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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 MAJOR TRANSACTIONS:
PROPOSED LAND EXPROPRIATION AGREEMENTS
IN CONNECTION WITH
THE GNSR EXPRESSWAY R&E PROJECT**

**(2) DISCLOSEABLE TRANSACTION:
PRELIMINARY CONSTRUCTION WORKS AGREEMENT
IN CONNECTION WITH
THE GNSR EXPRESSWAY R&E PROJECT**

Financial adviser to the Company



Reference is made to the Inside Information Announcement of the Company dated 17 October 2022 regarding the Baiyun District Land Expropriation Works Entrustment Agreement for the Reconstruction and Expansion Construction Project of the Huocun to Longshan section of the Shenyang-Haikou National Expressway entered into between GNSR Company, a non-wholly owned subsidiary of the Company, and the Baiyun Land Acquisition Office on 17 October 2022 in connection with the land expropriation works of the preliminary portion of the GNSR Expressway R&E Project.

As set out in the Inside Information Announcement, in order to relieve the traffic pressure and enhance the traffic capacity of the GNSR Expressway with a view to complementing the PRC government's economic and infrastructure development plans within the Greater Bay Area, strengthening the Company's most important revenue generating asset, enhancing premium assets in the Greater Bay Area, and ensuring sustainable development, GNSR Company intends to undertake the GNSR Expressway R&E Project.

PROPOSED LAND EXPROPRIATION AGREEMENTS

Since GNSR Expressway passes through Baiyun District and Huangpu District, as part of the GNSR Expressway R&E Project, GNSR Company now proposes to enter into (i) the Proposed Baiyun District Land Expropriation Works Implementation Agreement for the land expropriation arrangement to be undertaken by Baiyun Land Acquisition Office in Baiyun District and (ii) the Proposed Huangpu District Land Expropriation and Relocation Works Agreement for the land expropriation arrangement to be undertaken by GDD Key Project Promotion Centre in Huangpu District, both of which are pre-conditions to the commencement of the construction in full swing of the GNSR Expressway R&E Project.

PRELIMINARY CONSTRUCTION WORKS AGREEMENT

After an open tender and bidding process conducted through the Guangzhou Public Resources Trading Center, on 28 November 2022 (after trading hours), GNSR Company entered into the Preliminary Construction Works Agreement with CRTG, the successful bidder, pursuant to which CRTG will provide certain construction services to GNSR Company for the Preliminary Works Portion of the GNSR Expressway R&E Project.

LISTING RULES IMPLICATIONS

(a) Proposed Land Expropriation Agreements

As the highest applicable percentage ratio in respect of the transactions contemplated under the Proposed Baiyun District Land Expropriation Works Implementation Agreement exceeds 25% but is less than 100%, the entering into of and the transactions contemplated under the Proposed Baiyun District Land Expropriation Works Implementation Agreement will constitute a major transaction of the Company and are subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Whilst the highest applicable percentage ratio in respect of the transactions contemplated under the Proposed Huangpu District Land Expropriation and Relocation Works Agreement exceeds 5% but is less than 25% on a standalone basis, the highest applicable percentage ratio in respect of the transactions contemplated under the Proposed Huangpu District Land Expropriation and Relocation Works Agreement, when aggregated with the Baiyun District Preliminary Portion Land Expropriation Works Agreement and the Proposed Baiyun District Land Expropriation Works Implementation Agreement pursuant to Rule 14.22 of the Listing Rules, exceeds 25% but is less than 100%. As such, the entering into of and transactions contemplated under the Proposed Huangpu District Land Expropriation and Relocation Works Agreement constitute a major transaction of the Company and are subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

(b) Preliminary Construction Works Agreement

As the highest applicable percentage ratio in respect of the transactions contemplated under the Preliminary Construction Works Agreement exceeds 5% but is less than 25%, the entering into of and the transactions contemplated under the Preliminary Construction Works Agreement constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements but is exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

GENERAL

The SGM will be convened and held by the Company to consider, and if thought fit, approve the entering into of and the transactions contemplated under the Proposed Land Expropriation Agreements.

As additional time is required to prepare the financial and other information to be included in the circular, a circular containing, among other things, (i) further details of the Proposed Land Expropriation Agreements and (ii) a notice of the SGM, is expected to be despatched to the Shareholders on or before 30 December 2022.

GNSR Company will not enter into the Proposed Land Expropriation Agreements before obtaining the approval from the Shareholders in respect of the Proposed Land Expropriation Agreements at the SGM. A separate announcement will be made by the Company when the Proposed Land Expropriation Agreements are executed after obtaining the approval of the Shareholders.

I. INTRODUCTION

Reference is made to the Inside Information Announcement of the Company dated 17 October 2022 regarding the Baiyun District Preliminary Portion Land Expropriation Works Agreement entered into between GNSR Company, a non-wholly owned subsidiary of the Company, and the Baiyun Land Acquisition Office in connection with the land expropriation works of the preliminary portion of the GNSR Expressway R&E Project.

As set out in the Inside Information Announcement, in order to relieve the traffic pressure and enhance the traffic capacity of the GNSR Expressway with a view to complementing the PRC government's economic and infrastructure development plans within the Greater Bay Area, strengthening the Company's most important revenue generating asset, enhancing premium assets in the Greater Bay Area, and ensuring sustainable development, GNSR Company intends to undertake the GNSR Expressway R&E Project. The total investment amount of the GNSR Expressway R&E Project is currently estimated to be approximately RMB17 billion. For further details, please refer to the section headed "VI. Information on the GNSR Expressway R&E Project" in this announcement.

II. PROPOSED LAND EXPROPRIATION AGREEMENTS

Since GNSR Expressway passes through Baiyun District and Huangpu District, as part of the GNSR Expressway R&E Project, GNSR Company now proposes to enter into (i) the Proposed Baiyun District Land Expropriation Works Implementation Agreement for the land expropriation arrangement to be undertaken by Baiyun Land Acquisition Office in Baiyun District and (ii) the Proposed Huangpu District Land Expropriation and Relocation Works Agreement for the land expropriation arrangement to be undertaken by GDD Key Project Promotion Centre in Huangpu District, both of which are pre-conditions to the commencement of the construction in full swing of the GNSR Expressway R&E Project.

(1) Proposed Baiyun District Land Expropriation Works Implementation Agreement

A summary of the key terms of the Proposed Baiyun District Land Expropriation Works Implementation Agreement is as follows:

Parties

- (i) GNSR Company
- (ii) Baiyun Land Acquisition Office

Expropriation Works

In connection with the expropriation works, the Baiyun Land Acquisition Office shall undertake, among others, the following actions:

- (i) arranging for topographic units to undertake topographical works and conclude the topographical results;
- (ii) communicating with parties as to which land will be expropriated, entering into expropriation compensation agreements with such parties, arranging for settlement of the compensation amounts to such parties and procuring the delivery of expropriated land;
- (iii) arranging for necessary meetings with rural collectives, coordinating with the supervisory work on the allocation and use of land expropriation compensation; assisting in the procedures relating to the arrangement for the economic development reserved land for rural collectives with lands being expropriated and resettlement land, and implementation of the expropriation works for the relevant land;
- (iv) supervising and managing land within the expropriation area after the publication of the relevant notices required for land expropriation works;
- (v) coordinating the resolution of any disputes or events arising in connection with the land expropriation works; and
- (vi) monitoring and supervising the expropriation works to ensure compliance with laws and regulations.

GNSR Company is responsible for, among others, the following:

- (i) arranging for the payment of the compensation amount, which shall follow the relevant compensation standards;
- (ii) arranging for the site selection planning, pre-approval of land use, survey and delineation, risk assessment of land expropriation, demolition and relocation, pre-announcement of land expropriation works, compensation and resettlement announcement of land expropriation, application for approval of use of forest land and pension payment arrangement for farmers whose land has been expropriated, land expropriation announcement and other works;
- (iii) arranging for procedures in connection with the economic development reserved land for rural collectives with lands being expropriated and resettlement land and bearing relevant expenses;
- (iv) arranging for construction parties to repair, restore, reinforce, or compensate in relation to cracks and other issues on buildings and structures arising from the project;
- (v) arranging for the demolition works after land expropriation; and
- (vi) arranging for any relocation of pipelines, greenbelt and other construction project.

Expropriation Area

The land to be expropriated is currently expected to be around 1,582 Mu, with the final area to be determined in accordance with the land surveying and delineation technical report to be provided by GNSR Company.

Total Compensation Amount

The total compensation amount for the expropriation of the relevant land is currently expected to be RMB2,417,420,000, which is calculated based on the relevant compensation standards and the expected amount of land to be expropriated, with the final compensation amount to be determined based on the exact amount of land to be expropriated. If the final compensation amount exceeds the abovementioned expected amount, GNSR Company and Baiyun Land Acquisition Office shall enter into separate agreement for the portion which exceeds the current expected compensation amount.

The compensation amount shall be paid by GNSR Company to the Baiyun Land Acquisition Office in the following manner:

- (i) GNSR Company has already paid RMB50,000,000 as the compensation amount for the land expropriation for the preliminary portion under the Baiyun District Preliminary Portion Land Expropriation Works Agreement, and such amount will be treated as part of the expropriation compensation amount paid under the Proposed Baiyun District Land Expropriation Works Implementation Agreement upon it becoming effective;
- (ii) the instalment of expropriation compensation of RMB400,000,000 shall be paid within 15 business days after the Proposed Baiyun District Land Expropriation Works Implementation Agreement is executed and becomes effective as the initial funds for the commencement of the expropriation works; and
- (iii) other compensation amounts shall be paid in instalments within 15 business days upon presentation by Baiyun Land Acquisition Office of payment application based on the progress of the expropriation works together with the relevant invoices that are legal and effective and completion of review by GNSR Company of the payment request.

In addition, any pension payment for farmers whose lands were expropriated shall be borne by GNSR Company, and GNSR Company currently estimates that the total amount of the pension payment will not exceed RMB30,000,000.

GNSR Company intends to finance the total compensation amount by way of external bank financing and/or capital contribution by its shareholders.

**Basis for
determining the
Total Compensation
Amount**

The total compensation amount for the expropriation of the relevant land is determined based on the final amount of land to be expropriated, the amount of relocated ground-level buildings, structures and attached installations thereon and the compensation standards and proposals as determined by the relevant government authority in Guangzhou City and Baiyun District.

Effective Date The Proposed Baiyun District Land Expropriation Works Implementation Agreement will become effective once it is signed and sealed by the legal representatives or authorized persons of the parties thereto.

GNSR Company will not enter into the Proposed Baiyun District Land Expropriation Works Implementation Agreement before obtaining the approval from the Shareholders in respect of the Proposed Baiyun District Land Expropriation Works Implementation Agreement at the SGM.

Timing of Expropriation Works The expropriation works shall be completed within 24 months from the time when GNSR Company has provided the construction project land use pre-approval and site determination opinion, the land surveying and delineation technical report and the land expropriation notice.

(2) Proposed Huangpu District Land Expropriation and Relocation Works Agreement

A summary of the key terms of the Proposed Huangpu District Land Expropriation and Relocation Works Agreement is as follows:

Parties

- (i) GNSR Company
- (ii) GDD Key Project Promotion Centre

Expropriation Works GDD Key Project Promotion Centre shall be responsible for, among others, the expropriation, compensation and resettlement of land, greenery, buildings and structures in Huangpu District for the construction works in the Huangpu District for the GNSR Expressway R&E Project pursuant to the relevant land expropriation laws and regulations in the PRC, which shall include (i) arranging for inspection and valuation of items subject to compensation such as the buildings, structures, other installations or greenery; (ii) expropriating the relevant land, arranging compensation and resettlement and coordinating the resolution of land ownership disputes for such land; (iii) arranging for compensation, resettlement and relocation for, among others, the buildings and structures thereon. In connection with the expropriation works, GDD Key Project Promotion Centre shall undertake, among others, the following actions:

- (i) communicating with parties as to which land will be expropriated, entering into expropriation compensation agreements with such parties, arranging for settlement of the compensation amounts to such parties and procuring the delivery of expropriated land;

- (ii) supervising and managing land within the expropriation area after the publication of the relevant notices required for land expropriation works;
- (iii) coordinating the resolution of any disputes or events arising in connection with the land expropriation works;
- (iv) monitoring and supervising the implementation of the expropriation arrangement and ensuring that the expropriation and relocation works would have obtained all necessary governmental approvals or authorisations; and
- (v) delivering the expropriated land to GNSR Company for the latter's usage.

GNSR Company is responsible for, among others, the following:

- (i) arranging for the payment of the compensation amount, which shall follow the relevant latest compensation standards issued by the government;
- (ii) providing the governmental approval papers or site plans from the natural resources department and other governmental departments for the use of land for construction, and any other necessary information for bidding and tendering in connection with the land expropriation and relocation arrangement;
- (iii) arranging for the pre-approval of land use and site selection planning, pre-announcement of land expropriation works, survey and delineation, application for approval in connection with land use, application for approval of use of forest land and pension payment arrangement for farmers whose land has been expropriated;
- (iv) arranging for the determination procedure for reserved lands for rural collectives with lands being expropriated and the implementation of resettlement of reserved lands, and bearing the relevant fees;
- (v) arranging for construction parties to repair, restore, reinforce or compensate in relation to cracks and other issues on buildings and structure arising from the project; and
- (vi) arranging for relocation of pipelines, greenbelt and other construction projects.

Expropriation Area

The land to be expropriated is currently expected to be around 1,418 Mu, with the final area to be determined in accordance with the land surveying and delineation technical report, the land expropriation announcement, the announcement regarding recovery of state-owned land use right and the supplemental land use plan to be provided by GNSR Company upon obtaining the relevant government departmental approval.

Total Compensation Amount

The total compensation amount for the expropriation of the relevant land is currently expected to be no more than RMB846,975,254, which is calculated based on the relevant compensation standards and the expected amount of land expropriation and relocation, with the final compensation amount to be determined based on the actual amount of land expropriation and relocation as confirmed by the parties thereto. If the final compensation amount exceeds the abovementioned expected amount, GNSR Company and GDD Key Project Promotion Centre shall enter into separate agreement for the portion which exceeds the current expected compensation amount.

The compensation amount shall be paid by GNSR Company to GDD Key Project Promotion Centre in cash in the following manner:

- (i) RMB50,000,000 shall be paid within 20 business days after the Proposed Huangpu District Land Expropriation and Relocation Works Agreement is executed and becomes effective as the initial funds for the commencement of the expropriation works;
- (ii) subsequent compensation amounts shall be paid in instalments within 20 business days upon presentation by GDD Key Project Promotion Centre and completion of review by GNSR Company of payment request, together with work progress report, fund use proposal for the current instalment and the fund use record for the last instalment; and
- (iii) any remaining compensation amount shall be paid within two months upon completion of all works agreed under the agreement.

GNSR Company intends to finance the total compensation amount by way of external bank financing and/or capital contribution by its shareholders.

Basis for determining the Total Compensation Amount	The total compensation amount for the expropriation of the relevant land is determined based on the final amount of land expropriation and relocation and the latest compensation standards as issued by the relevant government authority in Guangzhou City and Huangpu District.
Effective Date	The Proposed Huangpu District Land Expropriation and Relocation Works Agreement will become effective once it is signed and sealed by the legal representatives or authorized persons of the parties thereto. GNSR Company will not enter into the Proposed Huangpu District Land Expropriation and Relocation Works Agreement before obtaining the approval from the Shareholders in respect of the Proposed Huangpu District Land Expropriation and Relocation Works Agreement at the SGM.
Timing of Expropriation Works	The expropriation works shall be completed within 24 months from the time when GNSR Company has provided the land surveying and delineation technical report and the land expropriation notice.

III. PRELIMINARY CONSTRUCTION WORKS AGREEMENT

After an open tender and bidding process conducted through the Guangzhou Public Resources Trading Center, on 28 November 2022 (after trading hours), GNSR Company entered into the Preliminary Construction Works Agreement with CRTG, the successful bidder, pursuant to which CRTG will provide certain construction services to GNSR Company for the Preliminary Works Portion of the GNSR Expressway R&E Project.

The principal terms of the Preliminary Construction Works Agreement are set out below:

Date	28 November 2022
Parties	(i) GNSR Company (ii) CRTG

Subject Matter

CRTG (as the contractor) shall undertake the construction works in connection with the Preliminary Works Portion of the GNSR Expressway R&E Project, which comprises the road section starting from ZK2998+380 and ending at K3002+900 with a total length of 4.503km, and the main structures include 1 grand bridge of 1404.8 metres, 1 large bridge of 188 metres, 8 culverts, 1 passageway, 1 overpass, and 1 tunnel of 297 metres.

In connection with the construction works, CRTG shall be responsible for arranging, among others, all necessary labour and personnel, materials and construction equipment.

Construction Period

60 months commencing from the date on which the supervisor for the construction project has issued the works commencement notice.

CRTG will be subject to a daily delay fee of RMB20,000 if there are any delays to the expected construction timetable and such delay is attributable to CRTG, subject to a maximum of 10% of the total contract amount in any case.

Project Price

The total contract amount shall be RMB449,466,975, which may be subject to the adjustments based on changes in the actual work to be taken as agreed by GNSR Company and certain adjustment mechanism based on (i) the price fluctuation of certain construction materials (including but not limited to steel reinforcement, wire strand, steel materials, concrete pile and diesel) and (ii) change in the relevant PRC laws, regulations and value-added tax. GNSR Company currently does not anticipate that there will be any material adjustments to the total contract amount pursuant to the adjustment mechanism, and the Company will re-comply with the requirements under the Listing Rules (as applicable) if there are any material upward adjustments to the total contract amount under the Preliminary Construction Works Agreement.

GNSR Company intends to finance the total contract amount by way of external bank financing and/or capital contribution by its shareholders.

Basis of Determination of Project Price

The total contract amount was determined based on the bidding price offered by CRTG, which was determined based on the prevailing market price for a project of similar nature and complexity, and the contract was awarded to CRTG through an open tendering process after GNSR Company considered comprehensively a number of factors such as the bidding price, performance, technical capability and reputation of the bidders.

Prepayment

Construction prepayment in the aggregate amount of 10% of the total contract amount will be payable by GNSR Company to CRTG in instalments after CRTG has delivered the performance bond and the notice of the commencement of the construction has been issued to CRTG.

The construction prepayment may be set off against the incurred contract amount at an agreed ratio upon the incurred contract amount reaching 30% of the total contract amount.

Payment Arrangement

Amount incurred shall be paid by GNSR Company to CRTG in instalments of not less than RMB500,000 based on the construction progress of CRTG. During the construction period, once CRTG has provided a progress payment request and supporting documentations to the supervisor appointed by GNSR Company, the supervisor shall complete review of such progress payment request within 14 days and pass the same to GNSR Company for approval. GNSR Company shall then complete the approval procedure and settle such amount within 28 days after the supervisor receives the request.

Upon the completion of the construction, CRTG may provide the completion payment request to the supervisor, who shall then review the request within 14 days and pass such request to GNSR Company. GNSR Company shall complete the review within 14 days after receipt of the request from the supervisor and settle such amount within 14 days after the supervisor issues the completion payment certificate.

**Quality Guarantee
Deposit**

Within 14 days after the delivery inspection certificate is issued, CRTG shall pay a quality guarantee deposit to GNSR Company. The quality guarantee deposit may be made in the form of bank guarantee or by cash and shall represent 3% of the total contract amount. The quality guarantee deposit paid shall bear no interest.

Provided that CRTG has fulfilled its obligation during the defect responsibility period as set out below and the quality tests have been satisfied after 2 years of trial operation of the reconstructed and expanded GNSR Expressway:

- (i) 50% of the quality guarantee deposit shall be returned by GNSR Company to CRTG; and
- (ii) the remaining 50% of the quality guarantee deposit shall be treated as and used to settle the final instalment of the contract amount and shall be returned by GNSR Company to CRTG within one month after the completion inspection and final settlement amount adjustment.

Defect Responsibility Period	During the defect responsibility period, which will commence within 2 years from the date of the delivery of the completed construction works pursuant to the agreement, CRTG shall be responsible for handling and fixing any new and re-occurring defects. If the defects are found to be attributable to the fault of CRTG, the expenses for handling and fixing the defects shall be borne by CRTG.
Performance Bond	CRTG shall provide a performance bond amounting to 10% of the contract sum of the Preliminary Construction Works Agreement to GNSR Company, which shall remain effective until the issuance of the construction receipt certificate by GNSR Company and may be in the form of cash, cheque, bank guarantee or other legal means. GNSR Company shall return the performance bond to CRTG within 28 days of the issuance of the construction receipt certificate.
Effective Date	The Preliminary Construction Works Agreement will become effective once the performance bond has been provided by CRTG and the agreement has been signed and sealed by the legal representatives or authorized persons of the parties thereto.

IV. INFORMATION OF THE PARTIES IN CONNECTION WITH THE PROPOSED LAND EXPROPRIATION AGREEMENTS AND THE PRELIMINARY CONSTRUCTION WORKS AGREEMENT

The Company and 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 (Stock Code: 01052). The Group is principally engaged in the construction, investment, operation and management of toll expressways and bridges in Guangdong Province and other high growth provinces in the PRC.

GNSR Company

GNSR Company is a limited liability company established in the PRC and an indirect subsidiary of and owned as to 60% by the Company. GNSR Company is primarily engaged in the development and management of the GNSR Expressway in Guangzhou.

Baiyun Land Acquisition Office

Baiyun Land Acquisition Office is a public institution registered with the Guangzhou City Baiyun District Public Institution Management Bureau. It is primarily engaged in the implementation of land expropriation works on behalf of the district government based on the approved expropriation compensation plans, the formulation of the annual land reserve plan and implementation of the land reserve expropriation works, and the management of property expropriation works within the district.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Baiyun Land Acquisition Office is a third party independent from the Company and its connected persons.

GDD Key Project Promotion Centre

GDD Key Project Promotion Centre is a public institution registered with the Guangzhou City Huangpu District Public Institution Management Bureau. It is primarily responsible for the land expropriation and relocation works in connection with infrastructure construction projects, which include but are not limited to the implementation of expropriation and relocation projects, management of relevant funds and coordination of compensation arrangements.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, GDD Key Project Promotion Centre is a third party independent from the Company and its connected persons.

CRTG

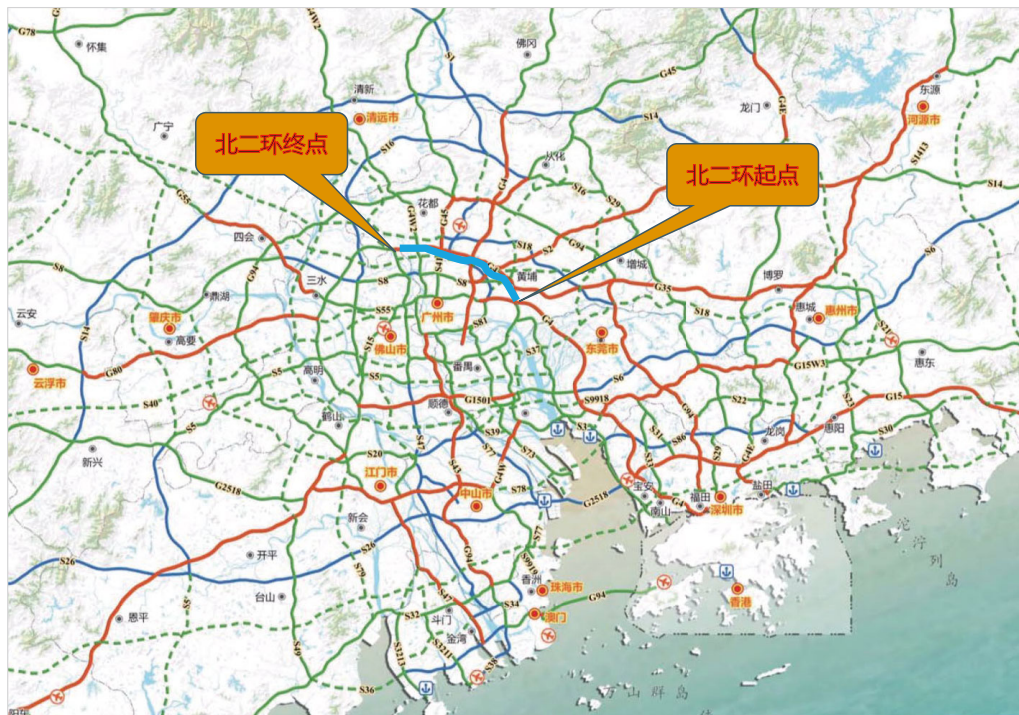
CRTG is a limited liability company established in the PRC. It is a direct subsidiary of China Railway Group Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 00390) with China Railway Engineering Group Company Limited as the controlling shareholder. China Railway Engineering Group Company Limited is majority owned by the State-owned Assets Supervision and Administration Commission of the State Council. CRTG is primarily engaged in infrastructure construction, including railway design and engineering, highway design and works, municipal utilities engineering, housing construction, mechanical and electrical installation, railway track laying and bridge erection, water resources and hydropower engineering construction and urban rail transit engineering.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, CRTG and its ultimate beneficial owner are third parties independent from the Company and its connected persons.

V. INFORMATION ON THE GNSR EXPRESSWAY

The GNSR Expressway, also known as the Huocun to Longshan section of the Shenyang-Haikou Expressway, is situated at the north of the Guangzhou city centre and runs through Baiyun District and Huangpu District of Guangzhou. It forms part of the Shenyang-Haikou Expressway (G15) and Beijing-Hong Kong and Macau Expressway (G4), as well as a key component of Guangzhou Ring Expressway (G1508). The GNSR Expressway commenced construction in November 1998 and opened for traffic in January 2002. Other than the Huocun to Luogang section which is a two-way, eight-lane expressway as a result of the expansion as part of the construction of the Xiangxue Interchange in 2019, the GNSR Expressway is a two-way, six-lane expressway with a total toll length of approximately 42.5km and a design speed of 80km/h. The toll period of the GNSR Expressway is currently scheduled to expire in January 2032. For illustrative purposes only, maps showing the location of the GNSR Expressway are set out below:

The map showing the location of the GNSR Expressway in the Greater Bay Area



The map showing the location of the GNSR Expressway in Guangzhou



Being a part of the expressway network that links two of the core tier 1 cities of the Greater Bay Area, Guangzhou and Shenzhen, as well as other key cities such as Foshan and Dongguan, the GNSR Expressway acts as a key component of the extensive traffic network in the Greater Bay Area.

VI. INFORMATION ON THE GNSR EXPRESSWAY R&E PROJECT

As set out in the Inside Information Announcement, the traffic volume of the GNSR Expressway has become substantially saturated, which has led to traffic congestion becoming a commonplace phenomenon. With the continuous growth of traffic volume in Guangzhou, actual traffic volume has already exceeded the designed capacity of the GNSR Expressway, and there is an apparent urgency for the reconstruction and expansion of the GNSR Expressway.

A feasibility report on the reconstruction and expansion project of the Shenyang-Haikou Expressway (Huocun to Longshan section) (the “**Feasibility Report**”) has been issued by CCCC Second Highway Consultants Co., Ltd.* (中交第二公路勘察設計研究院有限公司) after conducting a study on the technical details of the GNSR Expressway R&E Project according to the requirements under, among others, the Codes for Compilation of Feasibility Study Report on Highway Construction Projects (《公路建設項目可行性研究報告編製辦法》) and the Technical Standard of Expressway Projects (《公路工程技術標準》) (JTGB01-2014) as issued by the Ministry of Transport of the PRC.

The total length of the GNSR Expressway R&E Project is approximately 39.4km, with construction standards set at a two-way, ten- to twelve-lane expressway with a design speed of 100km/h. The length of the two-way twelve-lane is approximately 15.7km and the length of the two-way ten-lane is approximately 23.7km. The total length of the split, newly-built and widened bridges reaches 17,200.88m for an aggregate of 58 bridges under GNSR Expressway R&E Project, including 3 grand bridges (of 8,178m in length), 16 large bridges (of 7,874.9m in length), and 39 medium-to-small bridges (of 1,147.98m in length), as well as 2 short tunnels (of 750m in length and with a bridge-to-tunnel ratio of 45.58%). There are also 75 culverts, 3 passageways, 12 interchanges, 1 service area, 6 toll stations and 1 management centre.

The majority of key governmental pre-approvals required prior to the implementation of the GNSR Expressway R&E Project have been obtained by GNSR Company, which include but are not limited to the approval of the social stability risk assessment by the Guangzhou City Government, the pre-approval of land usage of construction project sites by the Ministry of Natural Resources of the PRC, approval of the Feasibility Report by the Ministry of Transport of the PRC and the approval by the Guangdong Provincial Development and Reform Commission. The approval from the Guangdong Provincial Development and Reform Commission specified that GNSR Company is responsible for the investment, construction, operation and maintenance management of the GNSR Expressway R&E Project. GNSR Company has obtained the governmental approval in principle accordingly.

Upon obtaining the Shareholders' approval of the Proposed Land Expropriation Agreements and the necessary approvals (which may include Shareholders' approval, if applicable) required for the subsequent main contracts of the reconstruction and expansion project, and the execution thereof, the major works of the GNSR Expressway R&E Project are expected to commence in June 2023 with the construction work to be completed, and the GNSR Expressway R&E project open to traffic, within 2028.

The total investment amount of the GNSR Expressway R&E Project is currently estimated to be approximately RMB17 billion. GNSR Company currently envisages that approximately 70% of the total investment will be funded by external bank financing, with the remaining approximately 30% of the total investment to be funded by pro-rata capital contribution from the shareholders of GNSR Company. Taking into account the shareholding interests of the Company in GNSR Company, it is currently expected that the total capital contribution of the Company in respect of the GNSR Expressway R&E Project will be approximately RMB3.06 billion, which will be contributed to GNSR Company in accordance with the construction progress during the construction period between 2022 and 2028. The Company intends to finance its capital contribution by way of its internal resources (including cash proceeds generated from the Group's spin-off of Huaxia Yuexiu Expressway REIT) and/or external financing available to the Group. The Company believes that its financial condition and cash flow position would not be materially adversely affected.

The capital invested in the GNSR Expressway R&E Project can be recovered within the operation period. The internal rate of return for the equity investment in the GNSR Expressway R&E Project is at approximately 7.2%.

Notwithstanding that the above investment amount (i) is based on the Company's current estimation only and (ii) may be subject to change in light of a number of factors in line with industry practices, including interest rate changes, changes in project construction costs, increases in land expropriation and demolition costs, fluctuating raw materials and equipment prices and modifications of the construction plans as the project progresses, the Company will endeavour to ensure that risk mitigation measures will be undertaken by GNSR Company, such as accelerating the implementation of land expropriation and demolition, optimizing the project plan to reduce project costs, strictly enforcing auditing inspection systems, properly handling budget control, close-monitoring of on-site management of construction sites, and reasonable lowering of financing costs.

VII. REASONS FOR AND BENEFITS OF INVESTMENT IN THE GNSR EXPRESSWAY R&E PROJECT AND ENTERING INTO OF THE PROPOSED LAND EXPROPRIATION AGREEMENTS AND THE PRELIMINARY CONSTRUCTION WORKS AGREEMENT

The investment, construction, operation and management of toll roads and bridge projects are within the ordinary and usual course of business of the Company. GNSR Expressway is the core component of the national network of expressways including the Shenyang-Haikou Expressway (G15) and the Beijing-Hong Kong-Macao Expressway (G4), and it is also part of the Guangzhou Expressway Network plan by being an important part of the Guangzhou Ring Expressway (G1508). As a vital traffic artery in the northern part of Guangzhou, the GNSR Expressway is essential in the expressway network of the Greater Bay Area.

Due to the continuous growth of traffic volume in Guangzhou, the traffic volume of the GNSR Expressway has been substantially saturated, which has affected the level of service of the GNSR Expressway.

As set out in the Inside Information Announcement, the GNSR Expressway R&E Project is expected to significantly improve the traffic conditions, elevate service standards, reduce traffic accidents and ensure safer travel on the GNSR Expressway. Through the GNSR Expressway R&E Project, the Company believes that it can effectively improve the asset quality of GNSR Expressway, extend the comprehensive remaining concession period, expand the scale of the Company's expressway assets, enhance the Company's future development capacity of its principal toll road business, and further strengthen the Company's core advantages in the investment, construction, operation and management of toll roads.

National Planning Reconstruction and Expansion Project

The transportation industry is a fundamental, leading and strategic industry to the national economy. It is an important service industry which constitutes an essential part of the modern economy. The GNSR Expressway R&E Project has been included as a key project under the “14th Five-Year Plan” for comprehensive transportation by the State Council, and it has been listed as a key project of Guangzhou City’s “Siege of City and Villages” operation plan for 4 consecutive years from 2019 to 2022.

Enhancing premium assets in the Greater Bay Area

In light of its advantage as the core artery linking two core tier 1 cities, namely Guangzhou and Shenzhen, GNSR Expressway is the most important revenue-generating asset and a key foundation to the sustainable development of the Company. Given GNSR Expressway is an existing project of the Company, the Company is of the view that there is a higher revenue certainty, and stable cash flow will be available after the reconstruction and expansion without additional incubation necessary. Furthermore, the implementation of the GNSR Expressway R&E Project would allow the Company to seize development opportunity and enhance premium assets in the Greater Bay Area. With the continuous increase in the economic radiation capacity of the Greater Bay Area, implementing the GNSR Expressway R&E Project is the most direct and convenient way to seize the development opportunities and gain investment projects in the Greater Bay Area, which is also in line with the investment and development strategy of the Company to “successfully establish itself in Guangdong, Hong Kong and Macao Greater Bay Area”. Taking into consideration investment return, certainty and risk management perspectives, the Company is of the view that the GNSR Expressway R&E Project would be comparable to acquiring an existing project (whether matured or under development), from a third party.

Strengthening the most important revenue generating asset

The GNSR Expressway, being an essential traffic artery in the northern part of Guangzhou, is also the most crucial revenue-generating asset of the Company. The toll revenue of the GNSR Expressway amounted to approximately 30.7% of the total toll revenue of the Company in 2021, and has been the largest source of toll revenue of the Company (since becoming the holding company of GNSR Expressway in 2007). The Company anticipates that the completion of the GNSR Expressway R&E Project will be able to increase the Company’s revenue potential. During the reconstruction and expansion period, GNSR Company is expected to adopt traffic maintenance measures to safeguard the existing traffic flow and toll collection of existing sections of the GNSR Expressway with a view to minimizing the impact on the toll revenue. As such, it is expected that during the reconstruction and expansion period, there will not be any material adverse impact on the traffic flow and revenue of GNSR Expressway.

Sustainable development

Furthermore, if the reconstruction and expansion project for the GNSR Expressway is not carried out, the operating rights of four expressway assets in which the Company is interested and two expressway assets in which the Company has a controlling stake, will expire by the end of 2030, the operating rights of the Company in all expressway assets within the Greater Bay Area will expire no later than January 2032, and existing operating rights of all expressway assets will expire by June 2042, which in such case the revenue, profit, cashflow (and in turn the operational sustainability) of the Company is expected to be materially and adversely affected.

According to Article 11 of the “Measures for the Management of Reconstruction and Expansion of Expressways by the Department of Transportation of Guangdong Province” (廣東省交通運輸廳關於高速公路改擴建管理的辦法), the reasonable toll period for new investment in expressway reconstruction and expansion projects shall be determined by factors such as estimation and calculation in accordance with the economic evaluation methodologies and parameters issued by the state and coordinated by taking into consideration the original investment and principal income. Taking into account the current total investment amount and the information set out in the Feasibility Report, the Board expects that through the completion of the GNSR Expressway R&E Project, the Company should be able to obtain an approval for the extension of the operating rights of the GNSR Expressway for a period up to 25 years until 2053 (based on the Company’s estimation and understanding of the current PRC regulatory policy initiatives proposed by the Ministry of Transport and the current expected completion time of the GNSR Expressway R&E Project), thereby enhancing the sustainability of the Company’s development significantly. However, the final toll period extension, which is expected to be finalized after the GNSR Expressway R&E Project has completed and the reconstructed and expanded GNSR Expressway is open to traffic, will be subject to approval of the People’s Government of the Guangdong Province.

Taking into account the reasons for and benefits of the GNSR Expressway R&E Project as set out above, and given the entering into of the Proposed Land Expropriation Agreements and the Preliminary Construction Works Agreement are essential steps for the implementation of the GNSR Expressway R&E Project (which has already been considered and approved by the Board), the Board is of the view that entering into of and the transactions contemplated under the Proposed Land Expropriation Agreements and the Preliminary Construction Works Agreement are fair and reasonable, on normal commercial terms, and are in the interests of the Company and the Shareholders as a whole.

VIII. LISTING RULES IMPLICATIONS

(a) Proposed Land Expropriation Agreements

As the highest applicable percentage ratio in respect of the transactions contemplated under the Proposed Baiyun District Land Expropriation Works Implementation Agreement exceeds 25% but is less than 100%, the entering into of and the transactions contemplated under the Proposed Baiyun District Land Expropriation Works Implementation Agreement will constitute a major transaction of the Company and are subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Whilst the highest applicable percentage ratio in respect of the transactions contemplated under the Proposed Huangpu District Land Expropriation and Relocation Works Agreement exceeds 5% but is less than 25% on a standalone basis, the highest applicable percentage ratio in respect of the transactions contemplated under the Proposed Huangpu District Land Expropriation and Relocation Works Agreement, when aggregated with the Baiyun District Preliminary Portion Land Expropriation Works Agreement and the Proposed Baiyun District Land Expropriation Works Implementation Agreement pursuant to Rule 14.22 of the Listing Rules, exceeds 25% but is less than 100%. As such, the entering into of and transactions contemplated under the Proposed Huangpu District Land Expropriation and Relocation Works Agreement constitute a major transaction of the Company and are subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

(b) Preliminary Construction Works Agreement

As the highest applicable percentage ratio in respect of the transactions contemplated under the Preliminary Construction Works Agreement exceeds 5% but is less than 25%, the entering into of and the transactions contemplated under the Preliminary Construction Works Agreement constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements but is exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

IX. GENERAL

The SGM will be convened and held by the Company to consider, and if thought fit, approve the entering into of and the transactions contemplated under the Proposed Land Expropriation Agreements.

As additional time is required to prepare the financial and other information to be included in the circular, a circular containing, among other things, (i) further details of the Proposed Land Expropriation Agreements and (ii) a notice of the SGM, is expected to be despatched to the Shareholders on or before 30 December 2022.

GNSR Company will not enter into the Proposed Land Expropriation Agreements before obtaining the approval from the Shareholders in respect of the Proposed Land Expropriation Agreements at the SGM. A separate announcement will be made by the Company when the Proposed Land Expropriation Agreements are executed after obtaining the approval of the Shareholders.

It is anticipated that the Group may enter into transactions contemplated under the GNSR Expressway R&E Project with different parties. In the event these transactions materialize, depending on the scale and nature of such transactions, they may or may not constitute notifiable transactions and/or connected transactions under Chapters 14 and 14A of the Listing Rules. The Company will comply with the relevant requirements of the Listing Rules in respect of these transactions accordingly. Investors are advised to pay attention to the investment risks.

X. DEFINITIONS

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

“Baiyun District”	Baiyun District of Guangzhou, the PRC
“Baiyun District Preliminary Portion Land Expropriation Works Agreement”	the Baiyun District Land Expropriation Works Entrustment Agreement for the Reconstruction and Expansion Construction Project of the Huocun to Longshan section of the Shenyang-Haikou National Expressway entered into between GNSR Company and Baiyun Land Acquisition Office on 17 October 2022 and referred to as the “Baiyun District Land Expropriation Works Agreement” in the Inside Information Announcement
“Baiyun Land Acquisition Office”	the Land Acquisition Office of the People’s Government of Baiyun District of Guangzhou City* (廣州市白雲區人民政府徵地辦公室)
“Board”	the board of Directors

“Company”	Yuexiu Transport Infrastructure Limited (越秀交通基建有限公司), an exempted company incorporated in Bermuda, the shares of which are listed on the Main Board of the Stock Exchange
“connected persons”	has the meaning ascribed to it under the Listing Rules
“CRTG”	China Railway Tunnel Group Co., Limited* (中鐵隧道局集團有限公司), a limited liability company established in the PRC
“Directors”	the directors of the Company
“GDD Key Project Promotion Centre”	Guangzhou Development District Key Project Promotion Centre* (廣州開發區重點項目推進中心)
“GNSR Company”	Guangzhou City North Second Ring Transport Technology Company Limited* (廣州市北二環交通科技有限公司), a limited liability company established in the PRC and an indirect non-wholly subsidiary of and owned as to 60% by the Company
“GNSR Expressway”	Guangzhou City Northern Second Ring Expressway, also known as the Huocun to Longshan section of the Shenyang-Haikou Expressway, further details of which are set out in the section headed “V. Information on the GNSR Expressway” in this announcement
“GNSR Expressway R&E Project”	the reconstruction and expansion project of the GNSR Expressway, further details of which are set out in the section headed “VI. Information on the GNSR Expressway R&E Project” in this announcement
“Greater Bay Area”	Guangdong-Hong Kong-Macao Greater Bay Area
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huangpu District”	Huangpu District of Guangzhou, the PRC
“Inside Information Announcement”	the inside information announcement of the Company dated 17 October 2022 in relation to the Baiyun District Preliminary Portion Land Expropriation Works Agreement entered into between GNSR Company and the Baiyun Land Acquisition Office
“km”	kilometre

“km/h”	kilometre per hour
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Preliminary Construction Works Agreement”	the Preliminary Civil Engineering Construction Contract Document (Section X1) for the Reconstruction and Expansion Construction Project of the Huocun to Longshan section of the Shenyang-Haikou National Expressway entered into between GNSR Company and CRTG dated 28 November 2022
“Preliminary Works Portion of the GNSR Expressway R&E Project”	Section X1 of the GNSR Expressway R&E Project, further details of which are set out in the section headed “III. Preliminary Construction Works Agreement” in this announcement
“Proposed Baiyun District Land Expropriation Works Implementation Agreement”	the Baiyun District Land Expropriation Works Implementation Agreement for the Reconstruction and Expansion Construction Project of the Huocun to Longshan section of the Shenyang-Haikou National Expressway proposed to be entered into between GNSR Company and Baiyun Land Acquisition Office
“Proposed Huangpu District Land Expropriation and Relocation Works Agreement”	the Huangpu District Land Expropriation Works Entrustment Agreement for the Reconstruction and Expansion Construction Project of the Huocun to Longshan section of the Shenyang-Haikou National Expressway proposed to be entered into between GNSR Company and GDD Key Project Promotion Centre
“Proposed Land Expropriation Agreements”	collectively the Proposed Baiyun District Land Expropriation Works Implementation Agreement and the Proposed Huangpu District Land Expropriation and Relocation Works Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“SGM”	the special general meeting of the Company to be convened for the Shareholders to consider and, if thought fit, approve the entering into of and the transactions contemplated under the Proposed Land Expropriation Agreements (including any adjournment thereof)
“Shareholder(s)”	the shareholder(s) of the Company

“State Council”	The State Council of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor”	such company or other organization engaged by GNSR Company for the purpose of management of the performance of the Preliminary Construction Works Agreement
“%”	per cent

* *For identification purposes only*

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

Hong Kong, 28 November 2022

As at the date of this announcement, 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**