

21 November 2024

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

Dear Sir/Madam,

CONNECTED TRANSACTION IN RELATION TO THE LOAN AGREEMENT

INTRODUCTION

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

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

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

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

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

INDEPENDENCE

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

BASIS OF OUR OPINION

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

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

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

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

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

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

Background of and reasons for the Transaction

Information on the Group

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

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

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

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

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

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

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

Information on BII HK

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

Reasons for and benefits of the Transaction

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

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

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

Principal terms of the Transaction

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

Date

14 October 2024 (after trading hours)

Parties

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

Term

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

Principal amount

HK\$255 million

Interest rate

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

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

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

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

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

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

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

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

Company name (stock code)	Date of announcement	Loan/facility amount	Interest rate	Security
Hysan Development Company Limited (14)	22 November 2023	RMB200 million	One-year RMB loan prime rate ("LPR") and interest margin of 0.45% per annum (i.e., 3.9% based on the then prevailing LPR)	(i) Guarantee on the full amount owed under the relevant facility by the relevant listed issuer; and (ii) amount in the account of the borrower for collecting proceeds from project sales and rental of a commercial complex (Information on the value of the security is not available up to the Latest Practicable Date)

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

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

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

Repayment and security

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

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

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

Pursuant to the Loan Agreement:

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

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

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

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

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

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

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

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

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

Conditions precedent

The Loan Agreement is subject to the following conditions precedent:

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

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

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

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

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

RECOMMENDATION

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

Yours faithfully,
For and on behalf of
Gram Capital Limited



Graham Lam
Managing Director

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