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

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



越秀交通基建有限公司

Yuexiu Transport Infrastructure Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 01052)

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

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



Capitalized terms used on this cover page have the same meanings as those defined in this Circular. The letter from the Board, the letter from the Independent Board Committee and the letter from the Independent Financial Adviser are set out on pages 4 to 12, page 13 and pages 14 to 24 of this Circular, respectively.

A notice convening the Special General Meeting of the Company to be held at Plaza I-IV, Basement 3, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Tuesday, 13 June 2023 at 10:30 a.m. (or as soon as practicable immediately after the conclusion or adjournment of the annual general meeting of the Company convened to be held at 10:00 a.m. on the same date and at the same place) is set out on pages SGM-1 to SGM-2 of this Circular. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's Hong Kong branch share registrar, Tricor Abacus Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting (or any adjourned meeting thereof).

23 May 2023

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DEFINITIONS

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

“2020 Announcement”	the announcement of the Company dated 23 November 2020 in relation to the 2021 Bank Deposits Agreement
“2020 Circular”	the circular of the Company dated 4 December 2020 in relation to the 2021 Bank Deposits Agreement
“2021 Bank Deposits Agreement”	the master agreement dated 23 November 2020 entered into between the Company and CHB in relation to the Bank Deposits
“2024 Bank Deposits Agreement”	the master agreement dated 5 May 2023 entered into between the Company and CHB in relation to the Bank Deposits
“Announcement”	the announcement of the Company dated 5 May 2023 in relation to the 2024 Bank Deposits Agreement
“Annual Caps”	the maximum daily outstanding balance of the Bank Deposits allowed to be placed by the Group with the CHB Group on any given day
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Bank Deposits”	deposits of whatever duration and nature and any other bank balances maintained by the Group (or any member of the Group) with CHB Group from time to time
“Board”	the board of Directors
“CBIRC”	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)
“CHB”	Chong Hing Bank Limited, a company incorporated in Hong Kong with limited liability
“CHB Group”	CHB and its subsidiaries
“Circular”	this circular in relation to the Transactions issued by the Company in accordance with the Listing Rules
“Company”	Yuexiu Transport Infrastructure Limited, a limited liability company incorporated under the laws of Bermuda and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 01052)
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“Directors”	the directors of the Company
“GZYX”	Guangzhou Yue Xiu Holdings Limited* (廣州越秀集團股份有限公司), a company established in the PRC with limited liability, which is majority owned by the Guangzhou Municipal People’s Government of the PRC and is the ultimate controlling shareholder of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee comprising all the independent non-executive Directors, namely Mr. Fung Ka Pun, Mr. Lau Hon Chuen Ambrose, Mr. Cheung Doi Shu and Mr. Peng Vincent Shen, established to advise the Independent Shareholders in respect of the Transactions
“Independent Financial Adviser” or “Maxa Capital”	Maxa Capital Limited, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transactions
“Independent Shareholders”	the Shareholders other than YXE and its respective associate(s)
“Independent Third Party(ies)”	a third party which, together with its beneficial owner(s) (if any) and to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, is a third party independent of the Company and its connected persons in accordance with the Listing Rules
“Internal Control Procedures”	has the meaning ascribed to it under the section headed “INTERNAL CONTROL PROCEDURES” in the “Letter from the Board” in this Circular
“Latest Practicable Date”	18 May 2023, being the latest practicable date prior to the printing of this Circular for ascertaining information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mainland China”	the People’s Republic of China which, for the purpose of this Circular, exclude Hong Kong, the Macau Special Administrative Region and Taiwan

DEFINITIONS

“New Annual Caps”	has the meaning ascribed to it under the section headed “Continuing Connected Transactions in relation to Bank Deposits — New Annual Caps and the basis of determining the New Annual Caps” in the “Letter from the Board” in this Circular
“PBOC”	The People’s Bank of China
“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of Mainland China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended from time to time)
“Share(s)”	ordinary share(s) of the Company
“Shareholders”	the holders of the Shares
“Special General Meeting”	the special general meeting of the Company to be held at Plaza I-IV, Basement 3, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong, on Tuesday, 13 June 2023 at 10:30 a.m. (or as soon as practicable immediately after the conclusion or adjournment of the annual general meeting of the Company convened to be held at 10:00 a.m. on the same date and at the same place) for the Independent Shareholders to consider and, if thought fit, approve the 2024 Bank Deposits Agreement and the transactions contemplated thereunder (including the New Annual Caps)
“Standard Documentation”	any standard documentation, as prescribed by the CHB Group from time to time in compliance with applicable legal and regulatory requirements and in accordance with usual banking practices, applicable to the transactions contemplated under the 2024 Bank Deposits Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“Transactions”	the transactions contemplated under the 2024 Bank Deposits Agreement
“YXE”	Yue Xiu Enterprises (Holdings) Limited, a limited liability company incorporated under the laws of Hong Kong and the controlling shareholder of each of the Company and CHB
“%”	per cent

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

LETTER FROM THE BOARD



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:

Mr. Li Feng (*Chairman*)
Mr. He Baiqing
Ms. Chen Jing
Mr. Cai Minghua
Mr. Pan Yongqiang

Registered office:

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

Independent Non-executive Directors:

Mr. Fung Ka Pun
Mr. Lau Hon Chuen Ambrose
Mr. Cheung Doi Shu
Mr. Peng Vincent Shen

*Head office and principal place of
business in Hong Kong:*

17A Yue Xiu Building
160 Lockhart Road
Wanchai
Hong Kong

23 May 2023

To the Shareholder(s)

Dear Sir or Madam,

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

INTRODUCTION

Reference is made to the 2020 Announcement and the Announcement in relation to the renewal of continuing connected transactions of the Company in relation to the Bank Deposits. On 5 May 2023, the Company entered into the 2024 Bank Deposits Agreement with CHB for a term of three years for the purpose of, among others, renewing the term of the 2021 Bank Deposits Agreement.

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

LETTER FROM THE BOARD

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO BANK DEPOSITS

Background

As disclosed in the 2020 Announcement and the 2020 Circular, the Company entered into the 2021 Bank Deposits Agreement with CHB on 23 November 2020, the term of which will expire on 31 December 2023.

On 5 May 2023, the Company entered into the 2024 Bank Deposits Agreement for a term of three years for the purpose of, among others, renewing the term of the 2021 Bank Deposits Agreement.

Pursuant to the 2024 Bank Deposits Agreement, the Group may, in its ordinary and usual course of business, place and maintain Bank Deposits with the CHB Group on normal commercial terms from time to time during the term of the 2024 Bank Deposits Agreement, and the placing and maintenance of any such Bank Deposits shall be subject to the terms and conditions of the CHB Group applicable to independent customers of similar size to the Group from time to time.

Duration

Subject to the approval by the Independent Shareholders at the Special General Meeting, the term of the 2024 Bank Deposits Agreement shall commence on 1 January 2024 and shall continue up to and including 31 December 2026. Subject to compliance with the Listing Rules, the 2024 Bank Deposits Agreement may be renewed by the Company and CHB by agreement in writing.

Conditions Precedent

The 2024 Bank Deposits Agreement is conditional upon the approval by the Independent Shareholders of the 2024 Bank Deposits Agreement and the transactions contemplated thereunder (including the New Annual Caps) at the Special General Meeting. If the condition is not fulfilled on or before 31 December 2023 (or such later date as agreed between the Company and CHB), the 2024 Bank Deposits Agreement shall terminate with immediate effect without liability on either party.

Pricing Policy

The 2024 Bank Deposits Agreement provides that the interest rates and other terms applicable to any Bank Deposits shall from time to time be determined based on (1) in the case of deposits in Hong Kong, interest rates and other terms offered by the CHB Group and at least two independent banks in Hong Kong to the Group; and (2) in the case of deposits in Mainland China, interest rates for deposits in Mainland China set with reference to the standard interest rates published by the PBOC and interest rates and other terms offered by the CHB Group and at least two independent banks in Mainland China to the Group.

LETTER FROM THE BOARD

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

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

Historical Annual Caps and Amounts

The existing Annual Caps in respect of the Bank Deposits under the 2021 Bank Deposits Agreement for each of the years ended 31 December 2021 and 2022 and the year ending 31 December 2023 are RMB1,500,000,000.

The highest daily outstanding balance of the Bank Deposits actually placed by the Group with the CHB Group on any given day during each of the years ended 31 December 2021 and 31 December 2022 and the three months ended 31 March 2023 were as follows:

	For the year ended 31 December 2021 (approximately)	For the year ended 31 December 2022 (approximately)	For the three months ended 31 March 2023 (approximately)
Highest daily outstanding balance of the Bank Deposits on any given day during the year/period	RMB1,457,554,000	RMB1,382,905,000	RMB415,862,000

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

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

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

LETTER FROM THE BOARD

The Group recorded revenue of approximately RMB2.9 billion, RMB3.7 billion and RMB3.3 billion for the years ended 31 December 2020 (“FY2020”), 31 December 2021 (“FY2021”) and 31 December 2022 (“FY2022”), respectively. The increase in revenue of approximately 26.8% in FY2021 compared to FY2020 was mainly attributable to the low overall base in FY2020 resulting from temporary toll exemption measures (including (i) free toll of small passenger vehicles during the Spring Festival holiday, which was extended for 9 days and (ii) exempted tolls collection for 79 days nationwide from 17 February 2020 to 5 May 2020). Most projects in the central province also saw an increase in toll revenue and traffic volume compared to FY2020. For FY2022, there was a decrease in revenue of approximately 11.2% compared to FY2021 due to the impact of the COVID-19 control measures, the policy of a 10% reduction in truck tolls on toll roads for the fourth quarter, and overall economic conditions that affected the Group’s overall operating performance. In addition, the financial results of the Hubei Han-Xiao Expressway is no longer consolidated by the Group as a subsidiary after the completion of its spin-off in December 2021. The financial results of the newly acquired Henan Lanwei Expressway have been consolidated into the Group since 19 November 2022, and are expected to recover the decrease in revenue caused by the spin-off of Hubei Han-Xiao Expressway in 2023.

The Company did not exceed the existing Annual Caps under the 2021 Bank Deposits Agreement during each of the years ended 31 December 2021 and 2022 and the three months ended 31 March 2023 and, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Company does not anticipate requiring to revise the existing Annual Caps during the year ending 31 December 2023. Therefore, having taken into account its historical financial performance, its current scale of business and operation in comparison to that during the years ended 31 December 2021 and 2022, its total assets, the level of cash held or maintained by it from time to time and its future investment plans and its relatively stable overall deposits needs, the Company has decided to maintain the Annual Caps at RMB1,500,000,000 for each of the years ending 31 December 2024, 2025 and 2026 (the “New Annual Caps”), respectively, and believes that maintaining the same Annual Caps for the years ending 31 December 2024, 2025 and 2026 would be reasonable.

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

Having considered the above, the Company proposes to keep the New Annual Caps at RMB1,500,000,000 for each of the years ending 31 December 2024, 2025 and 2026, respectively.

INTERNAL CONTROL PROCEDURES

The Group has established internal control procedures (“Internal Control Procedures”) as follows:

- (1) Bank Deposits will only be placed with the CHB Group by the Group on a non-exclusive basis. In order to ensure that the interest rates and other terms of the Bank Deposits are on normal commercial terms and no less favourable to the Group, each time before placing any

LETTER FROM THE BOARD

Bank Deposits, the Group will compare the quotations offered by the CHB Group with those of at least two independent banks. The Group may also take into account factors including, among others, quality of services, safety of deposits, bank reputation and cooperation history, in making decisions to place deposits with any banks;

- (2) CHB Group will provide online platforms to allow the Group to monitor the balances of the Bank Deposits on a daily basis to ensure that the aggregate balance of Bank Deposits does not exceed the New Annual Caps;
- (3) the Group will prepare a continuing connected transaction report once every six months on Bank Deposits with the CHB Group which will be submitted to the audit committee of the Board for consideration. The report will cover, among other things, the status of compliance with the New Annual Caps and utilization of the New Annual Caps;
- (4) the audit committee of the Board will meet at least twice a year to review the implementation of the above measures for the transactions contemplated under the 2024 Bank Deposits Agreement and report to the Board;
- (5) the Company will provide information and supporting documents to its independent non-executive Directors and auditor for them to conduct annual review of the continuing connected transactions of the Group;
- (6) the independent non-executive Directors will provide an annual confirmation as to whether the continuing connected transactions have been entered into in the ordinary and usual course of business of the Group, are on normal commercial terms and are in accordance with the 2024 Bank Deposits Agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole as required by the Listing Rules; and
- (7) the auditor of the Company will be engaged to report on the continuing connected transactions of the Group disclosed in the annual report in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 (Revised) “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants. The auditor of the Company will issue a letter to the Board containing their conclusions in relation to, among others, the Transactions for each financial year in accordance with Rule 14A.56 of the Listing Rules confirming whether anything has come to their attention that causes them to believe that the Transactions: (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group; (iii) were not entered into, in all material respects, in accordance with the 2024 Bank Deposits Agreement; and (iv) have exceeded the New Annual Caps.

LETTER FROM THE BOARD

In addition, in order to mitigate any concentration credit risks associated with placing a substantial amount of deposits at any particular bank (including in particular the potential concentration risks arising from placing substantial amount of Bank Deposits with the CHB Group), the Company conducts an evaluation of the level of Bank Deposits placed with the CHB Group at each quarter-end for the purpose of ascertaining the average proportion of cash deposited with the CHB Group, the maximum level of which is targeted to be maintained at a range of 50% to 60% of total cash and cash equivalents of the Group. Based on the results of the quarterly review, the Company will make adjustments and take appropriate actions if required (including, among others, depositing funds into other banks or financial institutions) to maintain the Bank Deposits at the target level going forward and to lower the relevant concentration risk.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

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

CHB, as a reputable and long-established authorized institution supervised by the Hong Kong Monetary Authority in Hong Kong, is able to provide different banking and related financial services in support of the Group's business and treasury activities. Furthermore, CHB Group is also approved and regulated in the PRC by the PBOC and the CBIRC. As disclosed in the annual report of CHB for the year ended 31 December 2022, CHB maintains a liquidity maintenance ratio above relevant statutory requirements, and the principal objective of CHB Group's liquidity risk management framework is to maintain a conservative level of liquid funds on a daily basis so that the CHB Group has sufficient cash flows to meet its current obligations when they fall due in the ordinary course of business. Therefore, the Directors believe that the Bank Deposits maintained by the Group with the CHB Group are unlikely to experience any delay in encashment.

The Company believes that it would be in the interest of the Group to enter into the 2024 Bank Deposits Agreement and engage the services of the CHB Group, being the placing of Bank Deposits with the CHB Group in this case, on a non-exclusive basis subject always to the Group's Internal Control Procedures and the applicable annual caps. The Company considers that the New Annual Caps have been reasonably determined taking into account, among others, the scale of the Group's business and operation and its future investment plans, as set out in the above section headed "Continuing Connected Transactions in relation to Bank Deposits — New Annual Caps and basis of determining the New Annual Caps".

The Directors (excluding the Directors who have abstained from voting on the relevant board resolutions of the Company) are of the view that the 2024 Bank Deposits Agreement have been entered into on normal commercial terms and in the ordinary and usual course of the Group's business, and that the transactions contemplated thereunder (together with the New Annual Caps) are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

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

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules for the New Annual Caps under the 2024 Bank Deposits Agreement exceeds 5%, the Transactions are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As Mr. Li Feng and Ms. Chen Jing, both of whom are executive Directors, are also serving as directors of CHB, the Company is of the view that Mr. Li Feng and Ms. Chen Jing are regarded as having a material interest in the transactions contemplated under the 2024 Bank Deposits Agreement. Therefore, they have abstained from voting on the relevant board resolutions of the Company.

INFORMATION ON THE COMPANY, CHB AND GZYX

The Company

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

CHB

CHB is incorporated in Hong Kong with limited liability. CHB is an authorized institution supervised by the Hong Kong Monetary Authority under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong). The CHB Group is also approved and regulated in the PRC by the PBOC and the CBIRC. The CHB Group is principally engaged in the provision of banking and related financial services. CHB is indirectly wholly-owned by YXE, which is in turn a wholly-owned subsidiary of GZYX.

GZYX

GZYX, the ultimate controlling shareholder of CHB and the Company, is a company established in the PRC with limited liability and is majority owned by the Guangzhou Municipal People's Government of the PRC. GZYX and its subsidiaries (other than the Group) are engaged in various businesses, including (i) real estate and property development business; (ii) commercial banking, asset management, finance leasing, futures, business investment and other financial services; and (iii) livestock breeding, dairy industry, food processing and other businesses.

LETTER FROM THE BOARD

ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE

An Independent Board Committee comprising Mr. Fung Ka Pun, Mr. Lau Hon Chuen Ambrose, Mr. Cheung Doi Shu and Mr. Peng Vincent Shen has been established to advise the Independent Shareholders in connection with the 2024 Bank Deposits Agreement and the transactions contemplated thereunder (including the New Annual Caps).

Maxa Capital Limited has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the 2024 Bank Deposits Agreement and the transactions contemplated thereunder (including the New Annual Caps).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 8 June 2023 to Tuesday, 13 June 2023 (both days inclusive), during which no transfer of Shares will be effected, to determine the eligibility of the Shareholders to participate in the Special General Meeting. The record date for ascertaining Shareholders' entitlement to attend and vote at the Special General Meeting will be Tuesday, 13 June 2023.

For Shareholders not already on the register of members of the Company, in order to qualify to attend and vote at the Special General Meeting, all transfer(s) of Share(s) (together with the relevant Share certificate(s)) must be lodged with the Company's Hong Kong branch share registrar, Tricor Abacus Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration by no later than 4:30 p.m. on Wednesday, 7 June 2023.

SPECIAL GENERAL MEETING

The Special General Meeting will be held at 10:30 a.m. on Tuesday, 13 June 2023 at Plaza I-IV, Basement 3, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong (or as soon as practicable immediately after the conclusion or adjournment of the annual general meeting of the Company convened to be held at 10:00 a.m. on the same date and at the same place) for the purpose of considering and, if thought fit, passing the resolution set out in the notice of the Special General Meeting, which is set out on pages SGM-1 to SGM-2 of this Circular. Whether or not you are able or intend to attend and vote at the Special General Meeting in person, you are requested to complete and return the enclosed form of proxy to the Company's Hong Kong branch share registrar, Tricor Abacus Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. The completion and delivery of a form of proxy will not preclude you from attending and voting in person at the Special General Meeting or any adjournment thereof should you so wish, and in such event, the instrument appointing a proxy will be deemed to be revoked.

The ordinary resolution to approve the entering into of and the transactions contemplated under the 2024 Bank Deposits Agreement at the Special General Meeting will be taken by poll and an announcement on the results of the Special General Meeting will be made by the Company after the Special General Meeting.

LETTER FROM THE BOARD

YXE and its associates will abstain from voting at the Special General Meeting in respect of the proposed resolution to approve the 2024 Bank Deposits Agreement and the transactions contemplated thereunder (including the New Annual Caps). Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no other Shareholder or any of its associates has a material interest in the 2024 Bank Deposits Agreement and the transactions contemplated thereunder (including the New Annual Caps), therefore no other Shareholder would be required to abstain from voting on the relevant resolution to be proposed at the Special General Meeting.

You can vote at the Special General Meeting if you are an Independent Shareholder on Tuesday, 13 June 2023, which is referred to in this Circular as the record date. You will find enclosed with this Circular the notice of the Special General Meeting (please refer to pages SGM-1 to SGM-2 in this Circular) and a form of proxy for use for the Special General Meeting.

RECOMMENDATION

The Directors (excluding Mr. Li Feng and Ms. Chen Jing, the executive Directors who are regarded as having a material interest in the Transactions and have abstained from voting on the relevant board resolutions of the Company) are of the view that the 2024 Bank Deposits Agreement has been entered into on normal commercial terms or better and in the ordinary and usual course of the Group's business, and that the transactions contemplated thereunder (including the New Annual Caps) are fair and reasonable and in the interests of the Company and its Shareholders as a whole. Accordingly, the Directors (excluding Mr. Li Feng and Ms. Chen Jing, the executive Directors who are regarded as having a material interest in the Transactions and have abstained from voting on the relevant board resolutions of the Company) recommend all Independent Shareholders to vote in favour of the relevant resolution to be proposed at the Special General Meeting.

ADDITIONAL INFORMATION

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

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

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



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

(Incorporated in Bermuda with limited liability)

(Stock Code: 01052)

23 May 2023

To the Independent Shareholders

Dear Sir or Madam,

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

We refer to the circular issued by the Company to its shareholders dated 23 May 2023 (the “**Circular**”) of which this letter forms part. Unless otherwise specified, terms defined in the Circular shall have the same meanings in this letter.

We have been appointed by the Board to advise the Independent Shareholders in respect of the terms of the Transactions, details of which are set out in the letter from the Board contained in the Circular. Maxa Capital Limited has been appointed to advise the Independent Shareholders and us in respect of the terms of the Transactions. Details of the Independent Financial Adviser’s advice and the principal factors and reasons they have taken into consideration in giving such advice are set out on pages 14 to 24 of the Circular. Your attention is also drawn to the letter from the Board in the Circular and the additional information set out in the appendices thereto.

Having considered the terms of the 2024 Bank Deposits Agreement and the transactions contemplated thereunder (including the New Annual Caps), the advice of the Independent Financial Adviser and the principal factors and reasons taken into consideration by the Independent Financial Adviser, we are of the opinion that the terms of the 2024 Bank Deposits Agreement and the transactions contemplated thereunder (including the New Annual Caps) have been entered into in the ordinary and usual course of business of the Group, are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. We, therefore, recommend that you vote in favour of the resolution to be proposed at the Special General Meeting to approve the 2024 Bank Deposits Agreement and the transactions contemplated thereunder (including the New Annual Caps).

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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



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

23 May 2023

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO BANK DEPOSITS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the 2024 Bank Deposits Agreement and the transactions contemplated thereunder (including the New Annual Caps), details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular dated 23 May 2023 issued by the Company (the “**Circular**”) of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

Reference is made to the 2020 Announcement and the 2020 Circular regarding the renewal of continuing connected transactions in relation to the Bank Deposits. The Company entered into the 2021 Bank Deposits Agreement with CHB on 23 November 2020, the term of which will expire on 31 December 2023. On 5 May 2023, the Company entered into the 2024 Bank Deposits Agreement for a term of three years for the purpose of, among other things, renewing the term of the 2021 Bank Deposits Agreement.

As CHB is a subsidiary of YXE, the controlling shareholder of the Company, CHB is a connected person of the Company. The Bank Deposits maintained by the Group with the CHB Group therefore constitute continuing connected transactions of the Company. As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules for the New Annual Caps under the 2024 Bank Deposits Agreement exceeds 5%, the Transactions are subject to the reporting, announcement, annual review and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

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YXE and its respective associates will abstain from voting at the Special General Meeting in respect of the proposed resolutions to approve the 2024 Bank Deposits Agreement and the transactions contemplated thereunder (including the New Annual Caps). Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no other Shareholder or any of its associates has a material interest in the 2024 Bank Deposits Agreement and the transactions contemplated thereunder (including the New Annual Caps), therefore no other Shareholder would be required to abstain from voting on the relevant resolution to be proposed at the Special General Meeting.

The Independent Board Committee comprising all independent non-executive Directors has been established to advise the Independent Shareholders in connection with the 2024 Bank Deposits Agreement and the transactions contemplated thereunder (including the New Annual Caps). We, Maxa Capital, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

OUR INDEPENDENCE

As at the Latest Practicable Date, we are independent from the Company in accordance with Rule 13.84 of the Listing Rules and, accordingly, are considered eligible to give independent advice on the 2024 Bank Deposits Agreement and the transactions contemplated thereunder (including the New Annual Caps). Save for this appointment as the Independent Financial Adviser in respect of the 2024 Bank Deposits Agreement, there was no other engagement between the Company and us in the last two years. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, CHB Group or their respective substantial shareholders or associates.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have reviewed, among other things: (i) the 2021 Bank Deposits Agreement and the 2024 Bank Deposits Agreement; (ii) the annual reports of the Company and CHB for the two years ended 31 December 2022; (iii) the Company's Measures for the Administration of Connected Transactions and the Company's 2022 Final Financial Risk Report; (iv) quotations for the deposit services provided by the CHB Group and independent banks to the Company from 2021 to 2023; (v) a summary prepared by the Company in relation to its quarterly review results on the Bank Deposits for the years ended 31 December 2021 ("FY2021") and 31 December 2022 ("FY2022") and three months ended 31 March 2023; and (vi) the standard interest rates published by PBOC. We consider that we have reviewed sufficient and relevant information and documents and have taken reasonable steps as required under Rule 13.80 of the Listing Rules to reach an informed view and to provide a reasonable basis for our recommendation. We have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors, for which they are solely and wholly responsible, are true and accurate in all material respects at the time when they were made and continue to be so as at the date of this letter. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors and the management of the Company (the "**Management**") in the Circular were reasonably made after due enquiry and careful consideration. Our opinion is based on the Directors' representation and confirmation that no material facts have been omitted from the information provided and referred to in the Circular.

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

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the 2024 Bank Deposits Agreement and the transactions contemplated thereunder (including the New Annual Caps), we have taken into consideration the following principal factors and reasons:

1. Background of and reasons for the 2024 Bank Deposits Agreement

1.1 Information on the Group

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

Set out below is the financial information of the Group for the years ended 31 December 2020, 2021, and 2022 prepared in accordance with Hong Kong Financial Reporting Standards and extracted from the Company's 2022 Annual Report and 2021 Annual Report:

	For the year ended 31 December		
	2020	2021	2022
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	2,919,838	3,702,276	3,288,923
Profit attributable to Shareholders of the Company	160,491	1,464,984	453,114

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	As at 31 December		
	2020	2021	2022
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and cash equivalents	1,516,004	2,918,574	2,480,267
Total assets	36,367,600	35,661,108	36,337,410
Total liabilities	22,713,855	21,188,359	22,102,435
Total equity	13,653,745	14,472,749	14,234,975

The Group recorded revenue of approximately RMB2.9 billion, RMB3.7 billion and RMB3.3 billion for the year ended 31 December 2020 (“**FY2020**”), FY2021 and FY2022, respectively. The increase in revenue of approximately 26.8% in FY2021 compared to FY2020 due to was mainly attributable to the low overall base in FY2020 resulting from temporary toll exemption measures (including (i) free toll of small passengers vehicles during Spring Festival holiday, which was extended for 9 days and (ii) exempted tolls collection for 79 days nationwide from 17 February 2020 to 5 May 2020). Most projects in the central province also saw an increase in toll revenue and traffic volume compared to FY2020. For FY2022, there was a decrease in revenue of approximately 11.2% compared to FY2021 due to the impact of the COVID-19 control measures, the policy of a 10% reduction in truck tolls on toll roads for the fourth quarter, and overall economic conditions that affected the group’s overall operating performance. In addition, the financial results of the Hubei Han-Xiao Expressway is no longer consolidated by the Group as a subsidiary after the completion of its spin-off in December 2021. The financial results of the newly acquired Henan Lanwei Expressway have been consolidated into the Group since 19 November 2022, and are expected to recover the decrease in revenue caused by the spin-off of Hubei Han-Xiao Expressway in 2023.

The Group’s profit attributable to Shareholders of the Company increased significantly by approximately 812.8% to approximately RMB1.5 billion in FY2021, but decreased by approximately 69.1% to approximately RMB0.5 billion in FY2022. The increase in the Group’s profit attributable to Shareholders of the Company in FY2021 was due to the increase in revenue in that year and the gain on disposal as a result of the spin-off of the Hubei Han-Xiao Expressway. The significant decrease in profit attributable to Shareholders of the Company in FY2022 was mainly due to the absence of a gain on disposal recognized as a result of the spin-off of the Hubei Han-Xiao Expressway in FY2021, which amounted to approximately RMB1.0 billion.

The Group’s cash and cash equivalents amounted to approximately RMB2.9 billion as at 31 December 2021, representing an increase of approximately 92.5% from that as at 31 December 2020, which is mainly due to the Group’s focus on risk prevention, liquidity improvement and cash generated from the disposal of Hubei Han-Xiao Expressway. The Group’s cash and cash equivalents as at 31 December 2022 decreased by approximately 15.0% to approximately RMB2.5 billion as compared to that as at 31 December 2021, primarily due to net cash outflow of approximately RMB2.0 billion for financing activities. As at 31 December 2021, the Group’s total assets and liabilities were approximately RMB35.7 billion and RMB21.2 billion, respectively, representing a decrease of approximately 1.9% and 6.7% as compared to that as at 31 December 2020. As at 31 December 2022, the Group’s total assets and liabilities were approximately RMB36.3 billion and RMB22.1 billion,

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representing an increase of approximately 1.9% and 4.3% as compared to that as at 31 December 2021, respectively. The Group's total equity increased by 6.0% to approximately RMB14.5 billion as at 31 December 2021 from approximately RMB13.7 billion as at 31 December 2020 and decreased by 1.6% to approximately RMB14.2 billion as at 31 December 2022.

1.2 Information on CHB

CHB is incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of YXE. CHB is an authorized institution supervised by the Hong Kong Monetary Authority under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong). The CHB Group is also approved and regulated in the PRC by the PBOC and the CBIRC. The CHB Group is principally engaged in provision of banking and related financial services.

Set out below is the financial information of CHB Group for FY2020, FY2021 and FY 2022 prepared in accordance with Hong Kong Financial Reporting Standards and extracted from CHB's 2021 Annual Report and CHB's 2022 Annual Report:

	FY2020	FY2021	FY2022
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest income	5,565,742	5,407,975	7,404,760
Profit for the year	1,479,978	1,504,791	1,143,190

	As at 31 December		
	2020	2021	2022
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Total assets	232,899,647	255,247,558	280,766,665
Total liabilities	204,965,187	220,651,791	244,824,030
Total equity	27,934,460	34,595,767	35,942,635

As illustrated in the above table, CHB Group recorded a total interest income and profit for the year of approximately HK\$5.4 billion and HK\$1.5 billion for FY2021, representing a decrease of approximately 2.8% and an increase of 1.7% respectively as compared to FY2020. CHB Group recorded a total interest income and profit for the year of approximately HK\$7.4 billion and HK\$1.1 billion for FY2022, representing an increase of approximately 36.9% and a decrease of approximately 24.0% respectively as compared to FY2021. The decrease in profit for the year is mainly due to the increase of net impairment losses on financial assets.

As at 31 December 2021, the total equity of CHB Group increased by approximately 23.8% to approximately HK\$34.6 billion from HK\$27.9 billion as at 31 December 2020, which was primarily attributed by the increase of cash and short-term funds and advances and other accounts. As at 31 December 2022, CHB Group's total equity increased by approximately 3.9% to approximately HK\$35.9 billion comparing with that as at 31 December 2021.

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1.3 Reasons for and benefits of the 2024 Bank Deposits Agreement

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

CHB, as a reputable and long-established authorized institution supervised by the Hong Kong Monetary Authority in Hong Kong, is able to provide different banking and related financial services in support of the Group's business and treasury activities. Furthermore, CHB Group is also approved and regulated in the PRC by the PBOC and the CBIRC. As disclosed in the annual report of CHB for the year ended 31 December 2022, CHB Group maintains a liquidity maintenance ratio above relevant statutory requirements, and the principal objective of CHB Group's liquidity risk management framework is to maintain a conservative level of liquid funds on a daily basis so that the CHB Group has sufficient cash flows to meet its current obligations when they fall due in the ordinary course of business. Therefore, the Directors believe that the Bank Deposits maintained by the Group with the CHB Group are unlikely to experience any delay in encashment.

The Company believes that it would be in the interest of the Group to enter into the 2024 Bank Deposits Agreement and engage the services of the CHB Group, being the placing of Bank Deposits with the CHB Group in this case, on a non-exclusive basis subject always to the Group's internal control procedures and the applicable annual caps. The Company considers that the New Annual Caps have been reasonably determined taking into account, among others, the scale of the Group's business and operation and its future investment plans, as set out in the section headed "Continuing Connected Transactions in relation to Bank Deposits — New Annual Caps and basis of determining the New Annual Caps" in the Letter from the Board.

On the basis of the aforesaid reasons for and possible benefits of the 2024 Bank Deposits Agreement as represented by Directors and considering that (i) placing of Bank Deposits with the CHB Group is in line with the Group's business needs in the ordinary and usual course of business; and (ii) the 2024 Bank Deposits Agreement will be on a non-exclusive basis and the New Annual Caps provide the Group the right but not the obligation to utilise the deposit services under such agreement, we are of the view that the Transactions are in the interests of the Company and the Shareholders as a whole.

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2. Principal terms of the deposit services under the 2024 Bank Deposits Agreement

Pursuant to the 2024 Bank Deposits Agreement, the Group may, in its ordinary and usual course of business, place and maintain Bank Deposits with the CHB Group on normal commercial terms from time to time during the term of the 2024 Bank Deposits Agreement, and the placing and maintenance of any such Bank Deposits shall be subject to the terms and conditions of the CHB Group applicable to independent customers of similar size to the Group from time to time.

Duration

Subject to the approval by the Independent Shareholders at the Special General Meeting, the term of the 2024 Bank Deposits Agreement shall commence on 1 January 2024 and shall continue up to and including 31 December 2026. Subject to compliance with the Listing Rules, the 2024 Bank Deposits Agreement may be renewed by the Company and CHB by agreement in writing.

Conditions Precedent

The 2024 Bank Deposits Agreement is conditional upon the approval by the Independent Shareholders of the 2024 Bank Deposits Agreement and the transactions contemplated thereunder (including the New Annual Caps) at the Special General Meeting. If the condition is not fulfilled on or before 31 December 2023 (or such later date as agreed between the Company and CHB), the 2024 Bank Deposits Agreement shall terminate with immediate effect without liability on either party.

Pricing Policy

The 2024 Bank Deposits Agreement provides that the interest rates and other terms applicable to any Bank Deposits shall from time to time be determined based on (1) in the case of deposits in Hong Kong, interest rates and other terms offered by the CHB Group and at least two independent banks in Hong Kong to the Group; and (2) in the case of deposits in Mainland China, interest rates for deposits in Mainland China set with reference to the standard interest rates published by the PBOC and interest rates and other terms offered by the CHB Group and at least two independent banks in Mainland China to the Group.

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

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

In assessing the fairness and reasonableness of the terms in the 2024 Bank Deposits Agreement, we have obtained and reviewed both the 2021 Bank Deposits Agreement and the 2024 Bank Deposits Agreement. We noted that the major terms in the 2024 Bank Deposits Agreement are similar with those in the 2021 Bank Deposits Agreement which was approved by the independent shareholders at the special general meeting of the Company held on 21 December 2020.

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In respect of the pricing policy, we have obtained and reviewed Company's 2022 Final Financial Risk Report and 6 sets of randomly selected quotations for different types of deposit services provided by CHB Group and independent banks to the Group from 2021 to 2023, which we believe are sufficient samples, and compared such interests rates for the same type of deposit for the same period provided by two independent banks to the Group for each deposit service and announced by the PBOC, and noted that the pricing policies set in the 2021 Bank Deposits Agreement, which are the same as those set in the 2024 Bank Deposits Agreement, have been complied with strictly. Please refer to the section headed "4. Internal Control Policies" below for further details in this regard. In other words, the interest rates and other terms (including the type of deposit and the principal amount) for the deposit services offered by CHB Group will be on terms no less favorable to the Group than those available from independent banks, which we consider fair and reasonable.

In view of the above, we consider that the terms of the deposit services under the 2024 Bank Deposits Agreement are on normal commercial terms, the terms of which are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

3. New Annual Caps

3.1 Historical Transaction Amounts

The existing Annual Caps in respect of the Bank Deposits under the 2021 Bank Deposits Agreement for FY2021 and FY2022 and the year ending 31 December 2023 are RMB1,500 million. The highest daily outstanding balance of Bank Deposits actually placed by the Group with CHB Group on any given day during each of FY2021 and FY2022 and the three months ended 31 March 2023 were as follows:

	<i>FY2021</i>	<i>FY2022</i>	<i>For the three months ended 31 March 2023</i>
	<i>(approximately)</i>	<i>(approximately)</i>	<i>(approximately)</i>
<i>Highest daily outstanding balance of the Bank Deposits on any given day during the year/period</i>	RMB 1,457,554,000	RMB 1,382,905,000	RMB 415,862,000

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

3.2.1 Basis of determining the New Annual Caps

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

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

The Company did not exceed the existing Annual Caps under the 2021 Bank Deposits Agreement during FY2021 and FY2022 and the three months ended 31 March 2023 and, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Company does not anticipate requiring to revise the existing Annual Caps during the year ending 31 December 2023. Therefore, taking into account its historical financial performance, its current scale of business and operation in comparison to that during FY2021 and FY2022, its total assets, the level of cash held or maintained by it from time to time and its future investment plans and its relatively stable overall deposits needs, the Company has decided to maintain the New Annual Caps at RMB1,500 million and believes that maintaining the same Annual Caps for the years ending 31 December 2024, 2025 and 2026 would be reasonable.

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

Having considered the above, the Company proposes to keep the New Annual Caps at RMB1,500 million for each of the years ending 31 December 2024, 2025 and 2026, respectively.

3.2.2 Assessment on the New Annual Caps

In assessing the fairness and reasonableness of the New Annual Caps, we have reviewed and noted the New Annual Caps remain the same as the existing Annual Caps under the 2021 Bank Deposits Agreement, which were approved by the independent shareholders at the special general meeting of the Company held on 21 December 2020, and the historical utilisation rates of the existing Annual Caps reached approximately 97.2% and 92.2% in FY2021 and FY2022, respectively. We have reviewed the financial information of the Company as set out in the section headed "1.1 Information on the Group" and noted that the revenue decreased by approximately 11.2% from approximately RMB3.7 billion to approximately RMB3.3 billion and the cash and cash equivalent of the Group amounted approximately RMB2.5 billion as at 31 December 2022. The decline of the revenue for

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FY2022 was mainly due to the impact of COVID-19 control, the policy of 10% reduction on the truck toll charges on toll roads for the fourth quarter and the overall economic conditions which affected the Group's overall operating performance. With the gradual economy recovery and the diminishing impact of COVID-19 in Mainland China, considering the Group's scale of business and operation and the level of cash held, we concur with the Board that maintaining the same Annual Caps for the years ending 31 December 2024, 2025 and 2026 would be reasonable.

As stated in the Letter from the Board, in order to mitigate any concentration credit risks associated with placing a substantial amount of deposits at any particular bank, (including in particular, the potential concentration risks arising from placing substantial amount of Bank Deposits with the CHB Group), the Company conducts an evaluation of the level of Bank Deposits placed with the CHB Group at each quarter-end for the purpose of ascertaining the average proportion of cash deposited with the CHB Group, the maximum level of which is targeted to be maintained at a range of 50% to 60% of total cash and cash equivalents of the Group. Based on the results of the quarterly review, the Company will make adjustments and take appropriate actions if required (including, among others, depositing funds into other banks or financial institutions) to maintain the Bank Deposits at the target level going forward and to lower the relevant concentration risk.

We have obtained and reviewed a summary prepared by the Company in relation to its quarterly review results on the Bank Deposits for FY2021, FY2022 and three months ended 31 March 2023, which includes the Group's month end balance of cash and cash equivalent and the month end balance of the Bank Deposits. We noted that the percentages of the Bank Deposits, calculated as the balance of the Bank Deposits divided by the balance of cash and cash equivalent of the Group (including the Bank Deposits), did not exceed 50%.

In addition, we have also reviewed the 2022 Annual Report of CHB and noted the New Annual Caps will only be a tiny portion of CHB Group's business as the deposits from customers of CHB Group reached approximately HK\$223.5 billion as at 31 December 2022, which we consider favourable to ensure the safety of the deposits placed by the Company with the CHB Group.

Based on the above and given (i) the 2024 Bank Deposits Agreement will be on a non-exclusive basis; (ii) the New Annual Caps provide the Group the right but not the obligation to utilise the deposit services under such agreement; and (iii) the Group has effective internal control policies in place to monitor the continuing connected transactions under the 2024 Bank Deposits Agreement and the New Annual Caps as discussed in the section headed "4. Internal Control Policies" below, we consider that (a) the concentration credit risk is manageable and acceptable; and (b) the New Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

4. Internal Control Policies

The Company has adopted certain internal control procedures and corporate governance measures in relation to its utilisation of CHB Group's services, details of which are included in section headed "INTERNAL CONTROL PROCEDURES" in the Letter from the Board. We have also obtained and reviewed the Company's Measures for the Administration of Connected Transactions and the Company's 2022 Final Financial Risk Report which includes the summary of deposits placed by the Company in CHB Group with comparison results of interest rates provided by CHB Group and independent banks to the Company.

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We have also obtained and reviewed 6 sets of quotations for the deposit services (covering the relevant interest rate of seven-day notice deposits, two-week deposits, one-month deposits, demand deposits and agreement deposits with the principal amounts) provided by CHB Group and independent banks to the Company from 2021 to 2023 which were randomly selected by the Company as per our request, which we believe are fair and representative samples. We have compared such interest rates and other terms (including the type of deposit and the principal amount) for each deposit service and noted that the interest rates of all such deposit services and other terms provided by the CHB Group to the Company are not less favourable than the interest rates and other terms provided by such independent banks and the interest rate for same type of deposits announced by the PBOC for the same period.

Pursuant to Rules 14A.55 and 14A.56 of the Listing Rules, the independent non-executive Directors and auditor of the Company will conduct annual review and issue confirmations regarding the continuing connected transactions of the Company every year. We have reviewed the annual reports of the Company for FY2021 and FY2022 and noted that the independent non-executive Directors and the auditor of the Company have reviewed the non-exempt continuing connected transactions, including the 2021 Bank Deposits Agreement, during such years and provided the relevant confirmations. As confirmed with the Company, the Company will continue to comply with the relevant annual review requirement under the Listing Rules on an on-going basis.

Based on the above, we are of the view that the Group has effective internal control policies in place to monitor the continuing connected transactions under the 2024 Bank Deposits Agreement and the New Annual Caps, and hence the interest of the Independent Shareholders would be safeguarded.

RECOMMENDATION

Having taken into consideration the above factors and reasons, we are of the opinion that (i) the terms of the 2024 Bank Deposits Agreement (together with the New Annual Caps) are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the transactions contemplated thereunder are on normal commercial terms, in the ordinary and usual course of the Group's business, and in the interests of the Company and its Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend and we also recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the Special General Meeting in respect of the 2024 Bank Deposits Agreement and the transactions contemplated thereunder (including the New Annual Caps).

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

Ms. Dian Deng is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Maxa Capital to carry out type 6 (advising on corporate finance) regulated activities under the SFO and has over 15 years of experience in corporate finance industry.

1. RESPONSIBILITY STATEMENT

This Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the 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.

2. DISCLOSURE OF INTERESTS

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

(a) Interests in the Shares, underlying Shares and/or debentures of the Company

Name of Director	Nature of interests	Interests in Shares	Interests in underlying Shares	Approximate % of the issued Shares
Mr. He Baiqing	Beneficial owner	52,000	1,371,993 (Note 1)	0.09
Mr. Cai Minghua	Beneficial owner	—	519,131 (Note 2)	0.03
Mr. Pan Yongqiang	Beneficial owner/ Spouse interest	264,000 (Note 3)	1,038,266 (Note 4)	0.08
Mr. Lau Hon Chuen Ambrose	Beneficial owner	195,720	—	0.01
Mr. Cheung Doi Shu	Beneficial owner	500,000	—	0.03

Notes:

- (1) These are Shares issuable to Mr. He Baiqing upon exercise of the share options granted to him pursuant to the share option scheme of the Company the exercise price of which is HK\$4.43 per share and the exercise period of which is 25 June 2023 to 24 June 2031.
- (2) These are Shares issuable to Mr. Cai Minghua upon exercise of the share options granted to him pursuant to the share option scheme of the Company the exercise price of which is HK\$4.45 per share and the exercise period of which is 9 July 2023 to 8 July 2031.
- (3) These Shares represent 164,000 Shares which are held by Mr. Pan Yongqiang as beneficial owner and 100,000 Shares which are held by his spouse.

- (4) These are Shares issuable to Mr. Pan Yongqiang upon exercise of the share options granted to him pursuant to the share option scheme of the Company the exercise price of which is HK\$4.43 per share and the exercise period of which is 25 June 2023 to 24 June 2031.

(b) Interests in associated corporation

Name of Director	Name of associated corporation	Nature of interests	Interests in shares	Approximate % of the issued shares of associated corporation (Note 3)
Mr. Li Feng	Yuexiu Property Company Limited	Beneficial owner	44,954 (Note 1)	0.001
Mr. Lau Hon Chuen Ambrose	Yuexiu Property Company Limited	Beneficial owner	1,258,712 (Note 2)	0.031

Notes:

- (1) These shares represent 34,580 shares in Yuexiu Property Company Limited (“**Yuexiu Property**”) held by Mr. Li Feng as beneficial owner and 10,374 shares which Mr. Li Feng is deemed to be interested in connection with the rights issue of Yuexiu Property. Pursuant to the prospectus, provisional allotment letter and excess application form issued by Yuexiu Property dated 11 May 2023 in respect of its rights issue, qualifying shareholders of Yuexiu Property have been provisionally allotted 30 rights shares for every 100 existing shares held on the record date of the rights issue. Mr. Li Feng is therefore entitled to 10,374 nil-paid rights shares on the same date, and is entitled to take up his right to subscribe for 10,374 rights shares. Assuming all qualifying shareholders take up their entitlements under the rights issue, Mr. Li Feng will be interested in approximately 0.001% of the issued shares of Yuexiu Property immediately following completion of the rights issue.
- (2) These shares represent 968,240 shares in Yuexiu Property held by Mr. Lau Hon Chuen Ambrose as beneficial owner and 290,472 shares which Mr. Lau Hon Chuen Ambrose is deemed to be interested in connection with the rights issue of Yuexiu Property. Pursuant to the prospectus, provisional allotment letter and excess application form issued by Yuexiu Property dated 11 May 2023 in respect of its rights issue, qualifying shareholders of Yuexiu Property have been provisionally allotted 30 rights shares for every 100 existing shares held on the record date of the rights issue. Mr. Lau Hon Chuen Ambrose is therefore entitled to 290,472 nil-paid rights shares on the same date, and is entitled to take up his right to subscribe for 290,472 rights shares. Assuming all qualifying shareholders take up their entitlements under the rights issue, Mr. Lau Hon Chuen Ambrose will be interested in approximately 0.031% of the issued shares of Yuexiu Property immediately following completion of the rights issue.
- (3) For the purpose of the above disclosure, all rights shares under the rights issue of the Yuexiu Property are assumed to have been issued as at the Latest Practicable Date, and the number of issued shares of Yuexiu Property as at the Latest Practicable Date is deemed to have been enlarged by the rights issue from 3,096,456,087 shares to 4,025,392,913 shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in any Shares, underlying Shares and

debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were deemed or taken to have under such provisions of the SFO), or which were required to be and are recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(c) Directorship in or Employment with Substantial Shareholders

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

3. DIRECTORS’ SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group which does not expire or is not determinable by the relevant member of the Group within one year without payment of compensation (other than statutory compensation).

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

Interests in assets

As at the Latest Practicable Date, none of the Directors had, or have had, any direct or indirect interest in any assets which have been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up.

Interests in contracts

There was no contract or arrangement subsisting as at the Latest Practicable Date in which any of the Directors was materially interested and which is significant in relation to the business of the Group.

5. DIRECTORS’ INTERESTS IN COMPETING BUSINESS

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

6. NO MATERIAL ADVERSE CHANGE

The Directors confirm that there was no material adverse change in the financial or trading position of the Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up to, up to and including the Latest Practicable Date.

7. EXPERT AND CONSENT

The following is the qualification of the expert who has given its opinion or advice contained in this Circular:

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

As at the Latest Practicable Date, Maxa Capital did not have any shareholding, directly or indirectly, in any member of the Group, nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it have any direct or indirect interest in any assets which have been acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up.

Maxa Capital has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its letter in the form and context in which it appears.

8. DOCUMENT ON DISPLAY

A copy of the 2024 Bank Deposits Agreement will be published on (i) the website of the Stock Exchange (www.hkexnews.hk) and (ii) the website of the Company (www.yuexiutransportinfrastructure.com) for a period of 14 days from the date of this Circular.

9. MISCELLANEOUS

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

NOTICE OF SPECIAL GENERAL MEETING



越秀交通基建有限公司

Yuexiu Transport Infrastructure Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 01052)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT a special general meeting of Yuexiu Transport Infrastructure Limited (“**Company**”) will be held Plaza I-IV, Basement 3, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Tuesday, 13 June 2023 at 10:30 a.m. (or as soon as practicable immediately after the conclusion or adjournment of the annual general meeting of the Company convened to be held at 10:00 a.m. on the same date and at the same place) (“**Meeting**”) for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution. Words and expressions that are not expressly defined in this notice of special general meeting shall bear the same meaning as those defined in the circular to the shareholders of the Company dated 23 May 2023 (the “**Circular**”).

ORDINARY RESOLUTION

“**THAT:**

- (a) the 2024 Bank Deposits Agreement and the consummation of transactions contemplated thereunder (including the New Annual Caps) as more particularly described in the Circular and on the terms and conditions set out in the 2024 Bank Deposits Agreement be hereby approved, ratified and confirmed; and
- (b) authorization be granted to any one Director to complete and do all such acts or things (including executing all such documents, instruments and agreements as may be required) as the Company, such Director or, as the case may be, the Board may consider necessary, desirable or expedient or in the interest of the Company to give effect to the terms of the matters contemplated under the 2024 Bank Deposits Agreement and all transactions contemplated thereunder and all other matters incidental thereto or in connection therewith.”

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

Hong Kong, 23 May 2023

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

NOTICE OF SPECIAL GENERAL MEETING

Notes:

- (1) Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a member of the Company.
- (2) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer, attorney or other person duly authorised to sign the same.
- (3) To be valid, a form of proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such authority, must be deposited with the Company's Hong Kong branch share registrar, Tricor Abacus Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, 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, 8 June 2023 to Tuesday, 13 June 2023, both days inclusive, during which period no transfer of Shares will be registered. The record date for ascertaining Shareholders' entitlement to attend and vote at the Special General Meeting will be Tuesday, 13 June 2023. 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on Wednesday, 7 June 2023.

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

Executive Directors : *LI Feng (Chairman), HE Baiqing, CHEN Jing, CAI Minghua and PAN Yongqiang*

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