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If you have sold or transferred all your shares in **Yuexiu Transport Infrastructure Limited**, you should at once hand this circular with the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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越秀交通基建有限公司

Yuexiu Transport Infrastructure Limited

(Incorporated in Bermuda with limited liability)

(Stock code: 01052)

- (1) PROPOSED ADOPTION OF SHARE OPTION SCHEME;**
 - (2) PROPOSED ADOPTION OF THE MANAGEMENT MEASURES;**
 - (3) PROPOSED ADOPTION OF THE APPRAISAL MEASURES;**
 - (4) PROPOSED ADOPTION OF THE INITIAL GRANT PROPOSAL;**
 - (5) PROPOSED RE-ELECTION OF DIRECTOR;**
- AND**
- (6) NOTICE OF SPECIAL GENERAL MEETING**

Capitalized terms used in this cover page have the same meanings as those defined in this circular.

A notice convening the SGM to be held at Plaza I-IV, Basement 3, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on 11 October 2021 at 11:00 a.m. is set out on pages SGM-1 to SGM-3 of this circular. A form of proxy for the SGM is enclosed with this circular. Whether or not you intend to attend the SGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the office of the Company's Hong Kong branch share registrar, Tricor Abacus Limited, at Level 54, Hopewell Centre, No. 183 Queen's Road East, Hong Kong not less than 48 hours before the time for holding the meeting or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM if you so wish.

Please see page ii of this circular for precautionary measures that the Company will implement at the SGM 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 SGM venue;
- scanning of the "LeaveHomeSafe" venue QR code or registering contact details in written forms;
- compulsory hand sanitizing before entry into the SGM venue;
- body temperature checks/screening before entry into the waiting area outside the SGM 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 SGM 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 SGM as their proxy to vote on the relevant resolutions at the SGM instead of attending the SGM 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 have been revoked.

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PRECAUTIONARY MEASURES FOR THE SGM

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

- (1) All attendees must wear face masks at all times inside the SGM venue or at the waiting area outside the SGM venue. Any attendees who do not wear face masks may be requested to leave or denied entry into the SGM venue.
- (2) All attendees must scan the “LeaveHomeSafe” venue QR code or register his/her name, contact number and the date and time of visit, prior to entry into the SGM venue.
- (3) All attendees must clean their hands with alcohol-based hand sanitizer before entering the SGM venue.
- (4) Body temperature checks/screening will be conducted on all persons before they enter the waiting area outside the SGM venue. Any person with a body temperature of over 37.2 degrees Celsius may be requested to leave or denied entry into the SGM venue.
- (5) **No** food and beverage service will be provided and there will be **no** handing out of gift coupons or souvenirs.
- (6) Attendees may need to confirm that (i) he/she has not travelled outside of Hong Kong within 14 days immediately before the SGM (“**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 SGM, 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 SGM venue.
- (7) Only a limited number of seats will be available, with no standing arrangement, in the SGM venue in order to ensure social distancing and therefore, where necessary, the Company may limit the number of attendees entering the SGM 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 SGM in person. The Company would like to remind all Shareholders that physical attendance at the SGM 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 SGM as their proxy to vote on the relevant resolutions at the SGM instead of attending the SGM 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 have been 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 SGM in person have any questions about the relevant resolutions, 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 (except for Appendices II to IV), unless the context requires otherwise, the following expressions have the following meanings:

“Adoption Conditions”	the conditions of the adoption of the Share Option Scheme as disclosed in section 2.4 of the Board Letter
“Adoption Date”	the date on which the Share Option Scheme is adopted by an ordinary resolution of the Shareholders
“Appraisal Measures”	the Appraisal Measures of the Share Option Incentive Scheme of Yuexiu Transport Infrastructure Limited* (《越秀交通基建有限公司股票期權激勵計劃考核管理辦法》)
“associate”	has the meaning ascribed to it under the Listing Rules
“August Announcement”	the announcement of the Company dated 25 August 2021 in which the conditional grant of 519,131 Options to an employee was announced
“Board”	the board of Directors
“Board Letter”	the section headed “LETTER FROM THE BOARD” of this circular
“Business Day”	a day on which the Stock Exchange is open for the business of dealing in securities
“Bye-Laws”	as defined in section 4 of the Board Letter
“chief executive”	has the meaning ascribed to it under the Listing Rules
“close associate”	has the meaning ascribed to it under the Listing Rules
“Company”	Yuexiu Transport Infrastructure Limited, an exempted company incorporated in Bermuda
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director”	a director of the Company
“Eligible Participant”	any employee (whether full-time or part-time) or director of any member of the Group, other than an Excluded Person
“EOE”	earnings before interest, income taxes, depreciation and amortisation on average equity
“Exchange Listing Rules”	the Listing Rules, any listing agreement or other contractual arrangement entered into with any party pursuant thereto, and rulings of the Stock Exchange made in pursuance thereof

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“Excluded Person”	(i) any person who is an independent non-executive director of any member of the Group; (ii) any person alone or together with his family member(s) is interested in 5% or more of the issued Shares at the time of any proposed grant; or (iii) the spouse, father, mother or child of the person referred to in (i) or (ii) above and who is not an employee of any member of the Group
“Exercise Price”	the price per Share payable on the exercise of an Option as determined by the Board and shall at least be the highest of: (i) the nominal value of the Shares; (ii) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the date of grant, which shall be a Business Day; and (iii) the average closing price of the Shares as stated in the Stock Exchange’s daily quotations sheets for the five Business Days immediately preceding the date of grant, or (where applicable) such price as from time to time adjusted pursuant to the Share Option Scheme
“Group”	the Company and its subsidiaries
“Guangzhou SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council of Guangzhou Municipal People’s Government
“Guangzhou Yue Xiu”	as defined in section 4 of the Board Letter
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Incentive Target”	an Eligible Participant to whom Options may be granted under the Initial Grant Proposal
“Initial Grant Proposal”	the Proposal on the Initial Grant Pursuant to the Share Option Incentive Scheme of Yuexiu Transport Infrastructure Limited (Draft)* (《越秀交通基建有限公司股票期權激勵計劃首次授予方案》(草案))
“June Announcement”	the announcement of the Company dated 27 June 2021 in which, among other things, (i) the proposed adoption of the Share Option Scheme; and (ii) the conditional grant of a total of 15,693,360 Options to a total of 88 Eligible Participants were announced

DEFINITIONS

“July Announcement”	the announcement of the Company dated 9 July 2021 in which, (i) the appointment of Mr. Cai as an executive Director; and (ii) the conditional grant of 519,131 Options to Mr. Cai were announced
“Limit”	the limit on the total number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and any Other Schemes, being a number in aggregate not exceeding 10% of the Shares in issue as at the Adoption Date
“Listing Approval”	the Listing Committee’s approval of the listing of, and permission to deal in, any Share on the Stock Exchange which may be issued by the Company pursuant to the exercise of any Option under the Share Option Scheme
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“LPD”	15 September 2021 being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Management Measures”	the Management Measures of the Share Option Incentive Scheme of Yuexiu Transport Infrastructure Limited* (《越秀交通基建有限公司股票期權激勵計劃管理辦法》)
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules from time to time
“Mr. Cai”	Mr. CAI Minghua, an executive Director
“Mr. He”	Mr. HE Baiqing, an executive Director
“Option”	an option or right to subscribe for Shares pursuant to the Share Option Scheme
“Option Holder”	any Eligible Participant who accepts a grant of Option in accordance with the terms of the Share Option Scheme or (where the context so permits) a person who is entitled to any such Option by operation of law or otherwise in consequence of the death of the original Option Holder

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“Option Period”	a period to be determined by the Board at its absolute discretion (provided that the period shall not be more than ten (10) years from the date of grant) and notified by the Board to an Eligible Participant as the period during which an Option may be exercised (subject to any restrictions on the exercise of the Option as may be imposed by the Board)
“Other Schemes”	other than the Share Option Scheme, all the schemes or arrangements involving the grant by the Company or any member of the Group of options over Shares or other securities of the Company to, or for the benefit of, specified participants of such schemes or arrangements which, in the opinion of the Stock Exchange, is analogous to a share option scheme as described in Chapter 17 of the Listing Rules
“Peer Benchmark Companies”	a total of 28 companies listed in Shanghai, Shenzhen or Hong Kong principally engaged in businesses similar to the Group’s businesses which have been selected as benchmark companies
“PRC”	the People’s Republic of China
“Proposed Initial Grant”	the proposed initial grant of 15,693,360 Options as disclosed in section 4 of the June Announcement
“Scheme Documents”	collectively, the Share Option Scheme, the Management Measures, the Appraisal Measures and the Initial Grant Proposal and each a “Scheme Document”
“Scheme Period”	the period commencing on the Adoption Date and expiring at 5:00 p.m. on the Business Day immediately preceding the tenth anniversary of the Adoption Date unless terminated earlier by the Shareholders in a general meeting
“SGM”	the special general meeting of the Company to be held on 11 October 2021 for the Shareholders to consider and, if thought fit, approve each of the Scheme Documents and the re-election of Mr. Cai as a Director (including any adjournment thereof)
“Share”	an ordinary share of nominal value of HK\$0.10 in the capital of the Company
“Share Option Scheme”	the share option incentive scheme proposed to be adopted by the Company at the SGM
“Shareholder”	a holder of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Subscription Price”	an amount equal to the Exercise Price multiplied by the relevant number of Shares in respect of which the Option is exercised
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules

Notes:

- * For ease of reference, the names of the PRC established companies or entities (if any) and the PRC laws and regulations (if any) have generally been included in this circular in both Chinese and English languages and in the event of inconsistency, the Chinese language shall prevail.

- ^ Where the context so permits or requires, words importing the singular number include the plural and vice versa and words importing the masculine gender include the feminine and neuter genders and vice versa.



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

CAI Minghua

Registered Office:

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

Principal place of business

in Hong Kong:

17A Yue Xiu Building, 160 Lockhart Road,
Wanchai, Hong Kong

Independent Non-Executive Directors:

FUNG Ka Pun

LAU Hon Chuen Ambrose

CHEUNG Doi Shu

20 September 2021

To the Shareholders

Dear Sir/Madam,

- (1) PROPOSED ADOPTION OF SHARE OPTION SCHEME;**
(2) PROPOSED ADOPTION OF THE MANAGEMENT MEASURES;
(3) PROPOSED ADOPTION OF THE APPRAISAL MEASURES;
(4) PROPOSED ADOPTION OF THE INITIAL GRANT PROPOSAL;
(5) PROPOSED RE-ELECTION OF DIRECTOR;
AND
(6) NOTICE OF SPECIAL GENERAL MEETING

1. INTRODUCTION

Reference is made to (i) the June Announcement in which the Company announced that the Board had conditionally approved the Share Option Scheme, the Initial Grant Proposal and the Proposal Initial Grant; (ii) the July Announcement in which the Company announced that the Board had approved (A) the appointment of Mr. Cai as an executive Director; and (B) the conditional grant of Options to Mr. Cai; and (iii) the August Announcement in which the Company announced the conditional grant of Options to an employee.

The purpose of this circular is to provide you with information on (i) the proposed adoption of each of the Scheme Documents; (ii) the re-election of Mr. Cai as a Director; and (iii) the resolutions to be proposed at the SGM.

LETTER FROM THE BOARD

2. PROPOSED ADOPTION OF THE SHARE OPTION SCHEME

2.1 Purpose of the Share Option Scheme

As disclosed in paragraph 1 of Appendix I to this circular, the purpose of the Share Option Scheme is to recognise and acknowledge the contributions of the Eligible Participants to the Group by granting Options to them as incentives or rewards. The terms of the Share Option Scheme allow the Company to, where it considers appropriate, specify a minimum holding period and performance targets which must be achieved before Options can be vested or exercised by a grantee. In addition, the basis for the determination of the Exercise Price has been set out in the Share Option Scheme in accordance with the Listing Rules. The Company believes that the mechanism of the Share Option Scheme as described above will provide it with flexibility in setting the terms and conditions of the Options which are the most appropriate taking into account the individual circumstances of the relevant Eligible Participants and therefore can facilitate the Company's aim to offer meaningful incentive to attract, retain and motivate talented employees towards the performance goals in business operation and other long-term performance targets set by the Group and to provide them with an incentive to work better for the interest of the Group.

Please refer to the summary of the principal terms of the Share Option Scheme set out in Appendix I to this circular for details of the principal terms of the Share Option Scheme. A copy of the Share Option Scheme is also available for inspection at the Company's principal place of business in Hong Kong at 17A Yue Xiu Building, 160 Lockhart Road, Wanchai, Hong Kong during normal business hours from the date of this circular up to the date of the SGM and at the SGM.

2.2 Reasons for the adoption of the Share Option Scheme

The Company does not have an existing share option scheme or incentive scheme of similar nature. In order to improve the Group's medium to long term incentive mechanism to support the long term development of the Group, to provide incentives to, and to retain, the core employees of the Group, the Board proposed to adopt the Share Option Scheme.

Further, the Board considers it important that employees (whether fulltime or part-time) and directors (other than independent non-executive directors) of each member of the Group be given incentive to work towards enhancing the value and attaining the long-term objectives of the Group. Accordingly, the Board believes that the adoption of the Share Option Scheme can facilitate the long-term development of the Group and is in the interests of the Company and the Shareholders as a whole.

2.3 Proposed adoption of the Management Measures and the Appraisal Measures

The Company proposed to adopt the Management Measures, which set out the details for determining the roles and allocating responsibilities amongst relevant departments of the Company in respect of the management and implementation of the Share Option Scheme. Please refer to Appendix II to this circular for the details of the Management Measures.

LETTER FROM THE BOARD

The Company also proposes to adopt the Appraisal Measures, which set out the details of the appraisal measures in respect of the performance targets of the Company and the assessment grades of the grantees of Options. Please refer to Appendix III to this circular for the details of the Appraisal Measures.

As advised by the Company's Hong Kong legal advisers, both the Management Measures and the Appraisal Measures are in compliance with the relevant rules set out in Chapter 17 of the Listing Rules.

2.4 Adoption Conditions

The adoption of the Share Option Scheme is conditional upon the fulfillment of the following conditions (the "**Adoption Conditions**"):

- (a) the passing of an ordinary resolution by the Shareholders at a general meeting of the Company approving: (i) (A) the adoption of the Share Option Scheme, and (B) the grant of authorities to the Directors to (I) grant options to subscribe for Shares in accordance with the rules of the Share Option Scheme and (II) allot, issue, and deal with from time to time such number of Shares as may be required to be issued pursuant to the exercise of the Options under the Share Option Scheme; (ii) the Management Measures; and (iii) the Appraisal Measures; and
- (b) the Company obtaining the Listing Approval.

In relation to the condition set out in (a) above, the SGM will be held for the Shareholders to consider and, if thought fit, approve the adoption of the Share Option Scheme, the Management Measures and the Appraisal Measures. Any Shareholder that has a material interest in the Share Option Scheme, the Management Measures and/or the Appraisal Measures will, together with their respective associates, be required to abstain from voting on the resolution to approve the Share Option Scheme, the Management Measures and the Appraisal Measures at the SGM.

In relation to the condition set out in (b) above, an application will be made to the Listing Committee for the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of any Options up to 10% of the Shares in issue as at the Adoption Date.

2.5 Scheme mandate limit

As at the LPD, there were 1,673,162,295 Shares in issue. Assuming that there is no repurchase or allotment of Shares from the LPD up to and including the Adoption Date, Options to subscribe for up to 167,316,229 Shares may be issued under the Share Option Scheme and any Other Schemes pursuant to Rule 17.03(3) of the Listing Rules, representing 10% of the Shares in issue as at the LPD.

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2.6 Trustee of the Share Option Scheme

The terms of the Share Option Scheme do not require the Company to appoint any trustee for the purpose of administering the Share Option Scheme and, as at the LPD, the Company did not intend to appoint a trustee to the Share Option Scheme. As such, there is no issue on whether any Director is a trustee of the Share Option Scheme or having a direct or indirect interest in the trustees of the Share Option Scheme.

2.7 Implications under the Listing Rules

The Share Option Scheme will constitute a share option scheme under Chapter 17 of the Listing Rules and therefore must be approved by the Shareholders in a general meeting pursuant to Rule 17.02(1)(a) of the Listing Rules.

3. INITIAL GRANT PROPOSAL

3.1 Adoption of the Initial Grant Proposal

On 25 June 2021, the Board resolved to approve the adoption of the Initial Grant Proposal subject to the fulfillment of the Initial Grant Conditions. Under the Initial Grant Proposal, a total of 16,731,622 Options may be granted and which if fully granted and exercised, will represent approximately 1% of the Shares in issue as at the LPD. Details of the Initial Grant Proposal and relevant information are summarised below.

(a) Exercise Price

The Exercise Price shall represent the highest of (i) the closing price per Share as stated in the Stock Exchange's daily quotations sheet on the Date of Initial Grant; (ii) the average closing price per Share as stated in the Stock Exchange's daily quotation sheet for the five Business Days preceding the date of grant; and (iii) the nominal value of HK\$0.10 of each Share.

(b) Identities of the Incentive Targets

Under the Initial Grant Proposal, it is contemplated that there will be a total of 90 Eligible Participants comprising executive Directors and members of the senior management, middle management, management of the project companies and core employees of the Group.

(c) Validity period of the Options under the Initial Grant Proposal

10 years from the date grant unless lapsed pursuant to the terms of the Share Option Scheme as summarised in paragraph 18 of Appendix I to this circular.

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(d) Vesting Schedule

Subject to the satisfaction of the Vesting Conditions, all Options granted under the Initial Grant Proposal shall be vested and become exercisable (except in relation to a grantee who is a Director or a member of the senior management as disclosed below) in four tranches as set out in the table below:

Tranche	Vesting date	Percentage of Options granted
First	The second anniversary of the date of grant	25%
Second	The third anniversary of the date of grant	25%
Third	The fourth anniversary of the date of grant	25%
Fourth	The fifth anniversary of the date of grant	25%

If a grantee is a Director or a member of the senior management, 20% out of the Options vested in each tranche will become exercisable only after the end of his tenure of office and he has passed the performance assessment. For this purpose, the tenure of office of a Director or a member of the senior management who is a grantee is divided into four phases, being 2021 to 2023, 2024 to 2025, 2026 to 2028 and 2029 to 2030.

(e) Vesting Conditions

Set out below are the Vesting Conditions:

- (i) Vesting Conditions: in relation to the Company and in respect of each tranche of 25% of the Options granted:
 - (A) the EOE for the most recent full financial year shall not be less than (I) 22.55% and (II) that of the Peer Benchmark Companies;
 - (B) the growth in the market capitalisation of the Company as compared with the previous financial year shall not be less than (I) 4.65% and (II) that of the Peer Benchmark Companies;
 - (C) revenue derived from the principal business of the Company in the last financial year shall not be less than 85% of the total revenue of the Company in that financial year;
 - (D) cash dividend declared in respect of the last financial year shall not be less than 30% of the net profit of the Company of that financial year; and
 - (E) none of the following circumstances having occurred:
 - (I) issue of the financial and accounting report of the Company for the most recent financial year in which a certified public accountant gave a negative opinion or was unable give an opinion;

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- (II) imposition of administrative penalties by regulatory authorities as a result of material breach of rules and regulations in the preceding year; and
 - (III) other circumstances under which implementation of share option incentive schemes is prohibited as determined by regulatory authorities.
- (ii) Vesting Conditions: in relation to an Eligible Participant who has accepted a grant of Options and in respect of each tranche of 25% of the Options granted:
- (A) he has obtained an assessment grade of “B” (or 80 marks) or above in the year preceding the scheduled vesting date in which case the entire tranche of 25% of the Options granted will be vested (for the avoidance of doubt, if an Eligible Participant who has accepted a grant of Options fails to obtain the aforesaid assessment result, the entire tranche of 25% of the Options granted will lapse); and
 - (B) none of the following circumstances having occurred:
 - (I) he is publicly reprimanded by the Stock Exchange in the last three years;
 - (II) imposition of administrative penalties by regulatory authorities as a result of material breach of rules and regulations in the last three years; and
 - (III) he is prohibited by the relevant laws and regulations from acting as a director or a member of the senior management of a company.

Please refer to Appendix IV to this circular for more details of the Initial Grant Proposal.

As at the LPD, a total of 16,731,622 Options had already been conditionally granted under the Initial Grant Proposal as disclosed in the June Announcement, the July Announcement and the August Announcement.

3.2 Initial Grant Conditions

The adoption of the Initial Grant Proposal is conditional upon the fulfillment of the following conditions (the “**Initial Grant Conditions**”): (i) the fulfillment of the Adoption Conditions; (ii) the approval of the Initial Grant Proposal by the Shareholders having been obtained; and (iii) the approval of the Initial Grant Proposal by Guangzhou SASAC having been obtained. As at the LPD, the condition set out in (iii) above has already been fulfilled.

In relation to the condition set out in (ii) above, the SGM will be held for the Shareholders to consider and, if thought fit, approve the Initial Grant Proposal. Any Shareholder that has a material interest in the Initial Proposed Grant will, together with their respective associates, be required to abstain from voting on the resolution to approve the Initial Proposed Grant at the SGM. As at the LPD, Mr. He, an executive Director and an Incentive Target as disclosed in section 4(b) of the June Announcement, was interested in 52,000 Shares (approximately 0.003% of the Shares in issue). By

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virtue of Mr. He being an Incentive Target, he has a material interest in the Initial Grant Proposal. Assuming that Mr. He is a Shareholder on the record date for determining the entitlement to attend the SGM, he, together with his associates, will be required to abstain from voting on the resolution to approve the Initial Grant Proposal at the SGM.

3.3 Value of the Options conditionally granted under the Initial Grant Proposal

Reference is made to (i) the June Announcement wherein it was announced, among other things, that the Company conditionally granted a total of 15,693,360 Options to a total of 88 Eligible Participants on 25 June 2021 at the Exercise Price of HK\$4.43; (ii) the July Announcement wherein it was announced that the Company conditionally granted 519,131 Options to Mr. Cai on 9 July 2021 at the Exercise Price of HK\$4.45; and (iii) the August Announcement wherein it was announced that the Company conditionally granted 519,131 Options to an employee on 25 August 2021 at the Exercise Price of HK\$4.68.

The fair value of the Options conditionally granted as disclosed in the June Announcement, the July Announcement and the August Announcement is set out below:

Date of grant and benchmark date of the valuation	No. of Options granted	Total fair value (HK\$)
25 June 2021	15,693,360	8,816,615
9 July 2021	519,131	294,229
25 August 2021	519,131	316,138

The valuer adopted the Binomial Option Pricing Model for the valuation of the Options, the principal parameters adopted thereunder are as follows:

	Options granted on 25 June 2021	Options granted on 9 July 2021	Options granted on 25 August 2021
Value per share as at the valuation benchmark dates (i.e. 25 June 2021, 9 July 2021 and 25 August 2021)	HK\$4.38	HK\$4.45	HK\$4.68
Exercise price	HK\$4.43	HK\$4.45	HK\$4.68
Expected volatility of the price of options	24.29%	24.30%	24.65%
Risk-free interest rate	1.11%	1.01%	0.98%
Option period	10 years	10 years	10 years
Expected rate of dividend	6.20%	6.20%	6.20%
Exercise multiple	2.8 times	2.8 times	2.8 times

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Set out below are the specific assumptions for the valuation:

- (1) The valuer adopted the interest rate of the Exchange Fund Notes of Hong Kong, the period of which is similar to the option period, as the input parameter of risk-free interest rate in the computation of the fair value of the options;
- (2) The valuer assumed that there will be no material changes in both the risk-free interest rate and the annualized volatility during the option period;
- (3) The actual dividend rates in the future depend on the share prices, actual profit and dividend payout ratio in the future, such parameters were unknown as at the valuation benchmark dates. Hence, the valuer adopted the average value of the ratio of the historical share prices of the Company during 2015 to 2019 to the amount of dividend of the relevant years (being 6.20%) in estimating the expected dividend rate of the relevant options of the Company within the option period. The profits and amounts of dividends of the Company for 2020 were adversely affected by epidemic and therefore no interim dividend for 2020 had been distributed and dividend decreased substantially when compared with normal years and hence may not reflect the actual circumstances in terms of expected profit for the future. On the other hand, the valuer noted that the Company announced resumption of payment of interim dividend on 10 August 2021 (HK\$0.20 per share), the amount of which is higher than the interim dividend in each of the years in 2015 to 2019. The valuer considered that dividend rate for the entire year of 2020 was an exceptional case and has not considered the dividend rate of 2020 in setting the dividend rate;
- (4) After discussion with the management of the Company, the tenure of office of the directors or members of the senior management has four phases, namely 2021 to 2023, 2024 to 2025, 2026 to 2028 and 2029 to 2030 respectively and they are reflected in different vesting dates;
- (5) As the Company does not have historical data of exercise of options, the valuer therefore assumed that the exercise multiple of the options will be 280% of the exercise price based on its valuation experience;
- (6) The expected volatility of share price is the result of analysis based on the statistics of the daily closing prices of the shares of the Company for the past 10 years prior to the valuation benchmark dates. The calculation is based on the assumption that there is no material difference between the expected volatility and historical volatility of the relevant shares during the option period;
- (7) The trading days per annum will be 260 days;
- (8) The exit rate of the holders of options after the vesting of the options will be 0% per annum;

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- (9) The valuation has not taken into account the future alteration in the capital structure of the Company during the option period, such as issue of new shares or grant of share options after the valuation benchmark dates since alteration in the capital structure in future was unforeseeable as at the valuation benchmark dates; and
- (10) The valuer assumed that there were no hidden or unexpected conditions associated with the assets or liabilities of the Company that might adversely affect the reported value.

As the valuation results on the value of the options disclosed above are obtained based on the parameters set out above and certain assumptions and are subject to the valuation model adopted, the results may involve subjective views and uncertainties and therefore, such valuation results shall not be referred to as the basis of accounting treatments. The fair value of the options to be used in cost calculation needs to be calculated afresh by collecting the necessary market data at the appropriate time after the conditions precedent to which the grant of options disclosed above are subject to have been fulfilled.

With respect to the Options which may be granted but have not yet been granted as at the LPD, the Directors consider that it is not appropriate to state the value of those Options given that the variables which are crucial for the calculation of the value of such Options cannot be determined. These variables include, but not limited to, the Subscription Price payable upon the exercise of the Options, the length of the Option Period, any lock-up period, performance targets or other conditions, restrictions or limitations that the Board may impose with respect to the Options. The Directors believe that any calculation of the value of the Options as at the LPD based on a number of speculative assumptions would not be meaningful and would be misleading to the Shareholders.

4. PROPOSED RE-ELECTION OF DIRECTOR

In accordance with Bye-Law 102 of the Bye-Laws of the Company (“**Bye-Laws**”), Mr. Cai Minghua (who was appointed as an executive director with effect from 9 July 2021) shall hold office only until the next general meeting of the Company. Accordingly, he will retire at the SGM.

Mr. Cai, being eligible, will offer himself for re-election at the SGM. Biographical details of Mr. Cai, which are required to be disclosed by the Listing Rules, are set out below.

Mr. Cai, aged 43, obtained a Bachelor’s degree in economics from Wuhan University with a major in international economics and trade. Subsequently, he graduated from Wuhan University with a major in world economics and obtained a master’s degree in economics.

In July 2005, Mr. Cai joined Yuexiu group and has served as the vice chairman of the labour union of the Company, the general manager of the human resources department of the Company, the chief business director of the human resources (organization) department of Guangzhou Yue Xiu Holdings Limited (“**Guangzhou Yue Xiu**”) and the chief business director of the human resources department of Yue Xiu Enterprises (Holdings) Limited. Mr. Cai took the lead in the establishment and enhancement of the information system of human resources management in Guangzhou Yue Xiu and the optimization of the human resources management systems in respect of remuneration management, performance appraisals and talent management and development. Mr. Cai possesses extensive experience and expertise in remuneration management, administration and management, performance appraisals and human resources management.

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Mr. Cai has not held any directorships in other public companies, the securities of which are listed in Hong Kong or overseas, in the past three years preceding the date of this circular. Mr. Cai does not have any relationship with any other directors, senior management or substantial or controlling shareholders (each as defined in the Listing Rules). Mr. Cai has a personal interest of 519,131 underlying shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

There is no service agreement between the Company and Mr. Cai. He will retire and be eligible for re-election in accordance with the Bye-Laws of the Company. Mr. Cai is entitled to receive a salary of RMB600,000 per annum from the Company. In addition, Mr. Cai is entitled to a discretionary bonus to be determined with reference to his job responsibilities and the performance and profitability of the Company and its subsidiaries.

Save as disclosed above, the Board is not aware of any other matter in relation to Mr. Cai's appointment that needs to be brought to the attention of the shareholders of the Company and there is no other information that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

5. SGM AND CLOSURE OF REGISTER OF MEMBERS

A notice convening the SGM to be held at Plaza I-IV, Basement 3, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on 11 October 2021 at 11:00 a.m. is set out on pages SGM-1 to SGM-3 of this circular.

The register of members of the Company will be closed from Thursday, 7 October 2021 to Monday, 11 October 2021, both days inclusive, during which period no transfer of Shares can be registered. In order to qualify for attending and voting at the SGM, all transfer forms accompanied by the relevant share certificates must be lodged for registration with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Abacus Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Wednesday, 6 October 2021.

A form of proxy for the SGM is enclosed with this circular. Whether or not you intend to attend the SGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar and transfer office of the Company in Hong Kong, 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 for holding the SGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM if you so wish.

Pursuant to Rules 13.39(4) and 13.39(5) of the Listing Rules, the ordinary resolutions to approve the Scheme Documents and the re-election of Mr. Cai as director at the SGM will be taken by poll and an announcement on the results of the SGM will be made by the Company after the SGM.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting at the SGM except for Mr. He as disclosed in section 3.2 above.

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6. RECOMMENDATIONS

Having considered the terms of each of the Scheme Documents and taking into account the factor set out in section 2.2 above and the functions and the information regarding the Management Measures, the Appraisal Measures and the Initial Grant Proposal respectively disclosed in sections 2.3, and 3.1 above, the Directors (including the independent non-executive Directors) are of the opinion that the adoption of each of the Scheme Documents is in the interests of the Company and the Shareholders as a whole. The Directors, therefore, recommend the Shareholders to vote in favour of the resolutions to be proposed at the SGM to approve each of the Scheme Documents.

The Directors consider that the proposed re-election of Director at the SGM is in the interests of the Company and the Shareholders. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the re-election of director.

7. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the Appendices to this circular.

8. RESPONSIBILITY STATEMENT

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

By order of the Board
Yuexiu Transport Infrastructure Limited
LI Feng
Chairman

APPENDIX I SUMMARY OF THE PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

Set out below is a summary of the principal terms of the Share Option Scheme.

1. PURPOSE

The purpose of the Share Option Scheme is to recognise and acknowledge the contributions of the Eligible Participants to the Group by granting Options to them as incentives or rewards. The basis of eligibility of any of the Eligible Participants to the grant of Options shall be determined by the Board from time to time at its absolute discretion on the basis of his contribution or potential contribution to the development and growth of the Group.

2. DURATION OF THE SHARE OPTION SCHEME

The Share Option Scheme shall be valid and effective for the period commencing on the Adoption Date and expiring at 5:00 p.m. on the Business Day immediately preceding the tenth anniversary of the Adoption Date unless terminated earlier by the Shareholders in general meeting as disclosed in paragraph 21 of this Appendix. Upon termination of the Share Option Scheme, no further Options may be granted but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect.

3. PARTICIPANTS

Only the Eligible Participants may be granted Options. On and subject to the terms of the Share Option Scheme, the Board may, on a Business Day during the Scheme Period, at its absolute discretion (and subject to any conditions as it may think fit, including but not limited to the achievement of any performance target and/or any minimum period for which an Option must be held before it can be exercised) make an offer in writing (in such form as the Board may from time to time determine) to an Eligible Participant an Option to subscribe at the Exercise Price for such number of Shares as the Board may determine.

4. ACCEPTANCE OF A GRANT

Any grant may be accepted on or before the date specified in the grant (or at such other time and in such other manner as the Board may otherwise determine, including but not limited to an agreement in relation to the grant of the Options between an Eligible Participant and the Company) provided that no grant shall be open for acceptance after the expiry of the Scheme Period or after the Share Option Scheme has been terminated in accordance with the provisions thereof. An amount of HK\$1.00 is payable by an Eligible Participant on acceptance of a grant.

5. EXERCISE PRICE

The price per Share payable on the exercise of an Option as determined by the Board and shall at least be the highest of:

- (a) the nominal value of the Shares;
- (b) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which shall be a Business Day; and

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- (c) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of grant;

or (where applicable) such price as from time to time adjusted pursuant to the Share Option Scheme.

The total subscription price payable upon exercise of an Option shall be an amount equal to the Exercise Price multiplied by the relevant number of Shares in respect of which the Option is exercised.

6. MAXIMUM NUMBER OF SHARES FOR WHICH OPTIONS MAY BE GRANTED

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any Other Schemes shall not in aggregate exceed the Limit. Options lapsed in accordance with the terms of the Share Option Scheme will not be counted for the purpose of calculating the Limit.

The Company may seek approval by Shareholders in general meeting to refresh the Limit provided that:

- (a) the Limit as refreshed shall not exceed 10% of the Shares in issue as at the date of approval of the refreshed Limit;
- (b) (i) Options previously granted (including those outstanding, cancelled, lapsed in accordance with the provisions of the Share Option Scheme or exercised Options) and (ii) options previously granted under Other Schemes (including those outstanding, cancelled, lapsed in accordance with the provisions of Other Schemes or exercised options) will not be counted for the purpose of calculating the Limit as refreshed; and
- (c) a circular containing the information and the disclaimer respectively required under Rule 17.02(2)(d) and Rule 17.02(4) of the Listing Rules shall be dispatched to the Shareholders together with the notice of the relevant general meeting.

The Company may seek separate Shareholders' approval in general meeting to grant Options beyond the Limit or the refreshed Limit (as the case may be) provided that the Options in excess of the Limit or the refreshed Limit (as the case may be) are granted only to Eligible Participants specifically identified by the Company before such approval is sought and provided further that a circular containing a generic description of the specified Eligible Participants who may be granted such Options, the number and terms of the Options to be granted, the information and the disclaimer respectively required under Rule 17.02(2)(d) and Rule 17.02(4) of the Listing Rules, the purpose of granting Options to the specified Eligible Participants and how the terms of the Options serve such purpose shall be dispatched to the Shareholders together with the notice of the relevant general meeting.

The total number of Shares which may be issued upon the exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and any Other Schemes shall not exceed 30% of the Shares in issue from time to time. No grant may be made under the Share Option Scheme or Other Schemes if this will result in the aforementioned limit being exceeded.

7. MAXIMUM NUMBER OF OPTIONS TO EACH PARTICIPANT

The total number of Shares issued and to be issued upon the exercise of all Options granted to each Eligible Participant (including both exercised and outstanding Options) in any period of twelve (12) consecutive months shall not exceed 1% of the Shares in issue.

The Company may grant further Options in excess of the limit set out in the preceding paragraph, subject to Shareholders' approval in general meeting, at which the Eligible Participant involved and his close associates (or his associates if the Eligible Participant is a connected person) shall abstain from voting, and the following provisions shall apply:

- (a) a circular containing the identity of the Eligible Participant involved, the number and terms of Options granted and to be granted and the information and the disclaimer respectively required under Rule 17.02(2)(d) and Rule 17.02(4) of the Listing Rules shall be dispatched to the Shareholders together with the notice of the relevant general meeting;
- (b) the number and terms (including the Exercise Price) of Options to be granted to the Eligible Participant involved shall be fixed before the general meeting; and
- (c) the date of the meeting of the Board for proposing such further grant should be taken as the date of grant for the purpose of calculating the Exercise Price.

8. GRANT OF OPTIONS TO DIRECTORS AND CHIEF EXECUTIVES

Any grant of Options to a Director or chief executive of the Company or any of their respective associates must be approved by all independent non-executive Directors.

9. RESTRICTIONS ON THE TIME OF GRANT OF OPTIONS

For so long as the Shares are listed on the Stock Exchange:

- (a) no grant shall be made after any inside information has come to the knowledge of the Company until such inside information has been published in accordance with the requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of:
 - (i) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Exchange Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Exchange Listing Rules); and
 - (ii) the deadline for publishing of an announcement of the Company's results for any year or half-year under the Exchange Listing Rules, or quarterly or any other interim period (whether or not required under the Exchange Listing Rules),

and ending on and including the date of the results announcement, no grant may be made; and

APPENDIX I SUMMARY OF THE PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

- (b) the Directors must not make any grant to an Eligible Participant who is a Director during the periods or times in which the Directors are prohibited from dealing in Shares pursuant to the Model Code or any corresponding code or securities dealing restrictions adopted by the Company.

10. TRANSFERABILITY OF OPTIONS

An Option shall be personal to the Option Holder and shall not be transferable or assignable. No Option Holder shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any other person over or in relation to any Option or otherwise use the Options as security or to repay debts. Any breach of the foregoing shall entitle the Company to cancel any outstanding Option or part thereof granted to such Option Holder without incurring any liability on the part of the Company.

11. EXERCISE PERIOD OF THE OPTIONS

Subject to the provisions of the Share Option Scheme and the terms and conditions of the relevant grant(s), Options may be exercised by an Eligible Participant (or in the case of his death, his designated successor or legal successor and including the personal representative(s)), in whole or in part, at any time during the Option Period.

In order for the exercise of an Option to be effective, the secretary of the Company (or such other officers or department as the Board may designate from time to time) must, prior to the expiry of the Option Period, have received, among other things, a written notice exercising the Option and payment in full of the Subscription Price. Unless otherwise agreed between the Company and the Option Holder, Shares in respect of an Option shall be issued within twenty eight (28) days of the date upon which the exercise of the Option becomes effective.

12. RIGHTS OF EXERCISE

(a) Minimum period of holding and performance targets

Unless otherwise determined by the Board and specified in the document of grant, there is no minimum period for which an Option must be held before it can be exercised and no performance target needs to be achieved by the grantees of Options before the Options can be exercised.

(b) Rights on cessation of employment due to ill health or death etc.

If an Option Holder ceases to be an Eligible Participant during any relevant Option Period:

- (i) by objective reason(s) of, among other things, ill health, transfer to the Company's holding companies or the Company's fellow subsidiaries as arranged by the Company or such objective reasons on the part of the Company (such as redundancy, change of business), retirement, death, incapacity for civil conducts (the Board has the authority to request the Eligible Participants to provide evidence in respect of the relevant reasons) which causes the rescission or termination of the employment relationship between the Company and an Eligible Participant; or by reason(s) of failure in individual performance appraisal or the

APPENDIX I SUMMARY OF THE PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

incompetency at the original position which results in a demotion; or by reason(s) on the part of the Company which causes a change in an Eligible Participant's office which, as a result, an Eligible Participant ceased to be an Eligible Participant, those Options granted and which have satisfied the vesting conditions and become exercisable can be exercised within six (6) months upon the occurrence of the circumstances described in this paragraph, failing which such Options and those Options which have not yet become exercisable shall lapse and determine after the said six months' period;

- (ii) by reasons of the resignation of the Eligible Participant, or rescission or termination of the employment relationship between the Company (or its operating units) and an Eligible Participant (provided that the aforesaid resignation, rescission or termination is not resulted from the circumstances set out in (i) above), all his Options (including those which are exercisable and not yet exercised) shall lapse and determine upon the aforesaid resignation, rescission or termination,

provided always that in each of the cases of (i) and (ii) above the Board may in its absolute discretion decide that such Options shall not so lapse or determine subject to such conditions or limitations as the Board may determine.

13. SPECIAL CIRCUMSTANCES: IN RELATION TO THE COMPANY

- (a) In case of change of control, merger, spin-off or voluntary winding up of the Company, the exercise of those Options which have been granted but have not yet become exercisable (i) shall not be accelerated or (ii) shall not be moved forward in terms of the exercise arrangement.
- (b) Upon the occurrence of any of the following events in relation to the Company, the Company shall propose that those Options exercisable in the year in which any of the following events occurred shall lapse and the implementation of the relevant phase(s) of Options granted shall be terminated, and upon the consideration and approval of the Board, no new Options shall be granted to the Eligible Participants within one year after the relevant resolution of the Board has become effective:
 - (i) failure of the Company to engage an accounting firm to conduct auditing work in accordance with the prescribed procedures and requirements;
 - (ii) a certified public accountant issued a negative opinion in respect of the annual financial report or issued an audited report in respect of which the certified public accountants was unable to give an opinion;
 - (iii) the regulatory authorities of the State-owned assets or audit firms have material objection in respect of the financial performance or the annual financial report of the Company; or
 - (iv) material breach of rules and penalties were imposed by securities regulatory authorities and other relevant authorities as a result.

14. SPECIAL CIRCUMSTANCES: IN RELATION TO THE ELIGIBLE PARTICIPANTS

Upon the occurrence of any of the following in relation to an Eligible Participant, all the Options which have not yet been exercised shall lapse automatically, and the Company shall propose that no new Options shall be granted to him and shall claw back the gain of the Eligible Participant derived from the Options:

- (a) the results of the economic responsibility audit and other reports proved that he has failed to perform duties effectively or is involved in serious misconduct or malfeasance;
- (b) an Eligible Participant has contravened the relevant laws and regulations of PRC and/or Hong Kong or the provisions of the bye-laws of the Company;
- (c) an Eligible Participant has, during his tenure of office, been involved in acceptance or solicitation of bribery, corruption, theft, leakage of trade and technical secrets, conducted connected transactions and other unlawful acts and misconducts, which prejudiced the interest and reputation of and caused significant negative impact to the image of the Company; or
- (d) an Eligible Participant has failed to discharge, or failed to discharge properly, his duties and thereby resulting in serious loss in assets to the Company and other serious and adverse consequences.

15. OTHER SPECIAL CIRCUMSTANCES

- (a) If during the implementation of any phase of Options granted, there are false statements or misleading statements in, or material omissions from, the financial and accounting documents of the Company or the information disclosure documents of the Company which result in non-compliance with the arrangements in respect of the grant of Options or vesting of the Options of the relevant phase(s) of grant, the Options of all the Eligible Participants granted under the relevant phase(s) of grant which have not yet been exercised shall lapse automatically, and the Company shall claw back all the gain of all the Eligible Participants derived from the Options granted under the said relevant phase(s) of grant and shall not grant new Options to those Eligible Participants who are liable for the issues on the financial and accounting documents of the Company or the information disclosure documents of the Company described under this paragraph.
- (b) Subject to the compliance of the applicable laws, rules and regulations, the Board may deal with the Options involved in the circumstances in respect of the Company or the Eligible Participants which are not specified under paragraph 13, 14 or 15(a) above at its sole discretion.

16. RANKING OF SHARES ISSUED UPON EXERCISE OF OPTIONS

The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the constitution of the Company for the time being in force and shall not carry voting rights until the registration of the Option Holder (or any other person nominated by the Option Holder) as the holder thereof in the register of members of the Company. If under the terms of a resolution passed or an announcement made by the Company prior to the date of exercise of an Option becoming effective, a dividend or other distribution is to be or is proposed to be paid or made to the Shareholders by reference to a record date prior to the date of entry of such Option Holder in the register of members of the Company, the Shares to be allotted and issued upon the exercise will not rank for such dividend or distribution. Subject as aforesaid, Shares allotted and issued upon the exercise of an Option shall rank pari passu in all respects with the Shares in issue on the date of the entry of such Option Holder in the register of members of the Company including in respect of those rights arising on a liquidation of the Company.

17. VARIATION IN THE SHARE CAPITAL OF THE COMPANY

Upon variation in the share capital of the Company in the event of a capitalisation issue, rights issue, sub-division or consolidation of shares or reduction of capital, the number of Shares comprised in each Option and/or the Exercise Price thereunder may be adjusted in any manner as the Board, subject to the compliance with the applicable laws and rules (including Rule 17.03(13) of the Listing Rules and/or the rules, requirements and guidelines issued by the Stock Exchange from time to time) and the terms of the grant, be adjusted in any manner as the Board may deem appropriate.

18. LAPSE OF OPTION

An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (a) the expiry of the Option Period;
- (b) the date on which the Option Holder commits a breach referred to in paragraph 10 of this Appendix;
- (c) the expiry of the periods referred to in paragraph 12(b)(i) or (ii) of this Appendix;
- (d) the occurrence of any event specified in paragraph 14 of this Appendix; and
- (e) the occurrence of any event specified in paragraph 15(a) of this Appendix.

An Option may also be lapsed pursuant to other provisions of the Share Option Scheme, including but not limited to the circumstances referred to in paragraph 13(b) above or pursuant to the conditions imposed by the Board according to the powers conferred on it under the Share Option Scheme.

19. ALTERATION OF THE SHARE OPTION SCHEME

The Board may from time to time in its absolute discretion waive or amend any of the rules of the Share Option Scheme as it deems desirable, provided that, except with the prior sanction of the Company in general meeting, no alteration shall be made to any of the rules relating to the matters set out in Rule 17.03 of the Listing Rules to the advantage of Option Holders (present or future) or Eligible Participants. Further, any alteration to the terms and conditions of the Share Option Scheme, which are of a material nature or any change to the terms of Options granted, must be first approved by the Shareholders save that this provision shall not apply where the alterations take effect automatically under the existing terms of the Share Option Scheme.

20. CANCELLATION OF OPTIONS

Any Options granted but not exercised may be cancelled subject to approval by the relevant Option Holder. Issuance of new Options to the same Option Holder may only be made by the Company if there are unissued Options available under the Share Option Scheme within the Limit or the Limit as refreshed pursuant to the provisions of the Share Option Scheme and in compliance with the terms of the Share Option Scheme.

21. TERMINATION OF THE SHARE OPTION SCHEME

The Company by an ordinary resolution in general meeting may at any time terminate the operation of the Share Option Scheme and in such event no further Options will be granted but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme and Options granted prior to such termination shall continue to be valid and exercisable in accordance with the rules of the Share Option Scheme.

22. ADMINISTRATION OF THE SHARE OPTION SCHEME

The Share Option Scheme shall be subject to all the applicable laws, rules and regulations and requirements of the competent authorities and shall be subject to the administration of the Board whose decision (save as otherwise provided therein) shall be final and binding on all parties.

23. CONDITIONS PRECEDENT OF THE SHARE OPTION SCHEME

The adoption of the Share Option Scheme is conditional upon the fulfillment of the Adoption Conditions.

The Management Measures was originally drafted in Chinese and the English translation is for your reference only. In case of any inconsistency between the Chinese and the English versions, the Chinese version shall prevail.

Yuexiu Transport Infrastructure Limited **越 秀 交 通 基 建 有 限 公 司**

The Management Measures of the Share Option Incentive Scheme

Chapter I General Rules

Clause 1 In order to implement the share option incentive scheme of Yuexiu Transport Infrastructure Limited (hereinafter referred to as “Yuexiu Transport”, “the Company” or “Company”), to determine which are the management organizations of the share option incentive scheme and their responsibilities, the implementation process, the granting and exercise procedures, the handling of special circumstances, etc., the Measures are hereby formulated.

Clause 2 The Measures are formulated according to the Company Law, the Trial Measures for Implementing Option Incentives in State-controlled Listed Companies (Overseas) (Guo Zi Fa Fen Pei [2006] No. 8), the Notice on Regulating the Issues Relating to the Implementation of Option Incentives System in State-controlled Listed Companies (Guo Zi Fa Fen Pei [2008] No. 171), the Notice of the State-owned Assets Supervision and Administration Commission on the Issuance of the Guidelines for the Implementation of Option Incentive in Listed Companies Controlled by Central Enterprises (Guo Zi Kao Fen [2020] No. 178), the Listing Rules, the Bye-Laws of Yuexiu Transport and other relevant laws, regulations and regulatory documents, combined with the Share Option Incentive Scheme of Yuexiu Transport Infrastructure Limited (Draft) (hereinafter referred to as the “Incentive Scheme “ or the “Scheme”) and the Proposal on the Initial Grant Pursuant to the Share Option Incentive Scheme of Yuexiu Transport Infrastructure Limited (Draft). The Measures shall come into effect after they have been considered and approved at the general meeting of the Company. Unless otherwise specified, the terms used in the Measures shall have the same meanings as those used in the Incentive Scheme.

Chapter II Management Organizations and their Responsibilities

Clause 3 Responsibilities of the general meeting of the Company

- (i) To consider and approve the Incentive Scheme;
- (ii) To consider and approve the changes to, and termination of, the Incentive Scheme according to the Incentive Scheme;
- (iii) To authorize the Board of Directors to deal with the specific matters regarding the implementation of the Incentive Scheme;

- (iv) Other responsibilities stipulated by the relevant laws and regulations, the Bye-Laws of Yuexiu Transport and the Incentive Scheme.

Clause 4 Responsibilities of the Board of Directors

- (i) To grant Options to Incentive Targets according to the Incentive Scheme and handle related matters according to the Incentive Scheme and other relevant regulations.
- (ii) To consider and approve the persons nominated to be the Incentive Targets.
- (iii) To consider and approve the proposals for each phase of grant of Options, including but not limited to the determination of the date of grant, Exercise Price, performance conditions for the grant, performance conditions for exercise, exercise arrangements, etc.
- (iv) To adjust the number and exercise price of Options in accordance with the Incentive Scheme and the relevant grant proposals. The adjustments made pursuant to this Clause are subject to compliance with the applicable laws and rules (including the note to Rule 17.03(13) of the Listing Rules and/or the rules, requirements and guidelines issued by the Stock Exchange from time to time).
- (v) To handle those matters in relation to the Options which have been exercised or have not yet been exercised in accordance with the requirements of the Incentive Scheme and the relevant grant proposals upon the occurrence of the special circumstances prescribed in the relevant grant proposals, such as departure from office, retirement or death.
- (vi) To determine whether to claw back the gain of the Incentive Targets obtained from the exercise of Options in accordance with the requirements of the Incentive Scheme and the relevant grant proposals.
- (vii) To implement other necessary management of the Incentive Scheme and the relevant grant proposals.

Clause 5 Responsibilities of the Remuneration Committee of the Board of Directors

Verification of those Incentive Targets in the list who are directors or senior management and the number of Options to be granted to them in accordance with the terms of reference of the Remuneration Committee, and submit the same to the Board of Directors for its consideration.

Clause 6 The Main Responsibilities of the Executive Departments

The executive departments of the Incentive Scheme including the Human Resources Department, the Capital Operation Department, the Finance Department are responsible for assisting the Board of Directors and the Remuneration Committee in carrying out the work related to Options within their respective scope of the terms of reference and leading and coordinating each and every piece of work in respect of the of share options incentives. The responsibilities of each executive department in carrying out the Incentive Scheme are as follows:

(i) Human Resource Department

1. Responsible for the formulation of the Scheme and the drafts of each grant proposal, which includes key elements such as the scope of the grant, the number of grant, the effectiveness arrangement, the performance conditions of the grant and the performance conditions for the grant to become effective, etc.;
2. Responsible for consolidating the annual performance appraisal results of individual Incentive Target;
3. Responsible for reviewing the eligibilities of the Incentive Targets to accept the grant, whether the effectiveness conditions have been satisfied and the quantity of the Options that has become effective, and organizing the signing of the grant documents together with the Capital Operation Department;
4. Responsible for the daily management of the Scheme, calculation and verification of the number of Options granted to the Incentive Targets in each phase that have become effective and lapsed and notifying the Incentive Targets the number of Options that have become effective and lapsed;
5. Responsible for record management such as keeping all documents and files related to the Scheme;
6. Responsible for communicating and reporting to the Yuexiu Group on the Scheme and the status of the effectiveness and exercise under each phase of grant;
7. Responsible for formulating the adjustments to the Exercise Price and number of Options granted in accordance with the Scheme and submitting them to the Board of Directors for consideration and approval.

(ii) Capital Operation Department

1. Responsible for organizing the meetings of the Remuneration Committee, the meetings of the Board of Directors and the general meetings of the Company for the purposes of the consideration of the Scheme and each grant proposal by the aforementioned organizations (as applicable) pursuant to the Listing Rules and the Bye-Laws of Yuexiu Transport;

2. Responsible for communicating and exchanging information on the Scheme with the capital markets, shareholders and the media (if required);
3. Responsible for contacting relevant regulatory authorities and processing information disclosure documents in accordance with relevant regulatory requirements;
4. Responsible for explaining or consulting with relevant institutions on legal issues related to the Scheme, drafting and improving relevant legal documents;
5. To assist the Human Resources Department in keeping the records and the statistics of grant, the coming into effect, changes, lapse and exercise of the Options.

(iii) Finance Department

1. Responsible for analyzing and assessing the satisfaction of the performance conditions for the grant and the performance conditions for effectiveness;
2. Responsible for calculating the actual achievement of the Company's annual performance indicators and the statistics of the actual achievement of the annual performance indicators of enterprises in the same industry;
3. Responsible for the valuation of Options granted and the related accounting treatment in the periodic reports of the listed company in respect of each phase of grant;
4. Responsible for providing the spot exchange rate for the conversion between RMB and HKD and assisting the Human Resources Department in verifying the gain of the Incentive Targets obtain from the exercise of Options;
5. Responsible for the payment of the gain from the exercise of Options and related accounting treatment.

Chapter III The Implementation Procedures of the Scheme

Clause 7 Consideration and Approval of the Scheme

Before the Company formally implements the Scheme, the Scheme and relevant documents shall be submitted to Yuexiu Group and the State-owned Assets Supervision and Administration Commission of Guangzhou for approval and shall be approved by the Board of Directors and the general meeting of the Company (as applicable) as necessary in accordance with the Listing Rules and the Bye-Laws of Yuexiu Transport.

Clause 8 The Procedures of the Grant of Options

- (i) The Human Resources Department/Capital Operation Department shall compile a list of directors or senior management who are proposed to be granted with Options and the number of Options to be granted and submits the same for the consideration of the Remuneration Committee in accordance with its terms of reference, and the Remuneration Committee shall, after its consideration and approval, submits the list to the Board of Directors for its consideration and the Board of Directors shall determine the date of grant, the Exercise Price of the Options and other terms of the grant in accordance with the Scheme;
- (ii) The Human Resources Department shall notify each Incentive Target the number of Options granted, the Exercise Price and the effectiveness arrangement and other relevant information by sending the grant agreement (in triplicate) (or any other manner designated by the Board of Directors from time to time) to the Incentive Target;
- (iii) The Incentive Target shall confirm whether or not he or she accepts the Options granted within five business days and return the signed grant agreement (returning two copies and one for his own retention) on or before 5:00 p.m. on the fifth business day (or any other time designated by Board of Directors from time to time), and the Human Resources Department shall issue an Options certificate to the Incentive Target in accordance with the requirements of the Incentive Scheme;
- (iv) The Human Resources Department shall file and keep all the Option grant agreements returned to it;
- (v) The Human Resources Department shall establish individual accounts of Options for the Incentive Targets and manages the information of Option properly;
- (vi) The Capital Operation Department shall make relevant disclosure of information in relation to the grant of Options;
- (vii) The Human Resources Department shall report the status of the grant of Options to the Yuexiu Group and the State-owned Assets Supervision and Administration Commission of Guangzhou for record.

Clause 9 The procedures for the Options to become effective

- (i) In each effective year, the Capital Operation Department, in conjunction with the Finance Department, shall analyze and assess the fulfillment of, among other things, the financial and performance conditions for the coming into effect of each phase of the Options based on the extent of the actual achievement of the annual performance indicators by the Company in comparison with the benchmark enterprises;
- (ii) The Human Resources Department shall consolidate the individual annual performance appraisal results of all Incentive Targets;

- (iii) The Human Resources Department shall, based on the effective arrangement of the Options for each phase, the effective performance conditions and the actual achievement value of the performance indicators and the annual performance appraisal results of the individual Incentive Targets, calculate the number of Options which have become effective and the number of Options that have lapsed for each phase of grant and submit them to the Board of Directors for its consideration;
- (iv) The Human Resources Department shall keep proper record of the number of Options which have become effective and the number of Options that have lapsed for each phase of grant;
- (v) The Human Resources Department shall notify the Incentive Targets of the number of Options which have become effective and the number of Options that have lapsed for each phase of grant.

Clause 10 Procedures for the Exercise of Options

- (i) Within 28 business days prior to the scheduled effective date of the Option, the Human Resources Department shall notify the Incentive Target of the effective date and the number of effective Options by Email;
- (ii) The Incentive Target shall submit the “Application for the Exercise of Options” to the Capital Operation Department in order to apply for the exercise of Options and to ascertain the number of Options to be exercised for each phase of grant, and shall submit the relevant Option certificate at the same time;
- (iii) After the eligibilities for exercising the Options and the effective conditions have been confirmed by the Human Resources Department, the Capital Operation Department shall prepare the relevant legal documents for the exercise of Options;
- (iv) The Incentive Targets shall pay the subscription monies for the exercise of Options to the account designated by the Company. Within 28 working days after the exercise of Options, the Capital Operation Department shall deliver the certificates for the shares issued upon the exercise of Options to the Incentive Targets or transfer all the shares under the exercise of Options to personal securities accounts of the Incentive Targets;
- (v) The Human Resources Department shall calculate the gain from the exercise of Options, and consolidate and tabulate the information on the number of Options exercised, the remaining effective number and the gain from this exercise of the Incentive Targets;
- (vi) The Human Resources Department shall calculate the profit made by the Incentive Targets based on the share price on the exercise date;
- (vii) The Capital Operation Department shall disclose the relevant information relating to the exercise of Options in accordance with the relevant laws and regulations;

- (viii) The Human Resources Department shall file the information regarding the exercise of Options for each phase of grant with the Yuexiu Group and the State-owned Assets Supervision and Administration Commission of Guangzhou.

Chapter IV Internal Control Procedure for the Options

Clause 11 System and Procedures for Process Control

- (i) The Board of Directors shall be the ultimate authority for the interpretation and validation of the Scheme;
- (ii) Each functional department of the Company is responsible for special affairs, and various important affairs such as appraisal and determination of eligibilities shall be handled by different departments and supervised by each other.

Clause 12 Control of the Implementation Procedures

The effectiveness and correctness of the Scheme are to be ensured through training, consultation and complaint mechanism. If the regulatory authorities of the State-owned assets or other regulatory authorities modify the implementation procedures of the Incentive Scheme, this document must also be modified simultaneously and must be implemented in accordance with the latest requirements of the regulatory authorities of the State-owned assets or other regulatory authorities before the modifications.

Chapter V Handling of Special Circumstances

Clause 13 In case of change of control, merger, spin-off or voluntary winding up of the Company, the exercise of those Options of the Incentive Targets which have not yet become effective shall not be accelerated or shall not be moved forward in terms of the exercise arrangement.

Clause 14 Upon the occurrence of any of the following events in relation to the Company, the Company shall propose that those Options exercisable in the year in which any of the following events occurred shall lapse and the implementation of the relevant phase(s) of Options granted shall be terminated, and upon the consideration and approval of the Board of Directors, no new Options shall be granted to the Incentive Targets within one year after the relevant resolution of the Board of Directors has become effective:

- (i) Failure to engage an accounting firm to conduct auditing work in accordance with the prescribed procedures and requirements.
- (ii) A certified public accountant issued an adverse opinion in respect of the annual financial report or issued an audited report in respect of which the certified public accountants was unable to give an opinion.
- (iii) The regulatory authorities of the State-owned assets or audit firms have material objection in respect of the financial performance or the annual financial report of the Company.

- (iv) Occurrence of material breach of rules and penalties were imposed by securities regulatory authorities and other relevant authorities as a result.

Clause 15 Upon the occurrence of any of the following in relation to an Incentive Target, all his Options which have not yet been exercised shall lapse automatically, and the Company shall propose that no new Options shall be granted to him and shall claw back the gain of the Incentive Target derived from the Options:

- (i) The results of the economic responsibility audit and other reports proved that he has failed to perform duties effectively or is involved in serious misconduct and malfeasance.
- (ii) The Incentive Target has contravened the relevant laws and regulations of PRC and/or Hong Kong or the provisions of the Bye-laws of the Company.
- (iii) The Incentive Target has, during his tenure of office, been involved in acceptance or solicitation of bribery, corruption, theft, leakage of trade and technical secrets, conducted connected transactions and other unlawful acts and misconducts, which prejudiced the interest and reputation of and caused significant negative impact to the image of the Company.
- (iv) The Incentive Target has failed to discharge, or failed to discharge properly, his duties and thereby resulting in serious loss in assets to the Company and other serious and adverse consequences.

Clause 16 If during of the implementation of any phase of Options granted, there are false statements or misleading statements in, or material omissions from, the financial and accounting documents of the Company or the information disclosure documents of the Company which result in non-compliance with the arrangement in respect of the grant of the Options or the arrangement in respect of the Options becoming effective, the Options of all the Incentive Targets which have not yet been exercised shall lapse automatically, and the Company shall claw back all the gain of the Incentive Targets derived from the Options granted and shall not grant new Options to those Incentive Targets who are liable for the issues on the financial and accounting documents of the Company or the information disclosure documents of the Company described under this clause.

Clause 17 If, by objective reason(s) of, among other things, ill health, transfer to the Company's holding companies or the Company's fellow subsidiaries as arranged by the Company or such objective reasons on the part of the Company (such as redundancy, change of business), retirement, death, incapacity for civil conducts (the Board of Directors has the authority to request the Incentive Target to provide evidence in respect of the relevant reasons) which causes the rescission or termination of the employment relationship between the Company and an Incentive Target; or by reason(s) of failure in individual performance appraisal or the incompetency at the original position which results in a demotion; or by reason(s) on the part of the Company which causes a change in an Incentive Target's office which, as a result, an Incentive Target ceased to be eligible as an Incentive Target under the relevant grant proposal, those Options granted and which have satisfied the conditions to become

effective set forth in the relevant grant proposal and become exercisable can be exercised within six (6) months upon the occurrence of the circumstances described in this clause, failing which such Options and those Options which have not yet become effective shall lapse and determine after the said six (6) months' period, provided that the Board of Directors may in its absolute discretion decide that such Options shall not lapse or determine due to aforesaid reasons subject to such conditions or limitations as the Board of Directors may determine.

If, by reasons of the resignation of the Incentive Target, or rescission or termination of the employment relationship between the Company (or its operating units) and an Incentive Target (provided that any circumstance mentioned above in this paragraph are not resulted from the circumstances set out in the first paragraph of this clause), all his Options (including those which are exercisable and not yet exercised) shall lapse and determine upon the aforesaid resignation, rescission or termination, provided that the Board of Directors may in its absolute discretion decide that such Options shall not so lapse or determine due to aforesaid reasons subject to such conditions or limitations as the Board of Directors may determine.

Please refer to Annex I for a table in relation to the circumstances set out in clauses 13 to 17 and the corresponding consequences.

Clause 18 Subject to the compliance of the applicable laws, rules and regulations, the Board of Directors may deal with the Options involved in the circumstances in respect of the Company or the Incentive Targets which not specified above at its sole discretion.

Clause 19 Any dispute or controversy between the Company and an Incentive Target arising from the implementation of the relevant grant proposal or the relevant agreement signed between these two parties shall be resolved through negotiation and communication between these two parties. If the negotiation fails, either party has the right to initiate a litigation at the court mutually agreed for a resolution or (in the absence of agreement) initiate a litigation at the court with jurisdiction for a resolution.

Chapter VI Daily Management of the Scheme

Clause 20 Disclosure of Information

- (i) The Board of Directors of the Company shall continue to comply with the public information disclosure and reporting obligations in accordance with the relevant requirements of the applicable laws and regulations;
- (ii) The Company shall disclose in its periodic reports the information required by the applicable domestic and foreign laws and regulations.

Clause 21 Finance and Taxation

- (i) All management expenses and handling fees incurred by the Company in implementing the Incentive Scheme shall be borne by the Company; the Company shall not provide loans or any form of financial assistance to the Incentive Targets for the exercise of the Options.

- (ii) The Company shall handle the individual income tax and other taxes payable by the Incentive Targets in accordance with the requirements of the relevant tax laws and regulations of the country/region where the Incentive Target is domiciled.

Chapter VII Supplementary Provisions

Clause 22 The Board of Directors of the Company shall be responsible for the interpretation of the Measures and the Measures shall be implemented after the approval of the general meeting of the Company having been obtained.

Annex I

Special Circumstances		Ways of Handling	Notes
Due to reason(s) on the part of the Company			
1	No accounting firm was engaged to conduct auditing work in accordance with the prescribed procedures and requirements.	The Company shall propose that those Options exercisable in that year shall lapse and the implementation of the Options granted shall be terminated, and upon the consideration and approval of the Board of Directors, no new Options shall be granted to the Incentive Targets within one year after the relevant resolution of the Board of Directors has become effective.	Based on the requirements of the regulatory authorities of the State-owned assets, gain derived from the Options in the previous year(s) is not required to be returned
2	A certified public accountant issued a negative opinion in respect of the annual financial report or issued an audited report in respect of which the certified public accountant was unable to give an opinion.		
3	The regulatory authorities of the State-owned assets or audit firms have material objection in respect of the financial performance or the annual financial report of the Company.		
4	Material breach of rules was committed and penalties were imposed by securities regulatory authorities and other relevant authorities as a result.		
5	During the implementation of any phase of grant, there are false statements or misleading statements in, or material omissions from, the financial and accounting documents of the Company or the information disclosure documents of the Company which result in non-compliance with either the arrangement in respect of the grant of the Options or the arrangement in respect of the Options becoming effective.		

	Special Circumstances	Ways of Handling	Notes
6	Change of control, merger, spin-off of the Company due to any reason.	In case of change of control, merger, spin-off of the Company, the exercise of those Options of the Incentive Targets which have not yet become effective shall not be accelerated or shall not be moved forward in terms of the exercise arrangement.	The requirements of the regulatory authorities of the State-owned assets

	Special Circumstances	Ways of Handling	Notes
Due to reasons on the part of the Incentive Targets			
1	The results of the economic responsibility audit and other reports proved that the Incentive Target has failed to perform duties effectively or is involved in serious misconduct and malfeasance.	Those Options which have not yet been exercised shall lapse automatically, and the Company shall propose that no new Options shall be granted to him and shall claw back the gain of the Incentive Target derived from the Options.	Explicit requirements of the regulatory authorities of the State-owned assets
2	An Incentive Target contravened the relevant laws and regulations of PRC and/or Hong Kong or the provisions of the Bye-laws of the Company.		
3	The Incentive Target has, during his tenure of office, accepted or solicited bribery, corruption, theft, leakage of trade and technical secrets, conducted connected transactions and other unlawful acts and misconducts, which prejudiced the interest and reputation of and caused significant negative impact to the image of the Company.		
4	The Incentive Target has failed to discharge, or failed to discharge properly, his duties and as a result the Company suffered serious loss in assets.		

Special circumstances		Ways of Handling
Due to reasons on the part of the Incentive Targets		
5	The Company causes a change in an Incentive Target's office that resulted in an Incentive Target ceasing to be an Incentive Target under the Incentive Scheme	Those Options that have become exercisable can be exercised within six (6) months from the date of the change in office failing which those exercisable Options which have not been exercised shall lapse and determine after the said six (6) months' period and those Options which have not yet become effective shall lapse, provided that the Board of Directors may in its absolute discretion decide that such Options shall not so lapse or determine and impose further conditions or limitations.
6	An Incentive Target resigns voluntarily from the Company	If an Incentive Target resigns, all of his/her Options shall lapse and determine on the date of resignation or termination of employment, provided that the Board of Directors may in its absolute discretion decide that such Options shall not so lapse or determine and impose further conditions or limitations.
7	Departure from the Company resulting from transfer to the Company's holding companies or the Company's fellow subsidiaries or reasons on the part of the Company (such as redundancy, change of business)	Those Options that have become exercisable can be exercised within six (6) months from the date of the change in position, failing which those exercisable Options which have not been exercised shall lapse and determine after the said six (6) months' period and those Options which have not yet become effective shall lapse, provided that the Board of Directors may in its absolute discretion decide that such Options shall not so lapse or determine and impose further conditions or limitations.
8	Retirement of an Incentive Target	Those Options that have become exercisable can be exercised within six (6) months from the date of the retirement, failing which those exercisable Options which have not been exercised shall lapse and determine after the said six (6) months' period and those Options which have not yet become effective shall lapse, provided that the Board of Directors may in its absolute discretion decide that such Options shall not so lapse or determine and impose further conditions or limitations.
9	An Incentive Target departs from office as a result of incapacity for civil conducts	Those Options that have become exercisable can be exercised within six (6) months from the date of the occurrence of incapacity for civil conducts, failing which those exercisable Options which have not been exercised shall lapse and determine after the said six (6) months' period and those Options which have not yet become effective shall lapse, provided that the Board of Directors may in its absolute discretion decide that such Options shall not so lapse or determine and impose further conditions or limitations.

Special circumstances		Ways of Handling
10	Death of an Incentive Target	Those Options that have become exercisable can be exercised by the legal successor or designated successor within six (6) months from the date of death, failing which those exercisable Options have not been exercised shall lapse and determine after the said six (6) months' period and those Options that have not yet become effective shall lapse, provided that the Board of Directors may in its absolute discretion decide that such Options shall not so lapse or determine and impose further conditions or limitations.
11	The Company causes a change in an Incentive Target's office that resulted in an Incentive Target ceasing to be eligible under the Incentive Scheme	Those Options that have become exercisable can be exercised within six (6) months from the date of change in office, failing which those exercisable Options which have not been exercised shall lapse and determine after the said six (6) months' period and those Options which have not yet become effective shall lapse, provided that the Board of Directors may in its absolute discretion decide that such Options shall not so lapse or determine and impose further conditions or limitations.

The Appraisal Measures was originally drafted in Chinese and the English translation is for your reference only. In case of any inconsistency between the Chinese and the English versions, the Chinese version shall prevail.

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

The Appraisal Measures of the Share Option Incentive Scheme

In order to ensure the smooth implementation of the Share Option Incentive Scheme of Yuexiu Transport Infrastructure Limited (herein after referred to as “Yuexiu Transport” or “the Company”), to further improve the corporate governance structure of the Company, to form a well-balanced system for the allocation of the Company’s value among the employees, to stimulate the work enthusiasm of the senior and middle management members and the core employees of the Company, to ensure the steady improvement of the Company’s performance, and to ensure the realization of the Company’s development strategy and business objectives, the Measures are hereby formulated in accordance with the relevant national regulations and the actual situation of the Company.

1. Purposes of the Appraisal

The purpose is to further improve the corporate governance structure of the Company, establish and improve the conditional incentive mechanism of the Company, ensure the smooth implementation of the Share Option Incentive Scheme, and maximize the effect of the Share Option Incentive Scheme, and realise the development strategy and business objectives of the Company.

2. Principles of the Appraisal

The appraisal must adhere to the principles of justice, openness and fairness, and be carried out strictly in accordance with the Measures and the performance of the appraisal targets, so as to achieve the close integration between the Share Option Incentive Scheme and the work performance and contribution of the Incentive Targets, and to enhance the management performance and maximize the interests of the Company and all shareholders.

3. Scope of the Appraisal

The Measures apply to all Incentive Targets under the Share Option Incentive Scheme of the Company, including the Company’s middle and senior management members (reserved members inclusive) and core employees.

4. Bodies of the Appraisal

The Board of Directors of the Company is the leading decision-making body for the appraisal work in relation to the Share Option Scheme, and the Human Resources Department of the Company is responsible for the routine work of the appraisal in relation to the Share Option Scheme.

5. Indicators and Standards of the Performance Appraisal

Options may be exercised in accordance with the relevant grant proposals only after both the Company and the Incentive Targets meet the following conditions and other conditions set forth in the Share Option Incentive Scheme and the relevant grant proposals. If the exercise conditions are not met, the corresponding percentage of the Options for that year cannot be exercised.

(1) Exercise conditions at the Company level

The Company must meet the following conditions in respect of the exercise year for each tranche:

Exercise Arrangements	Exercise Conditions
The scheduled effective date for the first tranche	The cash return on net assets (EOE) for the most recent full financial year shall not be less than 22.55% and the average level of the peer benchmark companies for the same period; the growth rate of total market capitalisation of the Company as compared with the previous financial year shall not be less than 4.65% and the average level of the peer benchmark companies for the same period; revenue derived from the principal business of the Company shall not be less than 85% of the total revenue of the Company; and cash dividend declared in respect of the most recent full financial year shall not be less than 30% of the net profit of the Company of that financial year.
The scheduled effective date for the second tranche	The cash return on net assets (EOE) for the most recent full financial year shall not be less than 22.55% and the average level of the peer benchmark companies for the same period; the growth rate of total market capitalisation of the Company as compared with the previous financial year shall not be less than 4.65% and the average level of the peer benchmark companies for the same period; revenue derived from the principal business of the Company shall not be less than 85% of the total revenue of the Company; and cash dividend declared in respect of the most recent full financial year shall not be less than 30% of the net profit of the Company of that financial year.

Exercise Arrangements	Exercise Conditions
The scheduled effective date for the third tranche	The cash return on net assets (EOE) for the most recent full financial year shall not be less than 22.55% and the average level of the peer benchmark companies for the same period; the growth rate of total market capitalisation of the Company as compared with the previous financial year shall not be less than 4.65% and the average level of the peer benchmark companies for the same period; revenue derived from the principal business of the Company shall not be less than 85% of the total revenue of the Company; and cash dividend declared in respect of the most recent full financial year shall not be less than 30% of the net profit of the Company of that financial year.
The scheduled effective date for the fourth tranche	The cash return on net assets (EOE) for the most recent full financial year shall not be less than 22.55% and the average level of the peer benchmark companies for the same period; the growth rate of total market capitalisation of the Company as compared with the previous financial year shall not be less than 4.65% and the average level of the peer benchmark companies for the same period; revenue derived from the principal business of the Company shall not be less than 85% of the total revenue of the Company; and cash dividend declared in respect of the most recent full financial year shall not be less than 30% of the net profit of the Company of that financial year.

(2) *Exercise conditions at the Incentive Targets level*

Whether and how many the Options already granted to the Incentive Targets becomes exercisable depends on the individual performance appraisal grade of the Incentive Targets in the previous financial year as illustrated by the table below:

Individual performance appraisal results for the previous year	Proportion of the relevant tranche of options that may become effective
B (or appraisal score of 80 points) and above	100%
Below B	0%

6. Appraisal Period and Frequency**(1) *Appraisal Period***

The fiscal year immediately before the Options are scheduled to become exercisable by the Incentive Targets.

(2) *Appraisal Frequency*

Once per year in the exercise year for the Incentive Targets.

7. Appraisal Procedures

The Finance Department is responsible for compiling the statistics of the Company's performance appraisal results, and the Human Resources Department is responsible for compiling the statistics of the individual performance appraisal results. The Human Resources Department shall compile a performance appraisal report based on the Company's performance appraisal results and the individual performance appraisal results and submit such report to the Board of Directors of the Company for consideration and approval.

8. Appraisal Results Management

Any employee who disagrees with his/her individual appraisal results may lodge an appeal in accordance with the relevant provisions of the "Performance Management Measures for the Headquarters of Yuexiu Transport Infrastructure Limited" and "Performance Management Measures for Project Executives of Yuexiu Transport Infrastructure Limited". The Human Resources Department shall review the appeal and provide feedback to the employee in accordance with the relevant procedures.

9. Supplementary Provisions

- (1) The Board of Directors of the Company shall be responsible for the interpretation of the Measures and the Measures shall be implemented after the authorization from the shareholders has been obtained.

The Proposal was originally drafted in Chinese and the English translation is for your reference only. In case of any inconsistency between the Chinese and the English versions, the Chinese version shall prevail.

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

Proposal On Initial Grant Pursuant to the Share Option Incentive Scheme
(Draft)

September 2021

Chapter I Definitions

The following expressions shall, unless otherwise specified or unless the context otherwise requires, have the following meanings in the Proposal:

The Proposal: The Proposal on the Initial Grant Pursuant to the Share Option Incentive Scheme of Yuexiu Transport Infrastructure Limited (Draft).

The Company, Company, Yuexiu Transport: Yuexiu Transport Infrastructure Limited, the shares of which are listed on the Stock Exchange (Stock Code: 01052).

Option, Share Option: The incentive instruments under the Proposal, which means the right to purchase a certain number of shares of the Company at a pre-determined price and on pre-determined conditions within a certain period of time granted to the Incentive Targets by Yuexiu Transport in accordance with the Option Scheme and the Proposal.

Incentive Targets: The persons to whom Share Options are granted under the Proposal.

General Meeting: The general meeting of Yuexiu Transport Infrastructure Limited.

Board of Directors: The Board of Directors of Yuexiu Transport Infrastructure Limited.

Remuneration Committee: The Remuneration Committee established under the Board of Directors.

Grant: The grant of Share Options by the Company to the Incentive Targets under the Proposal, the Company may grant Share Options in tranches under the Proposal.

Grant Date: Any date on which the Board of Directors approves the grant of Share Options to the Incentive Targets. The grant date must be a Trading Day.

Trading Day: A day on which the Stock Exchange is open for the sale and purchase of securities.

Effective Exercise Date: The date on which the exercise of the Share Options granted to an Incentive Target may commence. The Effective Exercise Date must be a Trading Day.

Exercise Price: The price at which an Incentive Target shall exercise the Share Options, as determined in accordance with Clause 17.

Option Scheme: The Share Option Incentive Scheme of Yuexiu Transport Infrastructure Limited the adoption of which has been approved by the shareholders of the Company.

Exercise Restriction Period: The period during which the Share Option granted to the an Incentive Target under the Proposal are prohibited from being exercised.

Effective Exercise Period: The period during which the Share Options granted to an Incentive Target under the Proposal may be conditionally exercised.

Effective Conditions: The conditions that must be satisfied before Options granted under the Proposal may be exercised, as detailed in Clause 23.

Companies Law: The Companies Law of the People’s Republic of China.

Companies Ordinance: The Companies Ordinance, Chapter 622 of the Laws of Hong Kong.

Listing Rules: The Rules Governing the Listing of Securities on the Stock Exchange.

Guangzhou SASAC: State-owned Assets Supervision and Administration Commission of the Guangzhou Municipal People’s Government.

Stock Exchange: The Stock Exchange of Hong Kong Limited

Bye-laws: The Memorandum and Bye-Laws of Yuexiu Transport Infrastructure Limited.

Chapter II General Provisions

Clause 1 To further improve the Company’s governance structure, improve the Company’s medium and long-term incentive mechanism combining incentives and constraints, support the Company’s long-term development, motivate and retain the core personnel, the Initial Grant Proposal under the Share Option Incentive Scheme of Yuexiu Transport Infrastructure Limited is formulated in accordance with the Companies Law, the Trial Measures for Implementing Option Incentives in State-controlled Listed Companies (Overseas) (Guo Zi Fa Fen Pei [2006] No. 8), the Notice on Regulating the Issues Relating to the Implementation of Option Incentives System in State-controlled Listed Companies (Guo Zi Fa Fen Pei [2008] No. 171), the Notice of the State-owned Assets Supervision and Administration Commission on the Issuance of the Guidelines for the Implementation of Option Incentive in Listed Companies Controlled by Central Enterprises (Guo Zi Kao Fen [2020] No. 178), the Listing Rules, the Bye-laws and other relevant laws, regulations and regulatory documents.

Clause 2 The Proposal is subject to the consideration and approval of the Board of Directors, the consideration and approval of the General Meeting and the approval of Guangzhou SASAC before it can be implemented, and is conditional upon the approval of the adoption of the Option Scheme, the “Appraisal Measures of the Share Option Incentive Scheme of Yuexiu Transport Infrastructure Limited” and the “Management Measures of the Share Option Incentive Scheme of Yuexiu Transport Infrastructure Limited” by the General Meeting and the approval of the listing of, and permission to deal in any shares to be issued pursuant to the Share Options granted by the Stock Exchange. If the approvals and the conditions precedent referred to in this Clause are not obtained or fulfilled on or before 31 December 2021, all grants made under the Proposal shall automatically lapse at the end of 31 December 2021 and the grantees shall have no right to claim compensation or initiate any other claims against the Company.

Clause 3 Management Organizations

The General Meeting is responsible for considering and approving the Option Scheme. The Board of Directors shall exercise its powers and perform its duties, including the implementation and administration of the Option Scheme, in accordance with the authorization of the General Meeting and the terms of the Option Scheme.

- (i) The Board of Directors grants Share Options to the Incentive Targets in accordance with the Option Scheme as considered and approved by the General Meeting, and handles related matters in accordance with the Option Scheme and other relevant regulations.
- (ii) The Board of Directors is responsible for considering and approving the persons nominated to be the Incentive Targets.
- (iii) The Board of Directors shall consider and approve the proposals on the future grants of Share Options, including but not limited to determining, among other things, the Grant Date, the exercise price, the performance conditions for the grants, the performance conditions for exercise, the exercise arrangements.
- (iv) The Board of Directors shall adjust the number and exercise price of the Share Options in accordance with the requirements of the Option Scheme and the Proposal. The adjustments made pursuant to this Clause are subject to compliance with the applicable laws and rules (including the note to Rule 17.03(13) of the Listing Rules and/or the rules, requirements and guidelines issued by the Stock Exchange from time to time).
- (v) The Board of Directors shall handle those matters in relation to the Share Options which have been exercised or have not yet been exercised in accordance with the requirements of the Option Scheme and the Proposal upon the occurrence of the special circumstances in relation to the Company or the Incentive Targets as prescribed in the Option Scheme and the Proposal, such as, among other things, departure from office, retirement or death.
- (vi) The Board of Directors shall determine whether to claw back the gain of the Incentive Targets derived from the exercise of Options in accordance with the requirements of the Option Scheme and the Proposal.
- (vii) The Board of Directors shall implement other necessary management of the Option Scheme and the Proposal.

Chapter III Basis for Determining Incentive Targets and the Scope of the Incentive Targets

Clause 4 The Incentive Targets of the Proposal are determined in accordance with the Companies Law, the Trial Measures for Implementing Option Incentives in State-controlled Listed Companies (Overseas), the Notice on Regulating the Issues Relating to the Implementation of Option Incentives System in State-controlled Listed Companies, the regulations or requirements of the State-owned Assets Supervision and Administration Commission or any competent regulatory authority, the requirements of relevant laws, regulations, rules and regulatory documents, the Listing Rules, the Bye-Laws and the relevant requirements of the Option Scheme, taking into account the actual circumstances of the Company.

Clause 5 The scope of the initial grant of Share Option covers eligible directors and senior management of the Company, as well as core talents and management personnel who have a direct impact on the overall performance and sustainable development of the Company, 90 persons in total, representing approximately 4.43% of the total number of employees at the end of 2020. Details are as follows:

- (i) Senior management of the Company (8 persons): He Baiqing, Pan Yongqiang, Zhu Wenbo, Zeng Yangmei, Li Xiaodong, Zhu Chuanbao, Cai Minghua and Zeng Liwen;
- (ii) Middle management in the Company's Headquarters (24 persons);
- (iii) Core personnel of the Company (29 persons);
- (iv) Senior management of the project companies (29 persons).

Clause 6 The Incentive Targets of the Proposal do not include persons as follows:

- (i) Independent directors of the Company, shareholders or actual controllers who individually or collectively hold 5% or more of the shares of the Company and their spouses, parents, children and persons who are not employed by the listed company and are not employees of the listed company;
- (ii) Those who have been publicly reprimanded by securities regulatory authorities or declared as inappropriate persons by securities regulatory authorities in the last three years;
- (iii) Those who have administrative penalties imposed by regulatory authorities as a result of material breach of rules and regulations in the last three years;
- (iv) Those who are prohibited by the Companies Law or the Companies Ordinance from acting as a director or a member of the senior management of a company;
- (v) Those who are not allowed to participate in the Company's share incentive under the relevant superior policies and laws and regulations;

- (vi) Those who have committed other serious violations of the Company's rules as determined by the Board of Directors.

Clause 7 Verification of the Incentive Targets

If the Incentive Targets are directors and senior management of the Group, matters relating to the number of Share Options to be granted shall, after such information has been verified by the Human Resources Development/Capital Operation Department, be considered by the Remuneration Committee in accordance with its terms of reference and submit the same to the Board of Directors for its consideration and approval; the names of other persons and the number of Share Options to be granted shall be verified by the Human Resources Department and submitted to the Board of Directors for its consideration and approval.

Chapter IV Incentive Instrument and Source, Total Number and Allocation of the Subject Shares**Clause 8 Incentive Instrument**

The Proposal adopts Share Options as the incentive instrument.

Clause 9 Subject Shares and the Source of the Shares

The subject shares of the Proposal are the ordinary shares of Yuexiu Transport listed and traded on the Stock Exchange, and the source of the shares is the additional ordinary shares to be issued to identified targets by Yuexiu Transport.

Clause 10 Total Number under the Initial Grant

The total number of issued shares of the Company as of 31 December 2020 was 1,673,162,295 shares. The total number of the Share Options under this grant is 16,731,622 shares, not exceeding 1.00% of the total number of the shares of the Company.

Clause 11 Allocation of the Grant of Share Options

The number of the Share Options to be granted to the Incentive Targets under the Proposal is determined on, among other things, the basis of the total number of Options available for the grant, job ranking and performance evaluation.

Clause 12 Initial Grant Allocation

The allocation of the Share Options to be granted under the Proposal is set out in the table below:

No.	Position	Number of persons	Total number of shares to be granted (shares)	Percentage of the total grants
1	Directors, Senior Management	8	6,692,646	40%
2	Middle management at Headquarters	24	4,306,526	25.74%
3	Members of the leadership team of the project companies	29	2,957,142	17.67%
4	Key technical personnel	29	2,775,308	16.59%
Total		90	16,731,622	100.00%

Among which, the Share Options to be granted to the existing directors and senior management of the Company are set out in the table below in details:

Name	Title	Number of shares to be granted (shares)	Percentage of the total grants under this grant
He Baiqing	Vice Chairman, General Manager	1,371,993	8.20%
Cai Minghua	Director	519,131	3.10%
Pan Yongqiang	Vice General Manager	1,038,266	6.21%
Zhu Wenbo	Vice General Manager	1,038,266	6.21%
Zeng Liwen	Vice General Manager	519,131	3.10%
Zeng Yangmei	Secretary of the Discipline Committee	865,221	5.17%
Li Xiaodong	Assistant to the General Manager	670,319	4.01%
Zhu Chuanbao	Director of Operations	670,319	4.01%
Total		6,692,646	40%

Note: Where there is a difference between the sum of the total above and the sum of the individual breakdowns when added directly, such difference is due to rounding.

Chapter V Performance indicators and Peer Benchmark Companies**Clause 13 Selection of Performance Indicators**

Cash return on net assets attributable to the parent company (EOE), growth rate in total market capitalisation, percentage of revenue from principal business and percentage of cash dividends are selected as the performance indicators in the Proposal, of which:

- (i) **Cash return on net assets (EOE):** As a comprehensive indicator of shareholders' return and value creation of the Company, it can measure the efficiency of the use of capital contributed by shareholders; excluding expenses that tend to confuse the actual performance of the Company, it can more clearly reflect the real operating conditions of the Company; this indicator is suitable for evaluating industries with large upfront capital expenditure but need to amortise the upfront investment over a long period of time, such as the airline industry, shipping industry, etc. In addition, cash return on net assets (EOE) is a ratio that can facilitate comparison between companies of different sizes and backgrounds.
- (ii) **Total market capitalisation growth rate:** Using the total market capitalisation growth rate as an indicator of the growth of the Company's market value is a more intuitive reflection of the capital market's recognition of the Company's sustainable development capability and long-term value, and is conducive to better guiding the Company's management to pay attention to the market value management and market risks of listed companies, enhance the value of shareholders' assets and effectively safeguard shareholders' interests.

Clause 14 Measures for Calculating Performance Indicators

- (i) **Cash return on net assets (EOE)**

$EOE = EBITDA \div \text{average net assets};$

EBITDA is total profit before income taxes, interest expense (excluding capitalised interest expense), depreciation and amortisation. The source of the data for the peer benchmark companies is the EBITDA extrapolation method presented by WIND, with average net assets being the arithmetic average of the opening and the closing owners' equity.

- (ii) **Total market capitalisation growth rate**

$\text{Growth rate of the total market capitalisation of the Company} = ((\text{total market capitalisation of the Company in the year} \div \text{total market capitalisation of the Company in the previous year}) - 1) \times 100\%.$

Among which, the total market capitalisation for the year is the arithmetic average of the market capitalisation of the Company's shares at the close of trading from the first Trading Day to the last Trading Day of the year. Taking into account the significant

differences between the securities markets in Hong Kong and the Mainland and the calculation of market capitalisation in different securities markets will be affected by, among things, the factor of exchange rate, in order to ensure the comparability of the performance indicators, the growth rate of total market capitalisation is only compared with the market capitalisation of the companies listed in Hong Kong and in the same industry.

(iii) Percentage of revenue from principal business

Percentage of revenue from principal business = Revenue from principal business for the period ÷ Operating revenue for the period x 100%.

(iv) Percentage of Cash Dividends

Percentage of Cash dividends = Cash dividends for the period ÷ Net profit attributable in the previous year x 100%.

Clause 15 Selection of Enterprises in the Same Industry

Yuexiu Transport belongs to “Industry - Transport - Transport Infrastructure - Highways and Railways” under the industry classification of WIND. The industry peers in the Proposal refer to the companies in the same industry (28 in total) listed in Shanghai, Shenzhen or Hong Kong under “Industry - Transport - Transport Infrastructure - Roads and Railways” under the industry classification of WIND. In view of the small sample size and to ensure the validity of the average values, the peer benchmark companies are screened to exclude extreme values of the corresponding indicators in the assessment year (the range of “extreme values”: cash return on net assets (EOE) less than 0 or higher than 40%, total market capitalisation growth rate higher than 100% or lower than -100%, etc.). If there is a significant change in the principal business of the industry sample(s) during the annual appraisal process, the Board of Directors will remove or replace the sample(s) during the year-end appraisal.

Chapter VI Grant of Share Options

Clause 16 Grant Date

The grant date of the Share Options shall be the date on which the Proposal is considered and approved by the Board of Directors or any other date thereafter provided that the Grant Date must be a Trading Day and, subject to the provisions of Clause 19, shall be determined in compliance with the relevant regulatory rules, including the Listing Rules, and shall not pose a risk to the Company, including compliance risk.

Clause 17 Exercise Price

- (i) The exercise price of a Share Option shall be determined on the basis of the principle of fair market price (the pricing reference date is the Grant Date), and shall not be less than the highest of:
 - 1. the closing price of the Company's shares on the Grant Date;
 - 2. the average closing price of the Company's shares for the 5 Trading Days prior to the Grant Date;
 - 3. the nominal value per share of the subject shares of the Company.
- (ii) The exercise price of the Share Options under the initial grant shall be determined on the relevant Grant Date in accordance with the principles above.

Under the circumstances prescribed in the Option Scheme or the Proposal, the Exercise Price shall be adjusted accordingly, provided that any adjustment shall not result in the Exercise Price being lower than the nominal value of the shares. The specific methods and principles for the adjustment of the Exercise Price shall be implemented with reference to the relevant provisions of Clause 29.

Clause 18 Procedures for the Grant

- (i) The Remuneration Committee is responsible for making recommendations on the grant proposal of Share Options if the relevant grant targets are directors and senior management of the Group; and the Human Resources Department is responsible for making recommendations on the grant proposal of Share Options if the relevant grant targets are persons other than directors and senior management of the Group.
- (ii) The Board of Directors considers and approves the Share Options grant proposal referred to in Clause (i).
- (iii) The Company and the Incentive Targets enter into a Share Option Grant Agreement or such other document as the Board of Directors considers appropriate.
- (iv) The Company handles matters relating to the implementation of Share Option grants in accordance with the relevant regulations of the regulatory authorities of the State-owned assets, the Stock Exchange and the Option Scheme.

Clause 19 Time limits on the Grant of Share Options

- (i) No Share Option shall be granted by the Board of Directors after it has become aware of inside information until such information has been made public and, in particular, no Share Option shall be granted within one month before the earlier of:
 - 1. the date of the meeting of the Board of Directors (as such date which is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's financial results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules);
 - 2. the deadline for publishing of an announcement of the Company's financial results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules).
- (ii) The relevant restrictions end on the date of the publication of the financial results of the Company (including the date on which the results of the Company are published).
- (iii) Share Options may also not be granted during the period when the publication of the Company's results is postponed.
- (iv) The directors shall not grant options to a person who is a director during the periods or times when the directors are prohibited from dealing in securities under the Model Code for Securities Transactions by Directors of Listed Issuers under the Listing Rules or any corresponding code or restriction on securities transactions adopted by the Company.

Clause 20 Grant of Share Options to directors, chief executives or their respective associates

All grants of Share Options to directors, chief executives or their respective associates must be approved by all independent non-executive directors of the Company.

Chapter VII Share Options to become effective**Clause 21 Exercise restriction period of Share Options**

The Options under this grant shall become exercisable only after those Options have become effective in accordance with Clause 23 and subject to the provisions governing the exercise of Options under the Option Scheme and the Proposal.

Clause 22 Arrangements for Share options to become effective

Subject to all the effective conditions set out in Clause 23 having been satisfied, the Options under this grant shall become effective in tranches as follows:

- (i) One-fourth of the total number of Share Options granted under such grant shall become effective upon the expiration of two anniversaries (24 months) from the Grant Date.
- (ii) One-fourth of the total number of Share Options granted under such grant shall become effective upon the expiration of three anniversaries (36 months) from the Grant Date.
- (iii) One quarter of the total number of Share Options granted under such grant shall become effective upon the expiration of four anniversaries (48 months) from the Grant Date.
- (iv) One-fourth of the total number of Share Options granted under such grant shall become effective upon the expiration of five anniversaries (60 months) from the Grant Date.

Clause 23 Conditions for Share Options to become effective

The Options granted to the Incentive Targets must satisfy the conditions applicable to the relevant tranche of Options in order for that relevant tranche of Options to become effective

(i) Effective Conditions at Company’s level

The conditions for the Share Options to become effective at the Company level will only be satisfied when the following financial conditions applicable to the relevant tranche of Share Options are satisfied.

Scheduled effective date of the initial grant of Share Options	Financial conditions to be satisfied for effectiveness
The scheduled effective date for the first tranche	The cash return on net assets (EOE) for the most recent full financial year shall not be less than 22.55% and the average level of the peer benchmark companies for the same period; the growth rate of total market capitalisation of the Company as compared with the previous financial year shall not be less than 4.65% and the average level of the peer benchmark companies for the same period; revenue derived from the principal business of the Company shall not be less than 85% of the total revenue of the Company; and cash dividend declared in respect of the most recent full financial year shall not be less than 30% of the net profit of the Company of that financial year.

The scheduled effective date for the second tranche

The cash return on net assets (EOE) for the most recent full financial year shall not be less than 22.55% and the average level of the peer benchmark companies for the same period; the growth rate of total market capitalisation of the Company as compared with the previous financial year shall not be less than 4.65% and the average level of the peer benchmark companies for the same period; revenue derived from the principal business of the Company shall not be less than 85% of the total revenue of the Company; and cash dividend declared in respect of the most recent full financial year shall not be less than 30% of the net profit of the Company of that financial year.

The scheduled effective date for the third tranche

The cash return on net assets (EOE) for the most recent full financial year shall not be less than 22.55% and the average level of the peer benchmark companies for the same period; the growth rate of total market capitalisation of the Company as compared with the previous financial year shall not be less than 4.65% and the average level of the peer benchmark companies for the same period; revenue derived from the principal business of the Company shall not be less than 85% of the total revenue of the Company; and cash dividend declared in respect of the most recent full financial year shall not be less than 30% of the net profit of the Company of that financial year.

The scheduled effective date for the fourth tranche

The cash return on net assets (EOE) for the most recent full financial year shall not be less than 22.55% and the average level of the peer benchmark companies for the same period; the growth rate of total market capitalisation of the Company as compared with the previous financial year shall not be less than 4.65% and the average level of the peer benchmark companies for the same period; revenue derived from the principal business of the Company shall not be less than 85% of the total revenue of the Company; and cash dividend declared in respect of the most recent full financial year shall not be less than 30% of the net profit of the Company of that financial year.

And none of the following circumstances have occurred to the Company:

- (1) issue of the financial and accounting report of the Company for the most recent financial year in which a certified public accountant gives a negative opinion or is unable to give an opinion;

- (2) imposition of administrative penalties by regulatory authorities as a result of material breach of rules and regulations in the preceding year;
- (3) other circumstances under which implementation of share option incentive schemes is prohibited as determined by regulatory authorities.

(ii) Effective Conditions at Incentive Target's level

The Incentive Target has obtained an appraisal grade of "B" (or obtained 80 marks in appraisal) or above, the proportion that will become effective is as follows:

Individual performance appraisal results for the previous year	Proportion of the relevant tranche of options that may become effective
B (or appraisal score of 80 points and above)	100%
Below B	0%

And none of the following circumstances have occurred to the Incentive Target:

- (1) publicly reprimanded by the Stock Exchange in the last three years;
- (2) imposition of administrative penalties by regulatory authorities as a result of material breach of rules and regulations in the last three years;
- (3) prohibited by the relevant laws and regulations from acting as a director or a member of the senior management of a company.

Unless all the effective conditions are satisfied, the relevant tranche of Options granted shall lapse.

Chapter VIII Exercise of Share Options

Clause 24 The Effective Exercise Period

Subject to the fulfilment of the relevant conditions for the Share Options to become effective set out in Clause 23, the Share Options under this grant shall become exercisable from the effective date of the relevant tranche of the Share Options to the date which falls 10 years from the Grant Date, and further subject to any restrictions on the exercise of Share Options that may be imposed under the Option Scheme, the Proposal and by the Board of Directors. The Effective Exercise Period shall not be extended. Upon expiry of the Effective Exercise Period, all rights in respect of the Share Options shall terminate, except that so far as there has been an effective exercise of that Option prior thereto and the Company has not discharged all its duties under the Option Scheme in relation to the exercise. No Share Option may be exercised after the expiry of the Effective Exercise Period. Upon expiry of the Effective Exercise Period, any Share Options which remain unexercised shall automatically lapse and shall not be exercised retroactively.

Clause 25 Procedures for the exercise of Share Options

After the Human Resources Department of the Company has notified an Incentive Target in writing that the conditions of effectiveness have been fulfilled and an Incentive Target has exercised the Share Options, the Company shall issue the relevant shares to the Incentive Target and handle the related matters in accordance with the requirements of the Option Scheme.

Clause 26 Time for the Exercise of Share Options

During the Effective Exercise Period, the Incentive Targets or the legal beneficiary of the Incentive Targets may exercise all or part of the Share Options on any date other than the relevant trading restriction period for securities (or other applicable trading restrictions) as prescribed in the applicable laws and regulations.

If a director or senior management is granted Share Options, 20% of the Options granted shall only become exercisable until the expiry of his term of office and after having passed his appraisal.

Clause 27 Rights attached to shares allotted on the exercise of Share Options

- (i) Shares allotted by the Company upon the exercise of Share Options shall be subject to all the provisions of the Bye-Laws and shall rank *pari passu* with the fully paid shares in issue on the date of allotment. The shares shall entitle the Incentive Targets to receive all dividends or other distributions made by the Company on or after the date on which the shares are allotted, provided that the record date for determining the dividend or distribution must be on or after the date on which the shares allotted upon exercise of the Option have been registered in the register of members of the Company in the name of the person to whom the Options are granted or his agent(s).
- (ii) Voting rights in respect of shares issued by the Company after the exercise of a Share Option shall be conditional upon the Incentive Target or his nominee being registered in the register of members of the Company as the holder of the shares.

Chapter IX Methods and Procedures for Adjustment of Share Options**Clause 28 Methods for adjustment of the number of Share Options granted**

In the event of, among other things, capitalisation issue, rights issue, sub-division, consolidation of Shares or reduction of capital before the exercise of the Options, the number of the Options shall be adjusted with reference to the following methods:

(i) Capitalisation issue, sub-division of shares

Number of Options granted after adjustment = number of Options granted before adjustment x (1 + number of shares per share increased after capitalisation issue or sub-division of shares)

(ii) Consolidation of shares

Number of Options granted after adjustment = number of Options granted before adjustment x ratio of consolidation of shares

(iii) Rights issue

Number of Options granted after adjustment = number of Options granted before adjustment x closing price on the day of the shareholding registration date x (1 + ratio of the rights issue) ÷ (closing price on the shareholding registration date + price of the rights issue x ratio of the rights issue)

(iv) Reduction of capital

Such method in compliance with the applicable laws and rules (including the note to Rule 17.03(13) of the Listing Rules and/or the rules, requirements and guidelines issued by the Stock Exchange from time to time) as the Board of Directors may determine.

For the avoidance of doubt, issue of Shares by the Company as consideration in a transaction shall not be regarded as an adjustment relevant event and consequently no adjustment to the number of Share Options granted shall be required as a result thereof.

The adjustments made pursuant to this Clause are subject to compliance with the applicable laws and rules (including the note to Rule 17.03(13) of the Listing Rules and/or the rules, requirements and guidelines issued by the Stock Exchange from time to time).

Clause 29 Methods for adjustment of exercise price of Share Options

In the event of, among other things, capitalisation issue, rights issue, sub-division, consolidation of Shares or reduction of capital before the exercise of the Options, the Exercise Price shall be adjusted with reference to the following methods:

(i) Capitalisation issue, sub-division of shares

Exercise Price after adjustment = Exercise Price before adjustment ÷ (1 + number of additional shares per share after capitalisation issue or sub-division of shares)

(ii) Consolidation of shares

Exercise Price after adjustment = Exercise Price before adjustment ÷ ratio of consolidation of shares

(iii) Rights issue

Exercise Price after adjustment = Exercise Price before adjustment x (closing price on the shareholding registration date + price of the rights issue x ratio of the rights issue) ÷ (closing price on the shareholding registration date x (1 + ratio of the rights issue))

(iv) Reduction of capital

Such method in compliance with the applicable laws and rules (including the note to Rule 17.03(13) of the Listing Rules and/or the rules, requirements and guidelines issued by the Stock Exchange from time to time) as the Board of Directors may determine.

For the avoidance of doubt, issue of Shares by the Company as consideration in a transaction shall not be regarded as an adjustment relevant event and consequently no adjustment to the Exercise Price of the Share Options shall be required as a result thereof.

The adjustments made pursuant to this Clause are subject to compliance with the applicable laws and rules (including the note to Rule 17.03(13) of the Listing Rules and/or the rules, requirements and guidelines issued by the Stock Exchange from time to time).

Clause 30 Adjustment Procedures

Upon the occurrence of any of the circumstances mentioned in Clause 28 or Clause 29, the Board of Directors shall, subject to the compliance with the applicable laws and rules, adjust the number of Share Options or the Exercise Price, including (if so required under Rule 17.03(13) of the Listing Rules) obtaining the documents issued by independent financial adviser or the Company's auditor confirming to the Board of Directors that such adjustment complies with the requirements set out in the note to Rule 17.03(13) of the Listing Rules and/or the rules, requirements and guidelines issued by the Stock Exchange from time to time.

Chapter X Handling of Special Circumstances

Clause 31 In case of change of control, merger, spin-off or voluntary winding up of the Company, the exercise of those Options of the Incentive Targets which have not yet become effective shall not be accelerated or shall not be moved forward in terms of the exercise arrangement.

Clause 32 Upon the occurrence of any of the following events in relation to the Company, the Company shall propose that those Options exercisable in the year in which any of the following events occurred shall lapse and the implementation of the relevant phase(s) of Options granted shall be terminated, and upon the consideration and approval of the Board of Directors, no new Options shall be granted to the Incentive Targets within one year after the relevant resolution of the Board of Directors has become effective:

- (i) Failure of the Company to engage an accounting firm to conduct auditing work in accordance with the prescribed procedures and requirements.
- (ii) A certified public accountant issued a negative opinion in respect of the annual financial report or issued an audited report in respect of which the certified public accountants was unable to give an opinion.
- (iii) The regulatory authorities of the State-owned assets or audit firms have material objection in respect of the financial performance or the annual financial report of the Company.
- (iv) Occurrence of material breach of rules and penalties were imposed by securities regulatory authorities and other relevant authorities as a result.

Clause 33 Upon the occurrence of any of the following in relation to an Incentive Target, all his Options which have not yet been exercised shall lapse automatically, and the Company shall propose that no new Options shall be granted to him and shall claw back the gain of the Incentive Target derived from the Options:

- (i) The results of the economic responsibility audit and other reports proved that he has failed to perform duties effectively or is involved in serious misconduct and malfeasance.
- (ii) The Incentive Target has contravened the relevant laws and regulations of PRC and/or Hong Kong or the provisions of the Bye-laws of the Company.
- (iii) The Incentive Target has, during his tenure of office, been involved in acceptance or solicitation of bribery, corruption, theft, leakage of trade and technical secrets, conducted connected transactions and other unlawful acts and misconducts, which prejudiced the interest and reputation of and caused significant negative impact to the image of the Company.
- (iv) The Incentive Target has failed to discharge, or failed to discharge properly, his duties and thereby resulting in serious loss in assets to the Company and other serious and adverse consequences.

Clause 34 If during the implementation of any phase of Options granted, there are false statements or misleading statements in, or material omissions from, the financial and accounting documents of the Company or the information disclosure documents of the Company which result in non-compliance with the arrangement in respect of the grant of the Options or the arrangement in respect of the Options becoming effective, the Options of all the Incentive Targets which have not yet been exercised shall lapse automatically, and the Company shall claw back all the gain of the Incentive Targets derived from the Options granted and shall not grant new Options to those Incentive Targets who are liable for the issues on the financial and accounting documents of the Company or the information disclosure documents of the Company described under this clause.

Clause 35 If, by objective reason(s) of, among other things, ill health, transfer to the Company's holding companies or the Company's fellow subsidiaries as arranged by the Company or such objective reasons on the part of the Company (such as redundancy, change of business), retirement, death, incapacity for civil conducts (the Board of Directors has the authority to request the Incentive Target to provide evidence in respect of the relevant reasons) which causes the rescission or termination of the employment relationship between the Company and an Incentive Target; or by reason(s) of failure in individual performance appraisal or the incompetency at the original position which results in a demotion and ceased to be eligible as an Incentive Target under Clause 5 of the Proposal; or by reason(s) on the part of the Company which causes a change in an Incentive Target's office which, as a result, an Incentive Target ceased to be eligible as an Incentive Target under Clause 5 of the Proposal, those Options granted and which have satisfied the conditions to become effective set forth in Clause 23 and become exercisable can be exercised within six (6) months upon the occurrence of the circumstances described in

Clause 23, failing which such Options and those Options which have not yet become effective shall lapse and determine after the said six (6) months' period, provided that the Board of Directors may in its absolute discretion decide that such Options shall not lapse or determine due to aforesaid reasons subject to such conditions or limitations as the Board may determine.

If, by reasons of the resignation of the Incentive Target, or rescission or termination of the employment relationship between the Company (or its operating units) and an Incentive Target (provided that any circumstance mentioned above in this paragraph are not resulted from the circumstances set out in the first paragraph of this clause), all his Options (including those which are exercisable and not yet exercised) shall lapse and determine upon the aforesaid resignation, rescission or termination, provided that the Board of Directors may in its absolute discretion decide that such Options shall not so lapse or determine due to aforesaid reasons subject to such conditions or limitations as the Board of Directors may determine.

Please refer to Annex I for a table in relation to the circumstances set out in Clauses 31 to 35 and the corresponding consequences.

Clause 36 Subject to the compliance of the applicable laws, rules and regulations, the Board of Directors may deal with the Options involved in the circumstances in respect of the Company or the Incentive Targets not specified above at its sole discretion.

Clause 37 Any dispute or controversy between the Company and an Incentive Target arising from the implementation of the Proposal or the relevant agreement signed between these two parties shall be resolved through negotiation and communication between these two parties. If the negotiation fails, either party has the right to initiate a litigation at the court mutually agreed for a resolution or (in the absence of agreement) initiate a litigation at the court with jurisdiction for a resolution.

Chapter XI Rights and Obligations of the Company and the Incentive Targets

Clause 38 Rights and Obligations of the Company

- (i) If an Incentive Target does not perform up to a level that is necessary to discharge his duties in respect of his office or fails to pass his performance appraisal, commits mistakes, the Board of Directors may decide not to grant him new Options and those Options granted to him and not yet been exercised shall automatically lapse.
- (ii) If an Incentive Target breaches the honesty obligations prescribed under, among others, the applicable laws or the Bye-Laws, or breaches the laws, professional conducts, leaks the secrets of the Company, commits dereliction of duty or malfeasance and the Company's interest and reputation are damaged as a result, all his Share Options which are exercisable but not yet exercised shall cease to be exercisable and the Company shall claw back the gain of the Incentive Target derived from the Options.

- (iii) The Company shall, in accordance with the provisions of the national taxation regulations, withhold and pay the personal income tax and other relevant taxes payable by an Incentive Target.
- (iv) The Company shall, pursuant to the relevant requirements of the Stock Exchange and/or other competent regulatory authorities, proactively coordinate with those Incentive Targets who have fulfilled the conditions for the exercise of Options to exercise the Options in accordance with the requirements. If, due to the reasons of the Stock Exchange and/or other competent regulatory authorities, an Incentive Target is unable to exercise the Options in accordance with his wishes and suffers losses as a result, the Company shall not be responsible for those losses.
- (v) Other rights and obligations prescribed by laws and regulations.
- (vi) Subject to the consent of the relevant Incentive Targets, the Board of Directors may, at its sole discretion, cancel those Options which have been granted but have not yet been exercised or lapsed.
- (vii) With respect to an Incentive Target whose Options had been cancelled in accordance with the provisions of this clause, the Board of Directors may grant new Options to that Incentive Target provided that the issuance of new Options may only be made if there are sufficient unissued Options available under the Option Scheme and other share option schemes of the Company (excluding those Options which had been cancelled) for new issuance.

Clause 39 Rights and obligations of the Incentive Targets

- (i) An Incentive Target is obliged to perform diligently and responsibly, observe professional conduct and contribute to the development of the Company as he is expected to do based on the requirements of the position that he is employed by the Company.
- (ii) An Incentive Target is entitled to, and should, exercise the Options in accordance with the Option Scheme and the Proposal, and shall observe the relevant obligations prescribed under the Option Scheme and the Proposal.
- (iii) An Incentive Target shall not assign the Options granted or use the Options as security or to repay debts.
- (iv) An Incentive Target shall pay individual income tax and other relevant taxes on the gains that he obtained as a result of participation in the Option Scheme in accordance with the national taxation regulations.
- (v) Other rights and obligations prescribed by laws and regulations.
- (vi) If the Company reasonably believes that an Incentive Target has breached any provisions of this Clause, the Company may issue a notice to him notifying him that those Options granted but have not yet become effective and those Options which have become effective but have not yet been exercised have lapsed and such notice of lapse is final and shall be binding on that Incentive Target.

Chapter XII Accounting treatment for Share Options and its Impact on Performance**Clause 40 Accounting treatment for the Proposal**

The cost of the incentive scheme is measured and accounted for in accordance with the relevant requirements of the accounting standards.

(i) Accounting treatment after the Grant Date

The value of the Options granted to employees is determined on a consolidated basis based on the number of Options, based on the fair value on the Grant Date, and the related costs or expenses that will be incurred between the grant date and the exercise date (the waiting period) are recognized as labour costs (equity payments), with a corresponding increase in capital surplus.

(ii) Accounting treatment after the Effective Exercise Date

No further costs and expenses will be recognized after the Effective Exercise Date. An employee shall acquire shares at the Exercise Price on the actual exercise date, the Company shall recognize an increase in share capital and cash inflow, and carry forward the capital surplus recognized during the waiting period.

Chapter XIII Disclosure of Information

Clause 41 The Company shall make the necessary disclosures regarding, among other things, the adoption, approval, grant, exercise and lapse of the Option Scheme in accordance with the relevant laws and regulations and the Listing Rules.

Chapter XIV Supplementary Provisions

Clause 42 The text of the Proposal and the various steps for its adoption, approval, grant, exercise and lapse shall comply with the relevant requirements of the Listing Rules and applicable laws and regulations of the Mainland of China and Hong Kong.

Clause 43 The final interpretation of the Proposal shall be vested in the Board of Directors of the Company.

Yuexiu Transport Infrastructure Limited
September 2021

Annex

Special Circumstances		Ways of Handling	Notes
Due to reason(s) on the part of the Company			
1	No accounting firm was engaged to conduct auditing work in accordance with the prescribed procedures and requirements.	The Company shall propose that those Options exercisable in that year shall lapse and the implementation of the Options granted shall be terminated, and upon the consideration and approval of the Board of Directors, no new Options shall be granted to the Incentive Targets within one year after the relevant resolution of the Board of Directors has become effective.	Based on the requirements of the regulatory authorities of the State-owned assets, gain derived from the Options in the previous year(s) is not required to be returned
2	A certified public accountant issued a negative opinion in respect of the annual financial report or issued an audited report in respect of which the certified public accountants was unable to give an opinion.		
3	The regulatory authorities of the State-owned assets or audit firms have material objection in respect of the financial performance or the annual financial report of the Company.		
4	Material breach of rules was committed and penalties were imposed by securities regulatory authorities and other relevant authorities as a result.		
5	During the implementation of any phase of grant, there are false statements or misleading statements in, or material omissions from, the financial and accounting documents of the Company or the information disclosure documents of the Company which result in non-compliance with either the arrangement in respect of the grant of the Options or the arrangement in respect of the Options becoming effective.		

	Special Circumstances	Ways of Handling	Notes
6	Change of control, merger, spin-off of the Company due to any reason.	In case of change of control, merger, spin-off of the Company, the exercise of those Options of the Incentive Targets which have not yet become effective shall not be accelerated or shall not be moved forward in terms of the exercise arrangement.	The requirements of the regulatory authorities of the State-owned assets

	Special Circumstances	Ways of Handling	Notes
Due to reasons on the part of the Incentive Targets			
1	The results of the economic responsibility audit and other reports proved that the Incentive Target has failed to perform duties effectively or is involved in serious misconduct and malfeasance.	Those Options which have not yet been exercised shall lapse automatically, and the Company shall propose that no new Options shall be granted to him and shall claw back the gain of the Incentive Target derived from the Options.	Explicit requirements of the regulatory authorities of the State-owned assets
2	An Incentive Target contravened the relevant laws and regulations of PRC and/or Hong Kong or the provisions of the Bye-laws of the Company.		
3	The Incentive Target has, during his tenure of office, accepted or solicited bribery, corruption, theft, leakage of trade and technical secrets, conducted connected transactions and other unlawful acts and misconducts, which prejudiced the interest and reputation of and caused significant negative impact to the image of the Company.		
4	The Incentive Target has failed to discharge, or failed to discharge properly, his duties and as a result the Company suffered serious loss in assets.		

Special circumstances		Ways of Handling
Due to reasons on the part of the Incentive Targets		
5	The Company causes a change in an Incentive Target's office that resulted in an Incentive Target ceasing to be an Incentive Target under the Incentive Scheme	Those Options that have become exercisable can be exercised within six (6) months from the date of the change in office failing which those exercisable Options which have not been exercised shall lapse and determine after the said six (6) months' period and those Options which have not yet become effective shall lapse, provided that the Board of Directors may in its absolute discretion decide that such Options shall not so lapse or determine and impose further conditions or limitations.
6	An Incentive Target resigns voluntarily from the Company	If an Incentive Target resigns, all of his/her Options shall lapse and determine on the date of resignation or termination of employment, provided that the Board of Directors may in its absolute discretion decide that such Options shall not so lapse or determine and impose further conditions or limitations.
7	Departure from the Company resulting from transfer to the Company's holding companies or the Company's fellow subsidiaries or reasons on the part of the Company (such as redundancy, change of business)	Those Options that have become exercisable can be exercised within six (6) months from the date of the change in position, failing which those exercisable Options which have not been exercised shall lapse and determine after the said six (6) months' period and those Options which have not yet become effective shall lapse, provided that the Board of Directors may in its absolute discretion decide that such Options shall not so lapse or determine and impose further conditions or limitations.
8	Retirement of an Incentive Target	Those Options that have become exercisable can be exercised within six (6) months from the date of the retirement, failing which those exercisable Options which have not been exercised shall lapse and determine after the said six (6) months' period and those Options which have not yet become effective shall lapse, provided that the Board of Directors may in its absolute discretion decide that such Options shall not so lapse or determine and impose further conditions or limitations.
9	An Incentive Target departs from office as a result of incapacity for civil conducts	Those Options that have become exercisable can be exercised within six (6) months from the date of the occurrence of incapacity for civil conducts, failing which those exercisable Options which have not been exercised shall lapse and determine after the said six (6) months' period and those Options which have not yet become effective shall lapse, provided that the Board of Directors may in its absolute discretion decide that such Options shall not so lapse or determine and impose further conditions or limitations.

Special circumstances		Ways of Handling
10	Death of an Incentive Target	Those Options that have become exercisable can be exercised by the legal successor or designated successor within six (6) months from the date of death, failing which those exercisable Options which have not been exercised shall lapse and determine after the said six (6) months' period and those Options that have not yet become effective shall lapse, provided that the Board of Directors may in its absolute discretion decide that such Options shall not so lapse or determine and impose further conditions or limitations.
11	The Company causes a change in an Incentive Target's office that resulted in an Incentive Target ceasing to be eligible under the Incentive Scheme	Those Options that have become exercisable can be exercised within six (6) months from the date of change in office, failing which those exercisable Options which have not been exercised shall lapse and determine after the said six (6) months' period and those Options which have not yet become effective shall lapse, provided that the Board of Directors may in its absolute discretion decide that such Options shall not so lapse or determine and impose further conditions or limitations.



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 (“SGM”) of Yuexiu Transport Infrastructure Limited (“**Company**”) will be held at Plaza I-IV, Basement 3, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on 11 October 2021 at 11:00 a.m. to consider and, if thought fit, approve, with or without modifications, the following resolutions as ordinary resolutions. 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 of the Company dated 20 September 2021 (the “**Circular**”).

ORDINARY RESOLUTIONS

1. **“THAT** each of the following be and is hereby approved:
 - (a) the adoption of the Share Option Scheme (a copy of which is tabled at the meeting and marked “A” and initialled by the chairman of the meeting for identification purpose) subject to and conditional upon the Listing Committee granting the approval for the listing of, and the permission to deal in, the Shares to be issued pursuant to the exercise of the share options which may be granted under the Share Option Scheme;
 - (b) the Directors be and are hereby authorised to, subject to the applicable laws, rules and regulations:
 - (i) grant options to subscribe for the Shares in accordance with the rules of the Share Option Scheme;
 - (ii) allot, issue, and deal with from time to time such number of Shares as may be required to be issued pursuant to the exercise of the Options under the Share Option Scheme;
 - (iii) modify and/or amend the Share Option Scheme from time to time;
 - (iv) administer the Share Option Scheme generally;
 - (v) do all such acts and to enter into all such transactions, arrangements and agreements as the Directors in their sole discretion consider to be necessary or expedient in order to give full effect to the Share Option Scheme; and

NOTICE OF SGM

- (vi) consent, if the Directors in their sole discretion consider to be necessary or expedient, to such conditions, alteration and/ or modification as may be required or imposed by the relevant authorities in relation to the Share Option Scheme; and
 - (c) the adoption of the Management Measures (a copy of which is tabled at the meeting and marked “B” and initialled by the chairman of the meeting for identification purpose); and
 - (d) the adoption of the Appraisal Measures (a copy of which is tabled at the meeting and marked “C” and initialled by the chairman of the meeting for identification purpose); and
 - (e) the Directors be and are hereby authorised to, subject to the applicable laws, rules, regulations:
 - (i) modify and/or amend each of the Management Measures and the Appraisal Measures from time to time;
 - (ii) administer each of the Management Measures and the Appraisal Measures generally;
 - (iii) do all such acts and to enter into all such transactions, arrangements and agreements as the Directors in their sole discretion consider to be necessary or expedient in order to give full effect to each of the Management Measures and the Appraisal Measures; and
 - (iv) consent, if the Directors in their sole discretion consider to be necessary or expedient, to such conditions, alteration and/ or modification as may be required or imposed by the relevant authorities in relation to each of the Management Measures and the Appraisal Measures.”
2. “**THAT** subject to (i) the fulfillment of the Adoption Conditions; and (ii) the approval of the Initial Grant Proposal by Guangzhou SASAC having been obtained, each of the following be and is hereby approved:
- (a) the adoption of the Initial Grant Proposal and all the terms thereunder, including but not limited to the grant of an aggregate of 16,731,622 Options to those Incentive Targets referred to in the Initial Grant Proposal; and
 - (b) the Directors be and are hereby authorised to, subject to the applicable laws, rules and regulations to do all such acts and to enter into all such transactions, arrangements and agreements as the Directors in their sole discretion consider to be necessary or expedient in order to give full effect to the Initial Grant Proposal.”

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3. “**THAT** Mr. Cai Minghua be re-elected as an executive Director and the Board be authorised to fix his remuneration.”

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

Hong Kong, 20 September 2021

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 Thursday, 7 October 2021 to Monday, 11 October 2021, 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 Wednesday, 6 October 2021.
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 SGM, the Company will implement certain precautionary measures at the SGM. For further details, please refer to the circular of the Company dated 20 September 2021.

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

Executive Directors : *LI Feng (Chairman), HE Baiqing, CHEN Jing and CAI Minghua*
Independent Non-executive Directors : *FUNG Ka Pun, LAU Hon Chuen Ambrose and CHEUNG Doi Shu*