
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this Circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Yuexiu Transport Infrastructure Limited (“Company”), you should at once hand this Circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or Transfer was effected for transmission to the purchaser or transferee.



越秀交通基建有限公司

Yuexiu Transport Infrastructure Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 01052)

(1) CONTINUING CONNECTED TRANSACTIONS IN RELATION TO BANK DEPOSITS; (2) NOTICE OF SPECIAL GENERAL MEETING; AND (3) CLOSURE OF REGISTER OF MEMBERS

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



A notice convening the Special General Meeting (as defined herein) of the Yuexiu Transport Infrastructure Limited to be held at Plaza 1-IV, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Monday, 21 December 2020 at 10:30 a.m. is set out on pages 32 to 33 of this Circular. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company’s Hong Kong branch share registrar, Tricor Abacus Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting (or any adjourned meeting thereof).

Please see page 1 of this circular for precautionary measures that the Company will implement at the Special General Meeting in consideration of the continuing risk posed by coronavirus disease (COVID-19), including:

- compulsory wearing of face masks and any attendees who do not wear face masks may be requested to leave or denied entry into the venue of the Special General Meeting;
- compulsory hand sanitizing before entry into the Special General Meeting venue;
- body temperature checks/screening before entry into the waiting area outside the Special General Meeting venue; and
- **no** food and beverage service and **no** handing out of gift coupons or souvenirs.

The Company would like to remind all Shareholders that physical attendance at the Special General Meeting is not necessary for the purpose of exercising voting rights. As an alternative, by using proxy forms with voting instructions inserted, Shareholders may appoint the Chairman of the Special General Meeting as their proxy to vote on the relevant resolution at the Special General Meeting instead of attending the Special General Meeting in person. Completion and return of the proxy forms will not preclude the Shareholders from attending and voting in person at the meeting or any adjournment thereof should they subsequently so wish, and in such case, the proxy forms previously submitted shall be deemed to be revoked.

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PRECAUTIONARY MEASURES FOR SPECIAL GENERAL MEETING

In consideration of the continuing risk posed by the coronavirus disease (COVID-19) and to manage the potential health risks of persons attending the Special General Meeting, the Company will implement the following precautionary measures at the Special General Meeting:-

- (1) All attendees must wear face masks at all times inside the Special General Meeting Venue or at the waiting area outside the Special General Meeting venue. Any attendees who do not wear face masks may be requested to leave or denied entry into the Special General Meeting venue.
- (2) All attendees must clean their hands with alcohol-based hand sanitizer before entering the Special General Meeting venue.
- (3) Body temperature checks/screening will be conducted on all persons before they enter the waiting area outside the Special General Meeting venue. Any person with a body temperature of over 37.2 degrees Celsius may be requested to leave or denied entry into the Special General Meeting venue.
- (4) **No** food and beverage service will be provided and there will be **no** handing out of gift coupons or souvenirs.
- (5) Attendees may need to confirm that (i) he/she has not travelled outside of Hong Kong within 14 days immediately before the Special General Meeting (“Recent Travel History”); (ii) he/she is not subject to any HKSAR Government prescribed quarantine requirement; (iii) to his/her knowledge, he/she has not, within 14 days immediately before the Special General Meeting, had close contact with any person under quarantine or with Recent Travel History; and (iv) he/she has no flu-like symptoms. Any person who fails to provide the required confirmation, or if he/she has shown flu-like symptoms, may be requested to leave or denied entry into the Special General Meeting venue.
- (6) Only a limited number of seats will be available, with no standing arrangement, in the Special General Meeting venue in order to ensure social distancing and therefore, where necessary, the Company may limit the number of attendees entering the Special General Meeting venue.

The Company will continue to monitor how the COVID-19 outbreak develops and may adopt additional measures.

The Company reminds attendees that they should carefully consider their own health/personal circumstances before they decide to attend the Special General Meeting in person. The Company would like to remind all Shareholders that physical attendance at the Special General Meeting is not necessary for the purpose of exercising voting rights. As an alternative, by using proxy forms with voting instructions inserted, Shareholders may appoint the Chairman of the Special General Meeting as their proxy to vote on the relevant resolution at the Special General Meeting instead of attending the Special General Meeting in person. Completion and return of the proxy forms will not preclude the Shareholders from attending and voting in person at the meeting or any adjournment thereof should they subsequently so wish, and in such case, the proxy forms previously submitted shall be deemed to be revoked.

The proxy form is attached to this circular for registered Shareholders who opt to receive physical circulars. Alternatively, the proxy form can be downloaded from the “Investor Relations” section of the Company’s website at www.yuexiutransportinfrastructure.com and the Stock Exchange’s website at www.hkexnews.hk. If you are not a registered Shareholder (if your shares are held via banks, brokers or custodians), you should consult directly with your banks, brokers or custodians (as the case may be) to assist you in the appointment of a proxy.

If Shareholders choosing not to attend the Special General Meeting in person have any questions about the relevant resolution, or about the Company or any matters for communication with the Board, they are welcome to contact the Company via email: contact@yuexiutransport.com.hk.

DEFINITIONS

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

“2018 Announcement”	: the announcement of the Company dated 2 May 2018 in relation to the 2018 Bank Deposits Agreement
“2018 Bank Deposits Agreement”	: the master agreement dated 2 May 2018 entered into between the Company and CHB in relation to Bank Deposits
“2018 Circular”	: the circular of the Company dated 14 May 2018 in relation to the 2018 Bank Deposits Agreement
“2021 Bank Deposits Agreement”	: the master agreement dated 23 November 2020 entered into between the Company and CHB in relation to Bank Deposits
“Announcement”	: the announcement of the Company dated 23 November 2020 in relation to the 2021 Bank Deposits Agreement
“Annual Cap”	: the maximum daily outstanding balance of the Bank Deposits allowed to be placed by the Group with the CHB Group on any given day
“associate(s)”	: has the meaning as ascribed to it under the Listing Rules
“Bank Deposits”	: deposits of whatever duration and nature and any other bank balances maintained by the Group (or any member of the Group) with CHB Group from time to time
“Board”	: the board of Directors
“CHB”	: Chong Hing Bank Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 01111)
“CHB Group”	: CHB and its subsidiaries
“Circular”	: this circular in relation to the Transactions issued by the Company in accordance with the Listing Rules
“Company”	: Yuexiu Transport Infrastructure Limited, a limited liability company incorporated under the laws of Bermuda and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 01052)
“connected person”	: has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	: has the meaning ascribed to it under the Listing Rules
“Directors”	: the directors of the Company

DEFINITIONS

“Group”	: the Company and its subsidiaries
“Hong Kong”	: the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	: the independent board committee comprising all the independent non-executive Directors, namely Mr Fung Ka Pun, Mr Lau Hon Chuen Ambrose and Mr Cheung Doi Shu, established to advise the Independent Shareholders in respect of the Transactions
“Independent Financial Adviser” or “Maxa Capital”	: Maxa Capital Limited, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transactions
“Independent Shareholders”	: the Shareholders other than YXE and its associate(s)
“Independent Third Party(ies)”	: a third party which, together with its beneficial owner(s) (if any) and to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, is a third party independent of the Company and its connected persons in accordance with the Listing Rules
“Internal Control Procedures”	: has the meaning ascribed to it in the section headed “INTERNAL CONTROL PROCEDURES” in the “Letter from the Board” in this Circular
“Latest Practicable Date”	: 2 December 2020, being the latest practicable date prior to the printing of this Circular for ascertaining information contained herein
“Listing Rules”	: the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mainland China”	: the People’s Republic of China which, for the purpose of this Circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“New Annual Caps”	: has the meaning ascribed to it under the section headed “Continuing Connected Transactions in relation to Bank Deposits - New Annual Caps and the basis of determining the New Annual Caps” in the “Letter from the Board” in this Circular
“PBOC”	: The People’s Bank of China
“PRC”	: The People’s Republic of China
“RMB”	: Renminbi, the lawful currency of Mainland China

DEFINITIONS

“SFO”	: the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended from time to time)
“Share(s)”	: ordinary share(s) in the capital of the Company
“Shareholders”	: shareholders of the Company
“Special General Meeting”	: the special general meeting of the Company to be convened to consider and, if thought fit, to approve the 2021 Bank Deposits Agreement and the transactions contemplated thereunder (including the New Annual Caps)
“Standard Documentation”	: any standard documentation, as prescribed by the CHB Group in compliance with applicable legal and regulatory requirements and in accordance with usual banking practices in Hong Kong, applicable to the transactions contemplated under the 2021 Bank Deposits Agreement
“Stock Exchange”	: The Stock Exchange of Hong Kong Limited
“subsidiary”	: has the meaning ascribed to it under the Listing Rules
“Transactions”	: the transactions contemplated under the 2021 Bank Deposits Agreement
“YXE”	: Yue Xiu Enterprises (Holdings) Limited, a limited company incorporated under the laws of Hong Kong and the controlling shareholder of each of the Company and CHB
“%”	per cent

For ease of reference, the names of the PRC established companies or entities, have generally been included in this Circular in both Chinese and English languages and in the event of inconsistency, the Chinese language shall prevail.



越秀交通基建有限公司
Yuexiu Transport Infrastructure Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 01052)

Executive Directors:

LI Feng (*Chairman*)
HE Baiqing
CHEN Jing
XIE Yanhui

Registered office:

Victoria Place
5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

Independent Non-Executive Directors:

FUNG Ka Pun
LAU Hon Chuen Ambrose
CHEUNG Doi Shu

*Head office and principal place
of business:*

17A Yue Xiu Building
160 Lockhart Road
Wanchai
Hong Kong

4 December 2020

To the Shareholder(s)

Dear Sir or Madam,

**(1) CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO BANK DEPOSITS;
(2) NOTICE OF SPECIAL GENERAL MEETING; AND
(3) CLOSURE OF REGISTER OF MEMBERS**

INTRODUCTION

Reference is made to the 2018 Announcement and the Announcement in relation to, amongst others, the continuing connected transactions of the Company in relation to the Bank Deposits. With a view to renew the term of the 2018 Bank Deposits Agreement, on 23 November 2020, the Company entered into the 2021 Bank Deposits Agreement with CHB.

The purpose of this Circular is to provide you with, among other things: (i) further information regarding the Transactions; (ii) the recommendation of the Independent Board Committee; (iii) a letter of advice from the Independent Financial Adviser; (iv) other information as required by the Listing Rules; and (v) the notice of the Special General Meeting.

LETTER FROM THE BOARD

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO BANK DEPOSITS

Background

As disclosed in the 2018 Announcement and the 2018 Circular, the Company entered into the 2018 Bank Deposits Agreement with CHB on 2 May 2018, the term of which will expire on 31 December 2020.

On 23 November 2020, the Company entered into the 2021 Bank Deposits Agreement for a term of three years for the purpose of, among others, renewing the term of the 2018 Bank Deposits Agreement.

Pursuant to the 2021 Bank Deposits Agreement, the Group may, in its ordinary and usual course of business, place and maintain Bank Deposits with the CHB Group on normal commercial terms from time to time during the term of the 2021 Bank Deposits Agreement, and the placing and maintenance of any such Bank Deposits shall be subject to the terms and conditions of the CHB Group applicable to independent customers of similar size to the Group from time to time.

Duration

Subject to the approval by the Independent Shareholders at the Special General Meeting, the term of the 2021 Bank Deposits Agreement shall commence on 1 January 2021 and shall continue up to and including 31 December 2023. Subject to compliance with the Listing Rules, the 2021 Bank Deposits Agreement may be renewed by the Company and CHB by agreement in writing.

Conditions Precedent

The 2021 Bank Deposits Agreement is conditional upon the approval by the Independent Shareholders of the 2021 Bank Deposits Agreement and the transactions contemplated thereunder (including the New Annual Caps) at the Special General Meeting. If the condition is not fulfilled on or before the 31 December 2020 (or such later date as agreed between the Company and CHB), the 2021 Bank Deposits Agreement shall terminate with immediate effect without liability on either party.

Pricing Policy

The 2021 Bank Deposits Agreement provides that the interest rates and other terms applicable to any Bank Deposits shall from time to time be determined based on (1) in the case of deposits in Hong Kong, interest rates and other terms offered by the CHB Group and at least two other independent banks in Hong Kong to the Group; and (2) in the case of deposits in Mainland China, interest rates for deposits in Mainland China set with reference to the standard interest rates published by the PBOC and interest rates and other terms offered by the CHB Group and at least two other independent banks in Mainland China to the Group.

In order to ensure that the interest rates and other terms of the Bank Deposits are on normal commercial terms and no less favourable to the Group, the Group will compare the quotations offered by the CHB Group with those of at least two other independent banks. The Group may also take into account factors, including (among others) quality of services, safety of deposits, bank reputation and cooperation history, in making decisions to place deposits with any banks.

LETTER FROM THE BOARD

Standard Documentation, in such form as may be acceptable to the CHB Group and the Group, may be executed in order to facilitate the Transactions.

Historical Annual Caps and Amounts

The Annual Caps in respect of the Bank Deposits under the 2018 Bank Deposits Agreement for the years ended 31 December 2018 and 2019 and the year ending 31 December 2020 are RMB800,000,000, RMB1,200,000,000 and RMB1,500,000,000, respectively.

The highest daily outstanding balance of the Bank Deposits actually placed by the Group with the CHB Group on any given day during each of the years ended 31 December 2018 and 31 December 2019 and the period of nine months ended 30 September 2020 were as follows:

	For the year ended 31 December 2018 (approximately)	For the year ended 31 December 2019 (approximately)	For the nine months ended 30 September 2020 (approximately)
Highest daily outstanding balance of the Bank Deposits on any given day during the year/period	RMB781,307,000	RMB1,110,585,000	RMB1,211,843,000

New Annual Caps and the basis of determining the New Annual Caps

Consideration of treasury policies of the Group and other factors

When determining the level of cash to be deposited with the other banks, the Company takes into account a number of factors, including:

- (1) the expected level of net fund outflow in the next six months of the relevant financial year;
- (2) the forecasts on operating income and expenditure of the Group, as well as investment needs of the Group (including, if any, upcoming acquisitions and projects); and
- (3) the repayment of principal and interests of bank and other borrowings, notes payable and corporate bonds, distribution and/or receipt of dividends, as well as the daily expenses, receivables/payables and other income and expenditure of the Group.

LETTER FROM THE BOARD

Investment needs of the Group from time to time

As the scale of the Group's business and operation continues to grow, it is expected that its total assets would increase correspondingly and the level of cash held or maintained by it from time to time may also increase. The total assets of the Group grew from approximately RMB22.74 billion as at 31 December 2018 to approximately RMB36.80 billion as at 31 December 2019 and remained at a similar level of RMB36.17 billion as at 30 June 2020. The Group's cash and cash equivalents as at 31 December 2018, 31 December 2019 and 30 September 2020 amounted to approximately RMB2.39 billion, RMB1.44 billion and RMB1.69 billion respectively. The aforesaid period end figures, however, do not reflect the amount of cash held by the Group on a given day or in a given period of time during the relevant period. In particular, the amount of cash held by the Group would be significantly higher for a certain period of time when the Group conducts large-scale fundraising exercises (such as issuance of bonds) or when it is engaged in a significant acquisition or disposal. By way of illustration, the amount of cash and cash equivalents of the Group as at 30 September 2019 was approximately RMB3.34 billion (as opposed to approximately RMB2.39 billion as at 31 December 2018 and approximately RMB1.44 billion as at 31 December 2019) when it was preparing for the acquisition of the three expressways in Hubei Province in the fourth quarter of 2019.

In addition, a higher Annual Cap would also allow the Group to benefit more from a healthy competition amongst the CHB Group and the other banks. The Group would not be in a position to invite the CHB Group to provide quotations and compete with the other banks for sizable deposits if the relevant Annual Cap does not allow enough room for the Group to do so.

Having considered the above, the Company proposes to keep the Annual Caps at RMB1,500,000,000 for the years ending 31 December 2021, 2022 and 2023, respectively (the "**New Annual Caps**"). The Company considers that New Annual Caps are reasonable taking into account the business development of the Group.

INTERNAL CONTROL PROCEDURES

The Group has established internal control procedures ("**Internal Control Procedures**") as follows:

- 1) Bank Deposits will only be placed with the CHB Group by the Group on a non-exclusive basis. In order to ensure that the interest rates and other terms of the Bank Deposits are on normal commercial terms and no less favourable to the Group, each time before placing any Bank Deposits, the Group will compare the quotations offered by the CHB Group with those of at least two other independent banks. The Group may also take into account factors, including (among others) quality of services, safety of deposits, bank reputation and cooperation history, in making decisions to place deposits with any banks.
- 2) The Group will monitor the highest daily outstanding balance of the Bank Deposits on a daily basis to ensure that the aggregate balance of Bank Deposits do not exceed the New Annual Caps.

LETTER FROM THE BOARD

- 3) The Group will prepare a continuing connected transaction report once every six months on Bank Deposits with the CHB Group which will be submitted to the Group's audit committee for consideration. The report will cover (among other things) the status of compliance with the New Annual Caps and utilization of the New Annual Caps.
- 4) The Group's audit committee will convene meetings to discuss and assess the implementation of the continuing connected transactions of the Group (which include, among others, the Bank Deposits) at least twice a year.
- 5) The auditors of the Group will, in addition to its interim review and year-end audit, issue a letter to the Board in relation to, among others, the Transactions for each financial year in accordance with Rule 14A.56 of the Listing Rules confirming whether anything has come to the Directors' attention that causes them to believe that the Transactions: (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group; (iii) were not entered into, in all material respects, in accordance with the 2021 Bank Deposits Agreement; and (iv) have exceeded the New Annual Caps. In addition, the independent non-executive Directors will also provide their annual confirmations with respect to the continuing connected transactions of the Group in the annual reports of the Company.

In order to manage any concentration credit risks associated with placing a substantial amount of deposits at any particular bank, in particular, the potential concentration risks which may arise from the Transactions with the CHB Group, the Company conducts an evaluation of the level of Bank Deposits placed with the CHB Group at each quarter-end for the purpose of ascertaining the average proportion of cash deposited with the CHB Group, the maximum level of which is targeted to be maintained at a range of 50% to 60%. Based on the results of the quarterly review, the Company will make adjustments and take appropriate actions (including, among others, depositing funds into other financial institutions), such that the position of Bank Deposits can be maintained at the target level.

The Company is satisfied that it has an adequate system of controls to safeguard the Transactions, and to provide information for the independent non-executive Directors and auditors to properly review the Transactions annually.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Group is principally engaged in investment in, operation and management of toll expressways and bridges in Guangdong Province and other high-growth provinces in Mainland China. The Group maintains deposits and other bank balances with financial institutions in Hong Kong and Mainland China from time to time as part of its treasury activities and in order to satisfy its business needs in the ordinary and usual course of business.

CHB, as a reputable and long-established authorized institution in Hong Kong, is able to provide different banking and related services in support of the Group's business and treasury activities. The Company believes that it would be in the interest of the Group to engage the services of the CHB Group, being the placing of Bank Deposits with the CHB Group in this case, on a non-exclusive basis subject always to the Group's internal control procedures and the applicable annual caps. The Company considers that the New Annual Caps have been reasonably determined taking into account the business development of the Group as set out in the above section headed "Continuing Connected Transactions in relation to Bank Deposits — New Annual Caps".

The Directors (excluding the Directors who have abstained from voting on the relevant board resolutions of the Company) are of the view that the 2021 Bank Deposits Agreement have been entered into on normal commercial terms and in the ordinary and usual course of the Group's business, and that the transactions contemplated thereunder (together with the New Annual Caps) are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As CHB is a subsidiary of YXE, the controlling shareholder of the Company, CHB is a connected person of the Company. The Bank Deposits maintained by the Group with the CHB Group therefore constitute continuing connected transactions of the Company.

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules for the New Annual Caps under the 2021 Bank Deposits Agreement exceeds 5% but is below 25%, the Transactions are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As Mr Li Feng and Ms Chen Jing, the executive Directors, are also serving as directors of CHB, the Company is of the view that Mr Li Feng and Ms Chen Jing are regarded as having a material interest in the transactions contemplated under the 2021 Bank Deposits Agreement. Therefore, they have abstained from voting on the relevant board resolutions of the Company.

LETTER FROM THE BOARD

INFORMATION ON THE COMPANY AND CHB

The Company

The Company is incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 01052). The Group is principally engaged in investment in, operation and management of toll expressways and bridges in Guangdong Province and other high-growth provinces in Mainland China.

CHB

CHB is incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 01111). CHB and its subsidiaries are principally engaged in the provision of banking and related financial services.

ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE

An Independent Board Committee comprising Mr Fung Ka Pun, Mr Lau Hon Chuen Ambrose and Mr Cheung Doi Shu has been established to advise the Independent Shareholders in connection with the 2021 Bank Deposits Agreement and the transactions contemplated thereunder (including the New Annual Caps).

Maxa Capital Limited has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the 2021 Bank Deposits Agreement and the transactions contemplated thereunder (including the New Annual Caps).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 18 December 2020 to Monday, 21 December 2020 (both days inclusive), during which no transfer of Shares will be effected, to determine the eligibility of the Shareholders to participate in the Special General Meeting.

For Shareholders not already on the register of members of the Company, in order to qualify to attend and vote at the Special General Meeting, all transfer(s) of Share(s) (together with the relevant Share certificate(s)) must be lodged with the Company's Hong Kong branch share registrar, Tricor Abacus Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration by no later than 4:30 p.m. on Thursday, 17 December 2020.

LETTER FROM THE BOARD

SPECIAL GENERAL MEETING

The Special General Meeting will be held at 10:30 a.m. on Monday, 21 December 2020 at Plaza I-IV, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong for the purpose of considering and, if thought fit, passing the resolution set out in the notice of the Special General Meeting, which is set out on pages 32 to 33 of this Circular. Whether or not you are able or intend to attend and vote at the Special General Meeting in person, you are requested to complete and return the enclosed form of proxy to the Company's Hong Kong branch share registrar, Tricor Abacus Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. The completion and delivery of a form of proxy will not preclude you from attending and voting in person at the Special General Meeting or any adjournment thereof should you so wish, and in such event, the instrument appointing a proxy will be deemed to be revoked.

The voting in respect of the resolution to be proposed at the Special General Meeting will be conducted by way of a poll.

YXE and its associates will abstain from voting at the Special General Meeting in respect of the proposed resolution to approve the 2021 Bank Deposits Agreement and the transactions contemplated thereunder (including the New Annual Caps). Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no other Shareholder or any of its associates has a material interest in the 2021 Bank Deposits Agreement and the transactions contemplated thereunder (including the New Annual Caps), therefore no other Shareholder would be required to abstain from voting on the relevant resolution to be proposed at the Special General Meeting.

You can vote at the Special General Meeting if you are an Independent Shareholder on Monday, 21 December 2020, which is referred to in this Circular as the record date. You will find enclosed with this Circular the notice of the Special General Meeting (please refer to pages 32 to 33 in this Circular) and a form of proxy for use for the Special General Meeting.

VOTING BY POLL

The resolution set out in the notice of the Special General Meeting would be decided by poll in accordance with the Listing Rules and the Bye-laws of the Company. On a poll, every Independent Shareholder present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy shall have one vote for every fully paid Share held. An Independent Shareholder present in person (or, in the case of an Independent Shareholder being a corporation, by its duly authorised representative) or by proxy who is entitled to more than one vote need not use all of his/her/its votes or cast all of his/her/its votes in the same way. After the conclusion of the Special General Meeting, the poll results will be published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at <http://www.yuexiutransportinfrastructure.com>.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors (excluding Mr Li Feng and Ms Chen Jing, the executive Directors who are regarded as having a material interest in the Transactions and have abstained from voting on the relevant board resolutions of the Company) are of the view that the 2021 Bank Deposits Agreement has been entered into on normal commercial terms or better and in the ordinary and usual course of the Group's business, and that the transactions contemplated thereunder (including the New Annual Caps) are fair and reasonable and in the interests of the Company and its Shareholders as a whole. Accordingly, the Directors (excluding Mr Li Feng and Ms Chen Jing, the executive Directors who are regarded as having a material interest in the Transactions and have abstained from voting on the relevant board resolutions of the Company) recommend all Independent Shareholders to vote in favour of the relevant resolution in relation thereof to be proposed at the Special General Meeting.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this Circular.

Shareholders and potential investors of the Company should be aware that the Transactions are subject to certain conditions being satisfied, therefore the Transactions may or may not proceed. Accordingly, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

Yours faithfully,

For and on behalf of the board of directors of
Yuexiu Transport Infrastructure Limited
YU Tat Fung
Company Secretary



越秀交通基建有限公司
Yuexiu Transport Infrastructure Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 01052)

4 December 2020

To the Independent Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO BANK DEPOSITS**

We refer to the circular issued by the Company to its shareholders dated 4 December 2020 (the “**Circular**”) of which this letter forms part. Unless otherwise specified, terms defined in the Circular shall have the same meanings in this letter.

We have been appointed by the Board to advise the Independent Shareholders in respect of the terms of the Transactions, details of which are set out in the letter from the Board contained in the Circular. Maxa Capital Limited has been appointed to advise the Independent Shareholders and us in respect of the terms of the Transactions. Details of the Independent Financial Adviser’s advice and the principal factors and reasons they have taken into consideration in giving such advice are set out on pages 15 to 26 of the Circular. Your attention is also drawn to the letter from the Board in the Circular and the additional information set out in the appendices thereto.

Having considered the terms of the 2021 Bank Deposits Agreement and the transactions contemplated thereunder (including the New Annual Caps), the advice of the Independent Financial Adviser and the principal factors and reasons taken into consideration by the Independent Financial Adviser, we are of the opinion that the terms of the 2021 Bank Deposits Agreement and the transactions contemplated thereunder (including the New Annual Caps) are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. We, therefore, recommend that you vote in favour of the resolution to be proposed at the Special General Meeting to approve the 2021 Bank Deposits Agreement and the transactions contemplated thereunder (including the New Annual Caps).

Yours faithfully,
Independent Board Committee of
Yuexiu Transport Infrastructure Limited
Fung Ka Pun
Lau Hon Chuen Ambrose
Cheung Doi Shu
Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the letter of advice from Maxa Capital, the Independent Financial Adviser, to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



Unit 1908, Harbour Center
25 Harbour Road
Wan Chai
Hong Kong

4 December 2020

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO BANK DEPOSITS

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 2021 Bank Deposits Agreement and the transactions contemplated thereunder (including the New Annual Caps), details of which are set out in the Letter from the Board (the “**Letter from the Board**”) contained in the circular dated 4 December 2020 issued by the Company (the “**Circular**”) of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

Reference is made to the 2018 Announcement and the 2018 Circular regarding the increase of the annual caps in relation to the Bank Deposits with the CHB Group. The Company entered into the 2018 Bank Deposits Agreement with CHB on 2 May 2018, the term of which will expire on 31 December 2020. On 23 November 2020, the Company entered into the 2021 Bank Deposits Agreement for a term of three years for the purpose of, among other things, renewing the term of the 2018 Bank Deposits Agreement.

As CHB is a subsidiary of YXE, the controlling shareholder of the Company, CHB is a connected person of the Company. The Bank Deposits maintained by the Group with the CHB Group therefore constitute continuing connected transactions of the Company. As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules for the New Annual Caps under the 2021 Bank Deposits Agreement exceeds 5% but is below 25%, the Transactions are subject to the reporting, announcement, annual review and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

YXE and its respective associates will abstain from voting at the Special General Meeting in respect of the proposed resolutions to approve the 2021 Bank Deposits Agreement and the transactions contemplated thereunder (including the New Annual Caps). Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no other Shareholder or any of its associates has a material interest in the 2021 Bank Deposits Agreement and the transactions contemplated thereunder (including the New Annual Caps), therefore no other Shareholder would be required to abstain from voting on the relevant resolution to be proposed at the Special General Meeting.

The Independent Board Committee comprising all independent non-executive Directors has been established to advise the Independent Shareholders in respect of the deposit services and relevant new annual caps under the 2021 Bank Deposits Agreement. We, Maxa Capital, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company, its subsidiaries and any other parties that could reasonably be regarded as relevant to our independence. We are not associated or connected with the Company, CHB Group or their respective substantial shareholders or associates and, accordingly, are considered eligible to give independent advice on the 2021 Bank Deposits Agreement and the transactions contemplated thereunder (including the New Annual Caps). Save for this appointment as the Independent Financial Adviser in respect of the 2021 Bank Deposits Agreement, there was no other engagement between the Company and us in the last two years. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, CHB Group or their respective substantial shareholders or associates.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have reviewed, among other things: (i) the 2018 Bank Deposits Agreement and the 2021 Bank Deposits Agreement; (ii) the annual reports of the Company and CHB for the two years ended 31 December 2019; (iii) the interim report of the Company and CHB for the six months ended 30 June 2020; (iv) the Company's Measures for the Administration of Bank Deposits Balance and the Company's 2020 Interim Financial Risk Report; (v) quotations for the deposit services (covering the relevant interest rates of one-month deposits, demand deposits and agreement deposits with the principal amounts) provided by the CHB Group and two other independent banks to the Company from January 2020 to October 2020; and (vi) the RMB Benchmark Interest Rate for Deposits of Financial Institutions released by PBOC (“金融機構人民幣存款基準利率”). We consider that we have reviewed sufficient and relevant information and documents and have taken reasonable steps as required under Rule 13.80 of the Listing Rules to reach an informed view and to provide a reasonable basis for our recommendation. 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 Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

date of this letter. 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. Our opinion is based on the Directors' representation and confirmation that no material facts have been omitted from the information provided and referred to in the Circular.

The Company confirmed that they have, at our request, provided us with all currently available information and documents which are available under present circumstances to enable us to reach an informed view and we have relied on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our opinion. We have no reason to suspect that any material facts or information, which is known to the Company, have been omitted or withheld from the information supplied or opinions expressed in the Circular nor do doubt the truth and accuracy of the information and facts, or the reasonableness of the opinions expressed by the Company and the Directors which have been provided to us. We have not, however, conducted any independent verification on the information provided to us by the Directors, nor have we conducted any form of independent in-depth investigation into the business and affairs of the Company, CHB Group and each of their respective subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the 2021 Bank Deposits Agreement and the transactions contemplated thereunder (including the New Annual Caps), we have taken into consideration the following principal factors and reasons:

1. Background of and reasons for the 2021 Bank Deposits Agreement

1.1 Information on the Group

The Company is incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange. The Group is principally engaged in investment in, operation and management of toll expressways and bridges in Guangdong Province and other high-growth provinces in Mainland China.

Set out below is the financial information of the Group for the years ended 31 December 2018 and 2019 and the six months ended 30 June 2019 and 2020 prepared in accordance with Hong Kong Financial Reporting Standards and extracted from the Company's 2019 Annual Report and the Company's 2020 Interim Report:

	For the six months ended 30 June		For the year ended 31 December	
	2020	2019	2019	2018
	(unaudited)	(unaudited)	(audited)	(audited)
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	839,590	1,380,910	3,023,221	2,847,073
Gross profit	252,128	976,441	2,012,084	2,012,981
Net profit	-264,207	875,677	1,595,043	1,411,681

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	As at 30 June	As at 31 December	
	2020	2019	2018
	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and cash equivalent	1,156,723	1,435,062	2,393,222
Total assets	36,171,668	36,797,875	22,739,750
Total liabilities	23,189,868	23,169,125	10,332,171
Net asset value	12,981,800	13,628,750	12,407,579

As illustrated in the above table, the Group's revenue amounted to approximately RMB3.0 billion for the year ended 31 December 2019 (“FY2019”), representing an increase of approximately 6.2% as compared to approximately RMB2.8 billion for the year ended 31 December 2018 (“FY2018”), which was primarily driven by the increase in revenue generated from Guangzhou North Second Ring (“GNSR”) Expressway, Suiyuan Expressway and Han-Xiao Expressway. The Group's net profit increased by 13.0% to approximately RMB1.6 billion in FY2019 from approximately RMB1.4 billion in FY2018. According to the Company's 2019 Annual Report, the increase was mainly because (i) the 3-year tax relief was granted to GNSR Expressway; (ii) one-off compensations were received by GNSR Expressway and Cangyu Expressway; (iii) release of currency translation differences and reversal of provision was made, both of which resulted from liquidation of Xian Expressway; (iv) a government subsidy was granted for the additional investment in Guangdong Province and (v) no one-off provision was made for the direct reinvestment by the Company with its PRC subsidiary's distributed profit during the FY2019.

The Group's cash and cash equivalent decreased by 40.0% from approximately RMB2.4 billion as at 31 December 2018 to approximately RMB1.4 billion as at 31 December 2019, which was primarily due to the outflow in investing activities which mainly represented the payments for considerations of the acquisition of subsidiaries. The Group's total assets amounted to approximately RMB36.8 billion as at 31 December 2019, representing an increase of approximately 61.8% as compared to approximately RMB22.7 billion as at 31 December 2018. The Group's total liabilities increased by 124.2% to approximately RMB23.2 billion as at 31 December 2019 from approximately RMB10.3 billion as at 31 December 2018. According to the Company's 2019 Annual Report, such substantial increase in total assets and total liabilities was mainly due to the consolidation of the three newly acquired expressways in Hubei Province. The Group's net asset value increased by 9.8% to approximately RMB13.6 billion as at 31 December 2019 from approximately RMB12.4 billion as at 31 December 2018.

For the six months ended 30 June 2020, the Group's revenue decreased by approximately 39.2% comparing with the corresponding financial period last year to approximately RMB0.8 billion, primarily attributed to the outbreak of coronavirus disease 2019 (“COVID-19”) and implementation of relevant fee exemption measures. Net profit of the Group for the six months ended 30 June 2020 amounted approximately negative RMB0.3 billion, declined by approximately 130.2% comparing with the corresponding financial period last year. According to the Company's 2020 Interim Report, such significant decline in net profit was mainly due to the decrease in the operating profit.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Group's cash and cash equivalents decreased by 19.4% from approximately RMB1.4 billion as at 31 December 2019 to approximately RMB1.2 billion as at 30 June 2020, which is primarily due to decrease in the net cash generated from operating activities caused by COVID-19. The Group's total assets and total liabilities as at 30 June 2020 maintained at a level similar with that as at 31 December 2019. The Group's net asset value decreased by 4.7% to approximately RMB13.0 billion as at 30 June 2020.

1.2 Information on CHB

CHB is incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 01111). CHB and its subsidiaries are principally engaged in the provision of banking and related financial services.

Set out below is the financial information of CHB Group for the years ended 31 December 2018 and 2019 and the six months ended 30 June 2019 and 2020 prepared in accordance with Hong Kong Financial Reporting Standards and extracted from CHB's 2019 Annual Report and CHB's 2020 Interim Report:

	For the six months ended 30 June		For the year ended 31 December	
	2020	2019	2019	2018
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest income	2,998,803	3,115,800	6,492,027	5,102,578
Net interest income	1,462,659	1,544,675	3,259,860	2,879,962
Net Profit	714,965	904,595	1,900,642	1,760,387
		As at 30 June	As at 31 December	
		2020	2019	2018
		<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Total assets		218,058,085	212,768,034	190,575,638
Total liabilities		193,859,735	187,904,821	168,033,309
Net asset value		24,198,350	24,863,213	22,542,329

As illustrated in the above table, CHB Group recorded total interest income and net profit of approximately HK\$6.5 billion and HK\$1.9 billion for the year ended 31 December 2019, representing an increase of approximately 27.2% and 8.0% respectively as compared to the previous financial year, which was mainly due to the increase of loans and advances. As at 31 December 2019, the net asset value of CHB Group expanded by approximately 10.3% to approximately HK\$24.9 billion from HK\$22.5 billion as at 31 December 2018, which was primarily attributed by the increase of investments in securities and advances and other accounts.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For the six months ended 30 June 2020, CHB Group's revenue decreased slightly by approximately 3.8% comparing with the corresponding financial period last year to approximately HK\$3.0 billion. Net profit of CHB Group for the six months ended 30 June 2020 amounted approximately HK\$0.7 billion, declined by approximately 21.0% comparing with the corresponding financial period last year. Such decline was mainly attributable to a decreased net interest income and the increased impairment allowances on financial assets. As at 30 June 2020, CHB Group's total assets, total liability increased slightly while its net asset value decreased slightly comparing with that as at 31 December 2019.

As at the Latest Practicable Date, the market capitalisation of CHB was approximately HK\$9.2 billion. We have reviewed the credit ratings of CHB and noted CHB is assigned a credit rating of Baa2 with a stable outlook from Standard & Poor and a credit rating of BBB with a stable outlook from FitchRatings. Accordingly, we consider that CHB's credit risks are not less controllable as compared to that to other financial entities.

1.3 Reasons for and benefits of the 2021 Bank Deposits Agreement

As stated in the Letter from the Board, the reasons for and possible benefits of the 2021 Bank Deposits Agreement are as follows:

The Group is principally engaged in investment in, operation and management of toll expressways and bridges in Guangdong Province and other high-growth provinces in Mainland China. The Group maintains deposits and other bank balances with financial institutions in Hong Kong and Mainland China from time to time as part of its treasury activities and in order to satisfy its business needs in the ordinary and usual course of business.

CHB, as a reputable and long-established authorized institution in Hong Kong, is able to provide different banking and related services in support of the Group's business and treasury activities. The Company believes that it would be in the interest of the Group to engage the services of the CHB Group, being the placing of Bank Deposits with the CHB Group in this case, on a non-exclusive basis subject always to the Group's internal control procedures and the applicable annual caps. The Company considers that the New Annual Caps have been reasonably determined taking into account the business development of the Group as set out in the below section headed "3.2 New Annual Caps and the basis of determining the New Annual Caps".

The transactions contemplated under the 2021 Bank Deposits Agreement facilitate the Group to optimise its debt structure, increase the positive cashflow from the operations of the Group, and reduce the cost of financing and financing risks. It will not be detrimental to the interests of the Company and will not affect the independence of the Company.

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On the basis of the aforesaid reasons for and possible benefits of the 2021 Bank Deposits Agreement as represented by Directors and considered that (i) maintaining the Company's highest daily deposit balance with CHB Group is in line with the Company's business needs in the ordinary and usual course of business; and (ii) the credit risks of CHB are not less controllable as compared to that to other financial entities concluded in the section headed "1.2 Information on CHB", we are of the view that the deposit services under the 2021 Bank Deposits Agreement are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group.

2. Principal terms of the deposit services under the 2021 Bank Deposits Agreement

As disclosed in the 2018 Announcement, the Company entered into the 2018 Bank Deposits Agreement with CHB on 2 May 2018, the term of which will expire on 31 December 2020. On 23 November 2020, the Company entered into the 2021 Bank Deposits Agreement with CHB for the purpose of maintaining the existing annual cap for 2020 in respect of the Bank Deposits in the coming three years ending 31 December 2023.

Pursuant to the 2021 Bank Deposits Agreement, the Group may, in its ordinary and usual course of business, place and maintain Bank Deposits with the CHB Group on normal commercial terms from time to time during the term of the 2021 Bank Deposits Agreement, and the placing and maintenance of any such Bank Deposits shall be subject to the terms and conditions of the CHB Group applicable to independent customers of similar size to the Group from time to time.

Duration

Subject to the approval by the Independent Shareholders at the Special General Meeting, the term of the 2021 Bank Deposits Agreement shall commence on 1 January 2021 and shall continue up to and including 31 December 2023. Subject to compliance with the Listing Rules, the 2021 Bank Deposits Agreement may be renewed by the Company and CHB by agreement in writing.

Conditions Precedent

The 2021 Bank Deposits Agreement is conditional upon the approval by the Independent Shareholders of the 2021 Bank Deposits Agreement and the transactions contemplated thereunder (including the New Annual Caps) at the Special General Meeting. If the condition is not fulfilled on or before the 31 December 2020 (or such later date as agreed between the Company and CHB), the 2021 Bank Deposits Agreement shall terminate with immediate effect without liability on either party.

Pricing Policy

The 2021 Bank Deposits Agreement provides that the interest rates and other terms applicable to any Bank Deposits shall from time to time be determined based on (1) in the case of deposits in Hong Kong, interest rates and other terms offered by the CHB Group and at least two other independent banks in Hong Kong to the Group; and (2) in the case of deposits in Mainland China, interest rates for deposits in Mainland China set with reference to the standard interest rates published by the PBOC and interest rates and other terms offered by the CHB Group and at least two other independent banks in Mainland China to the Group.

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In order to ensure that the interest rates and other terms of the Bank Deposits are on normal commercial terms and no less favourable to the Group, the Group will compare the quotations offered by the CHB Group with those of at least two other independent banks. The Group may also take into account factors, including (among others) quality of services, safety of deposits, bank reputation and cooperation history, in making decisions to place deposits with any banks.

Standard Documentation, in such form acceptable to the CHB Group and the Group, may be executed in order to facilitate the Transactions.

In assessing the fairness and reasonableness of the terms in the 2021 Bank Deposits Agreement, we have obtained and reviewed both the 2018 Bank Deposits Agreement and the 2021 Bank Deposits Agreement and we noticed that the major terms in relation the deposit services in the 2021 Bank Deposits Agreement are similar with those in the 2018 Bank Deposits Agreement which was approved by the independent shareholders in the special general meeting held on 30 May 2018.

In respect of the pricing policy, we have obtained and reviewed Company's 2020 Interim Financial Risk Report and the randomly selected quotations for deposit services provided by CHB Group and other independent banks to the Group from January 2020 to October 2020 and compared such interests rates for the same type of deposit for the same period provided by 2 independent banks to the Group for each deposit service and announced by the PBOC, and noted that the pricing policies set in the 2018 Bank Deposits Agreement, which are the same as those set in the 2021 Bank Deposits Agreement, have been complied with strictly. Please refer to the section headed "4. Internal Control Policies" below for further details in this regard. In other words, the interest rates for the deposit services offered by CHB Group will be on terms no less favorable to the Group than those available from independent banks, which we consider fair and reasonable.

In view of the above, we consider that the terms of the deposit services under the 2021 Bank Deposits Agreement are on normal commercial terms, and the terms of which are fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3. New Annual Caps

3.1 Historical Transaction Amounts

The Annual Caps in respect of the Bank Deposits under the 2018 Bank Deposits Agreement for the years ended 31 December 2018, 2019 and 2020 were RMB800 million, RMB1,200 million and RMB 1,500 million, respectively. The highest outstanding balance of Bank Deposits actually placed by the Group with CHB Group on any given day during each of the years ended 31 December 2018 and 31 December 2019 and the period of nine months ended 30 September 2020 were as follows:

	For the year ended 31 December 2018	For the year ended 31 December 2019	For the nine months ended 30 September 2020
	<i>(approximately)</i>	<i>(approximately)</i>	<i>(approximately)</i>
Highest daily outstanding balance of the Bank Deposits on any given day during the year/period	RMB781,307,000	RMB1,110,585,000	RMB1,211,843,000

The Board further confirmed that, as at the Latest Practicable Date, the highest outstanding balance of Bank Deposits under the 2018 Bank Deposits Agreement has not been exceeded.

3.2 New Annual Caps and the basis of determining the New Annual Caps

3.2.1 Consideration of treasury policies of the Group and other factors

When determining the level of cash to be deposited with the other banks, the Company takes into account a number of factors, including:

- (i) the expected level of net fund outflow in the next six months of the relevant financial year;
- (ii) the forecasts on operating income and expenditure of the Group, as well as investment needs of the Group (including, if any, upcoming acquisitions and projects); and
- (iii) the repayment of principal and interests of bank and other borrowings, notes payable and corporate bonds, distribution and/or receipt of dividends, as well as the daily expenses, receivables/payables and other income and expenditure of the Group.

3.2.2 Investment needs of the Group from time to time

As the scale of the Group's business and operation continues to grow, it is expected that its total assets would increase correspondingly and the level of cash held or maintained by it from time to time may also increase. The total assets of the Group grew from approximately RMB22.74 billion as at 31 December 2018 to approximately RMB36.80 billion as at 31 December 2019 and remained at a similar level of RMB36.17 billion as at 30 June 2020. The Group's cash and cash equivalents as at 31

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December 2018, 31 December 2019 and 30 September 2020 amounted to approximately RMB2.39 billion, RMB1.44 billion and RMB1.69 billion respectively. The aforesaid period end figures, however, do not reflect the amount of cash held by the Group on a given day or in a given period of time during the relevant period. In particular, the amount of cash held by the Group would be significantly higher for a certain period of time when the Group conducts large-scale fundraising exercises (such as issuance of bonds) or when it is engaged in a significant acquisition or disposal. By way of illustration, the amount of cash and cash equivalents of the Group as at 30 September 2019 was up to approximately RMB3.34 billion (as opposed to approximately RMB2.39 billion as at 31 December 2018 and approximately RMB1.44 billion as at 31 December 2019) when it was preparing for the acquisition of the three expressways in Hubei Province in the fourth quarter of 2019.

In addition, a higher Annual Cap would also allow the Group to benefit more from a healthy competition amongst the CHB Group and the other banks. The Group would not be in a position to invite the CHB Group to provide quotations and compete with the other banks for sizable deposits if the relevant Annual Cap does not allow enough room for the Group to do so.

Having considered the above, the Company proposes to keep the Annual Caps at RMB1,500,000,000 for the years ending 31 December 2021, 2022 and 2023, respectively. The Company considers that New Annual Caps are reasonable taking into account the business development of the Group.

3.2.3 Assessment on the New Annual Caps

In assessing the fairness and reasonableness of the New Annual Caps, we have reviewed and note the New Annual Caps remain the same as the existing annual cap for the year ending 31 December 2020 under the 2018 Bank Deposits Agreement (the “**2020 Annual Cap**”), which was approved by the independent shareholders at the special general meeting held on 30 May 2018, and the historical utilisation rate of the 2020 Annual Cap reached 80.8% during the validity period of the 2018 Bank Deposits Agreement. We have reviewed the financial information of the Company as set out in the section headed “1.1 Information on the Group” and noted that the business scale of the Group expanded in FY2019 as the revenue increased 6.2% from approximately RMB2.8 billion to approximately RMB3.0 billion and the net profit increased 13.0% from approximately RMB1.4 billion to approximately RMB1.6 billion. The sudden decline of the revenue and net profit for six months ended 30 June 2020 was primarily affected by the “lockdown” policy in order to fight the COVID-19. With the gradual economy recovery in Mainland China, considering the resuming growth rate in the Group’s scale of business and operation, we concur with the Board that the level of cash held or maintained by the Group is expected to increase. Also, we have obtained and reviewed the Company’s cash and cash equivalent in 2020 and noted that the Company’s cash and cash equivalents has returned to its normal level of approximately RMB1.69 billion as at 30 September 2020, which is 112.7% of the New Annual Caps.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As stated in the Letter from the Board, in order to manage any concentration credit risks associated with placing a substantial amount of deposits at any particular bank, in particular, the potential concentration risks which may arise from the Transactions with the CHB Group, the Company conducts an evaluation of the level of Bank Deposits placed with the CHB Group at each quarter-end for the purpose of ascertaining the average proportion of cash deposited with the CHB Group, the maximum level of which is targeted to be maintained at a range of 50% to 60%. Based on the results of the quarterly review, the Company will make adjustments and take appropriate actions (including, among others, depositing funds into other financial institutions), such that the position of Bank Deposits can be maintained at the target level.

We have obtained and reviewed a summary table prepared by the Company in relation to its quarterly review results on the Bank Deposits for the two years ended 31 December 2018 and 2019 and 9 months ended 30 September 2020, which includes the Group's balance of cash and cash equivalent and the balance of the Bank Deposits, and noted that the above mentioned quarterly review and adjustment mechanism has been followed during such period.

In addition, we have also reviewed the 2020 Interim Report of CHB and noted the New Annual Caps will only be a tiny portion of CHB Group's business as the deposits from customers of CHB Group reached approximately HK\$168.9 billion as at 30 June 2020, which we consider favourable to ensure the safety of the deposits placed by the Company with the CHB Group.

Based on the above and given the 2021 Bank Deposits Agreement will be on a non-exclusive basis and the New Annual Caps provide the Group the right but not the obligation to utilise the deposit services under such agreement, we consider that i) the concentration credit risk is manageable and acceptable; and ii) the New Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

4. Internal Control Policies

The Company has adopted certain internal control procedures and corporate governance measures in relation to its utilisation of CHB Group's services, details of which are included in section headed "INTERNAL CONTROL PROCEDURES" in the Letter from the Board. We have also obtained and reviewed the Company's Measures for the Administration of Bank Deposits Balance and the Company's 2020 Interim Financial Risk Report which includes the summary of deposits placed by the Company in CHB Group with comparison results of interest rates provided by CHB Group and other independent banks to the Company.

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We have also obtained and reviewed 5 sets of quotations for the deposit services (covering the relevant interest rate of one-month deposits, demand deposits and agreement deposits with the principal amounts) provided by CHB Group and independent banks to the Company from January 2020 to October 2020 which were randomly selected by the Company as per our request, which we believe are fair and representative samples of the interest rates offered by CHB and other independent banks to the Company. We have compared the interest rates offered by CHB and 2 independent banks provided to the Company for the each deposit services and noted that the interest rates of all such deposit services provided by the CHB Group to the Company are not less favourable than the interest rates provided by such independent banks or the interest rate for same type of deposits announced by the PBOC for the same period.

Pursuant to Rules 14A.55 and 14A.56 of the Listing Rules, the independent non-executive Directors and auditor of the Company will conduct annual review and issue confirmations regarding the continuing connected transactions of the Company each year. We have reviewed the annual reports of the Company for the years ended 31 December 2018 and 2019 and noted that the independent non-executive Directors and the auditor of the Company have reviewed the non-exempt continuing connected transactions, including the 2018 Bank Deposits Agreement, during such years and provided the relevant confirmations. As confirmed with the Company, the Company will continue to comply with the relevant annual review requirement under the Listing Rules on an on-going basis.

Based on the above, we concur with the Directors' view that the Group has effective internal policies in place to continue to monitor the continuing connected transactions under the 2021 Bank Deposits Agreement and New Annual Caps, and hence the interest of the Independent Shareholders would be safeguard.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that the 2021 Bank Deposits Agreement have been entered into on normal commercial terms and in the ordinary and usual course of the Group's business, and that the transactions contemplated thereunder (together with the New Annual Caps) are fair and reasonable and in the interests of the Company and its Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend and we also recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the Special General Meeting in respect of the 2021 Bank Deposits Agreement and the transactions contemplated thereunder (including the New Annual Caps).

Yours faithfully,
For and on behalf of
Maxa Capital Limited
Dian Deng
Managing Director

Ms. Dian Deng is a licensed person registered with the Securities and Future Commission of Hong Kong and a responsible officer of Maxa Capital to carry out type 6 (advising on corporate finance) regulated activities under the SFO and has over 12 years of experience in 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 Group. 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 herein or this Circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of Directors/ chief executive of the Company

As at the Latest Practicable Date, the interests and short positions, if any, of each Director and chief executive (if any) of the Company in the Shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were deemed or taken to have under such provisions of the SFO), or which were required to be and are recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies adopted by the Company (the “**Model Code**”) were as follows:

Long positions in the Shares and underlying Shares

Name of Director	Capacity in which interests are held	Number of Shares	% of the issued share capital of the Company as at the Latest Practicable Date
Mr He Baiqing	Personal	52,000	0.003
Mr Lau Hon Chuen Ambrose	Personal	195,720	0.012
Mr Cheung Doi Shu	Personal	500,000	0.030

Long positions in the shares and underlying shares of associated corporation

Name of Director	Name of associated corporation	Capacity in which interests are held	Number of shares in associated corporation	% of the issued share capital of associated corporation as at the Latest Practicable Date
Mr Li Feng	Yuexiu Property Company Limited	Personal	172,900	0.001
Mr Lau Hon Chuen Ambrose	Yuexiu Property Company Limited	Personal	4,841,200	0.031

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive (if any) of the Company had any interests or short positions in any Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 Part XV of the SFO (including interests and short positions which the Directors and chief executive were deemed or taken to have under such provisions of the SFO), or which were required to be and are recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Substantial Shareholders

As at the Latest Practicable Date, so far as is known to the Directors or the chief executive (if any) of the Company, companies and/or persons who had interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Long Positions in the Shares of the Company

Name	Capacity in holding interests	Approximate % of shareholding in shares	Number of shares held
廣州越秀集團股份有限公司 (Guangzhou Yue Xiu Holdings Limited) (Note 1)	Interest of controlled corporations	44.2	739,526,200
YXE (Notes 1 & 2)	Beneficial owner and interest of controlled corporations	44.2	739,526,200
Grace Lord Group Limited (Note 2)	Beneficial owner	18.12	303,159,087
Housemaster Holdings Limited (Note 2)	Beneficial owner	21.96	367,500,000
Matthews International Capital Management, LLC	Investment manager	6.98	116,934,000

Notes:

- (1) The entire issued shares of YXE are owned by 廣州越秀集團股份有限公司 (Guangzhou Yue Xiu Holdings Limited). By virtue of the SFO, 廣州越秀集團股份有限公司 (Guangzhou Yue Xiu Holdings Limited) was deemed to be interested in the interest of YXE in the shares of the Company as described in note (2) below.
- (2) YXE was interested in an aggregate of 739,526,200 shares of the Company (long position) of which 8,653 shares were held by it as beneficial owner. By virtue of the SFO, YXE was also deemed to be interested in the balance of 739,517,547 shares (long position) through its wholly-owned subsidiaries, namely, Housemaster Holdings Limited, Grace Lord Group Limited, Greenwood Pacific Limited, Yue Xiu Finance Company Limited and Dragon Year Industries Limited.

Save as disclosed above, so far as is known to the Directors or chief executive of the Company, as at the Latest Practicable Date, no other person (other than a Director or chief executive of the Company) had, or was deemed or taken to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, or who was, directly or indirectly, interested in 10% or more of the issued voting shares of the Company or any options in respect of such capital.

As at the Latest Practicable Date, (i) Mr Li Feng, a Director, was also a director of each of Grace Lord Group Limited and Housemaster Holdings Limited, the chief capital officer of Guangzhou Yue Xiu Holdings Limited and YXE; and (ii) Ms Chen Jing, a Director, was also a director of each of Grace Lord Group Limited and Housemaster Holdings Limited, the chief financial officer and general manager of the finance department of Guangzhou Yue Xiu Holdings Limited and YXE. Save as disclosed in this Circular, as at the Latest Practicable Date, none of the Directors or proposed Director was a director or employee of a company which had an interest in the Shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any service agreement with any member of the Group nor were there any other service agreements proposed which would not expire or be determinable by the member of the Group within one year without payment of compensation (other than statutory compensation).

4. DIRECTORS' INTEREST IN ASSETS/CONTRACTS AND OTHER INTERESTS

Interests in assets

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up.

Interests in contracts

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

5. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective associates had any interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

6. MATERIAL ADVERSE CHANGE

The Directors confirm that they were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2019, being the date to which the latest published audited accounts of the Group were made up to, up to and including the Latest Practicable Date.

7. EXPERT'S QUALIFICATIONS AND CONSENT

The following are qualifications of the expert who has given its opinion or advice which is included in this Circular:

Name	Qualification
Maxa Capital Limited	A corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, Maxa Capital Limited does not have any shareholding, directly or indirectly, in any member of the Group, nor did any of them have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it have any direct or indirect interest in any assets which have been acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2019, being the date to which the latest published audited financial statements of the Group were made up.

Maxa Capital Limited has given its written consent and has not withdrawn its written consent to the issue of this Circular with the inclusion of its letters and/or reports and/or references to its name in the form and context in which they respectively appear.

8. DOCUMENTS FOR INSPECTION

Copy of the 2021 Bank Deposits Agreement will be available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at 17A Yue Xiu Building, 160 Lockhart Road, Wanchai, Hong Kong from the date of this Circular up to and including the date of the Special General Meeting.

9. MISCELLANEOUS

The English texts of this Circular shall prevail over the Chinese texts.

NOTICE OF SPECIAL GENERAL MEETING



越秀交通基建有限公司

Yuexiu Transport Infrastructure Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 01052)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT a special general meeting of Yuexiu Transport Infrastructure Limited (“**Company**”) will be held at Plaza I-IV, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Monday, 21 December 2020 at 10:30 a.m. (“**Meeting**”) for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution. Words and expressions that are not expressly defined in this notice of special general meeting shall bear the same meaning as those defined in the circular to the shareholders of the Company dated 4 December 2020 (the “**Circular**”).

ORDINARY RESOLUTION

“THAT:

- (a) the 2021 Bank Deposits Agreement and the consummation of transactions contemplated thereunder (including the New Annual Caps) as more particularly described in the Circular and on the terms and conditions set out in the 2021 Bank Deposits Agreement be hereby approved, ratified and confirmed; and
- (b) authorization be granted to any one Director to complete and do all such acts or things (including executing all such documents, instruments and agreements as may be required) as the Company, such Director or, as the case may be, the Board may consider necessary, desirable or expedient or in the interest of the Company to give effect to the terms of the matters contemplated under the 2021 Bank Deposits Agreement and all transactions contemplated thereunder and all other matters incidental thereto or in connection therewith.”

By order of the Board
Yuexiu Transport Infrastructure Limited
Yu Tat Fung
Company Secretary

Hong Kong, 4 December 2020

Registered Office:
Victoria Place
5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

NOTICE OF SPECIAL GENERAL MEETING

Notes:

1. Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a member of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer, attorney or other person duly authorised to sign the same.
3. To be valid, a form of proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such authority, must be deposited with the Company's Hong Kong branch share registrar, Tricor Abacus Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time appointed for holding of the meeting or adjourned meeting thereof.
4. Completion and return of the form of proxy will not preclude members from attending and voting in person at the meeting or at any adjourned meeting thereof (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.
5. Where there are joint registered holders of any share, any one of such joint holders may vote at the meeting, either in person or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the meeting, whether in person or by proxy, the joint registered holder present whose name stands first on the register of members of the Company in respect of the share(s) shall be accepted to the exclusion of the votes of the other joint registered holders.
6. The register of members of the Company will be closed from Friday, 18 December 2020 to Monday, 21 December 2020, both days inclusive, during which period no transfer of Shares will be registered. For the purpose of ascertaining the shareholders' eligibility to participate in the Meeting, all transfers of Shares accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar, Tricor Abacus Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Thursday, 17 December 2020.
7. In consideration of the continuing risk posed by the coronavirus disease (COVID-19) and to manage the potential health risks of persons attending the Special General Meeting, the Company will implement certain precautionary measures at the Special General Meeting. For further details, please refer to the circular of the Company dated 4 December 2020.

As at the date of this notice, the Board comprises:

Executive Directors: LI Feng (Chairman), HE Baiqing, CHEN Jing and XIE Yanhui

Independent Non-executive Directors: FUNG Ka Pun, LAU Hon Chuen Ambrose and CHEUNG Doi Shu