refer to the formula for calculation of the interest rate on pages 23 and 24 for details.
8. The term of the Loan commences from the Drawdown Date and expires on 12 December 2021. The term of 30 months is for illustration.

Table 2 RMB Benchmark Rate

Period	One-to-five year RMB benchmark loan interest rate (per annum)
Since 22 November 2014	6%
Since 1 March 2015	5.75%
Since 11 May 2015	5.5%
Since 28 June 2015	5.25%
Since 26 August 2015	5%
Since 24 October 2015	4.75%

Source: Website of the PBOC

(<http://www.pbc.gov.cn/zhengcehuobisi/125207/125213/125440/125838/125888/2968985/index.html>)

(i) Interest rate

As illustrated in the Table 1, the interest rate of the Comparable Loans ranges from 4.35% to 5.94%, with an average of approximately 5.11%. The interest rate of the Loan of approximately 5.11% equals to the average. Accordingly, we consider the interest rate of the Loan is fair and reasonable.

To further assess the fairness and reasonableness of the Loan Agreement, we also have compared the interest rate of the Loan with the one-to-five year RMB benchmark loan interest rate (“**Benchmark Rate**”) to assess if the interest rate of the 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 (“**PBOC**”) from the perspective of a borrower in the PRC. According to the website of PBOC, the Benchmark Rate since 2014 is set out in Table 2 above.

According to the website of PBOC, interest rate policy, of which the Benchmark Rate forms a part, is an important component for PRC’s monetary policies as well as one of the main instruments to implement monetary policies. PBOC will make adjustment to the level and structure of interest rates by using interest rate instruments timely when it’s necessary for the implementation of monetary policies to influence the supply and demand for social funds.

The Benchmark Rate sets a benchmark for market interest rates. According to the website of The State Council Information Office of PRC, the market-based reform for interest rates will continue to be promoted, which will focus on the alignment of market interest rates with the Benchmark Rate. The reform is aimed to facilitate the role of the Benchmark Rate in guiding lending rates and enhance market competition for the benefit of small and micro businesses.

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Loans from commercial banks and financial companies are usually charged with interest rate at certain premium to the Benchmark Rate determined by the commercial bank or financial company. The interest rate of the Loan of 5.11% per annum represents a slight premium of approximately 7.58% to the existing Benchmark Rate of 4.75% per annum.

In addition, the term of the Loan will be fixed upon drawdown of the Loan which is subject to Independent Shareholders' approval at the EGM. Upon discussion with the Management, the Loan will be drawn down within a short period of time after the EGM. The term of the Loan will be fixed then.

In view of the above, we consider the interest rate under the Loan 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 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 Table 1, the term of maturity of the Comparable Loans ranges from 12 months to 36 months with an average of approximately 27 months. The term of the Loan of approximately 30 months is within the aforesaid range of 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 Loan is for general working capital purposes of the Company during the term of the Loan including business development as mentioned above. Accordingly, we consider the term of maturity of the Loan to be fair and reasonable.

(iii) Security

We also consider that security is a principal term of a loan facility. As shown in Table 1, majority of the Loan Comparables have security. We are of the view that the arrangement in the 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 Share Charge Agreement"; and (ii) the charge period of the Loan, i.e. the period commencing from the Drawdown Date up to the date on which the Company fulfills all its repayment obligations under the Loan Agreement, is fair to both the Lender 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 Loan

As informed by the Management, it is the Company's intention to utilise the 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 the Loan" above.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In conclusion, the interest rate of the Loan is within the range of and equals to the average of the interest rates of the Comparable Loans as shown in Table 1. We also consider that, since the Company will only need to pay interest at the rate of approximately 5.11% per annum with the Share Charge Agreement entered into, 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. Based on our analysis above, the terms of the Loan Agreement and Share Charge Agreement are on normal commercial terms or better and are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

RECOMMENDATION

Having taken into account the principal factors and reasons as discussed above, we consider that although the entering into of the Loan Agreement, the Share Charge Agreement and the transactions contemplated thereunder is not conducted in the ordinary and usual course of business of the Group, the terms of the Loan Agreement, the Share Charge Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and are in the interest 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 ordinary resolution to be proposed at the EGM to approve the Loan Agreement, the Share Charge Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
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 over 14 years of experience in the corporate finance industry.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

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

As at the Latest Practicable Date, the interests of the Directors and the chief executive in the Shares, underlying Shares and debentures of the Company or its associated corporations, as defined in Part XV of the 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	Number of underlying shares held in respect of share options under the share option scheme	Approximate percentage of the issued shares held as at the Latest Practicable Date
Mr. Cao Wei ("Mr. Cao")	Long position	Interest of controlled corporation (Note 1)	244,657,815	–	11.65%
	Long position	Beneficial owner	800,000	500,000 (Note 2)	0.06%
					11.71%
Xuan Jing	Long position	Beneficial owner	4,032,000	–	0.19%

Notes:

1. 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.
2. On 5 December 2014, Mr. Cao was granted 500,000 options under the share option scheme of the Company to subscribe for 500,000 shares of the Company, exercisable at a price of HK\$2.690 per share during a period from 5 December 2015 to 4 December 2019. These options are vested and became exercisable in three tranches in the proportion of 20%, 70% and 100% on 5 December 2015, 5 December 2016 and 5 December 2017, respectively.

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	Number of underlying shares held in respect of share options under the share option scheme	Approximate percentage of the issued shares held as at the Latest Practicable Date
More Legend	Long position	Beneficial owner (Note 1)	244,657,815	–	11.65%
Ms. Wang Jiangping (“Ms. Wang”)	Long position	Interest of spouse (Note 2)	245,457,815	500,000	11.71%
BII HK	Long position	Beneficial owner (Note 3)	1,157,634,900	1,300,000	55.18%

Name of substantial shareholder	Long/Short position	Capacity	Number of shares	Number of underlying shares held in respect of share options under the share option scheme	Approximate percentage of the issued shares held as at the Latest Practicable Date
BII	Long position	Interest of controlled corporation (Note 3)	1,157,634,900	1,300,000	55.18%
China Property and Casualty Reinsurance Company Ltd.* (中國財產再保險有限責任公司)	Long position	Beneficial owner (Note 4)	148,585,534	–	7.08%
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)	191,193,534	–	9.10%
Central Huijin Investment Ltd	Long position	Interest of controlled corporation (Note 4)	191,193,534	–	9.10%

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 and the 500,000 underlying 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 and the 1,300,000 underlying shares of the Company owned by BII HK.
4. China Property and Casualty Reinsurance Company Ltd. and China Life Reinsurance Company Ltd. which hold 148,585,534 Shares and 42,608,000 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 148,585,534 shares of the Company owned by China Property and Casualty Reinsurance Company Ltd. and 42,608,000 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 2018, the date of which the latest published 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 expert who has given its opinions or advice or statements as contained in this circular:

Name	Qualification
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 2018 (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 2018 (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 AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the head office and principal place of business of the Company in Hong Kong from the date of this circular up to and including the date of the EGM:

- (a) the Loan Agreement (including the Share Charge Agreement attached thereto);
- (b) the letter from Independent Financial Adviser as set out in this circular;
- (c) the letter from the Independent Board Committee as set out in this circular;
and
- (d) this circular.

NOTICE OF EGM

京投轨道交通科技控股有限公司
**BII Railway Transportation Technology
Holdings Company Limited**

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1522)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of BII Railway Transportation Technology Holdings Company Limited (the “Company”) will be 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 Tuesday, 9 July 2019 at 3:00 p.m., to consider and, if thought fit, pass the following ordinary resolution (with or without modifications):

ORDINARY RESOLUTION

“THAT

- (a) the loan agreement dated 26 April 2019 (the “**Loan Agreement**”) (attaching the share charge agreement to be entered into (the “**Share Charge Agreement**”) as appendix thereto) (a copy of the Loan Agreement has been produced at the meeting marked “A” and signed by the chairman of the meeting for identification purpose), the terms and conditions thereof and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) Mr. 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 Agreement and the Share Charge Agreement and to implement the transactions contemplated thereunder and to agree to such variations, amendments or waivers of matters relating thereto that are of administrative nature and ancillary to the implementation of the Loan Agreement and the Share Charge Agreement and any other transactions contemplated under or incidental to the Loan Agreement and the Share Charge Agreement.”

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

Hong Kong, 21 June 2019

NOTICE OF EGM

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 22, 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. 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.
4. As required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the above resolution will be decided by way of poll.
5. 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 Mr. Ren Yuhang, the independent non-executive directors of the Company are Mr. Bai Jinrong, Mr. Luo Zhenbang and Mr. Huang Lixin.