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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)

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

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RELATION TO BANK DEPOSITS**

Reference is made to the announcement of the Company dated 29 October 2014 regarding the continuing connected transactions of the Company in relation to the Bank Deposits under the 2014 Bank Deposits Agreement which will expire on 31 December 2016.

The Board is pleased to announce that the Company entered into the 2016 Bank Deposits Agreement with CHB on 28 December 2016 to, among others, renew the term of the 2014 Bank Deposits Agreement

**LISTING RULES IMPLICATIONS FOR THE CONTINUING CONNECTED
TRANSACTIONS**

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 CHB Group therefore constitute continuing connected transactions of the Company.

As the applicable percentage ratios under Rule 14.07 of the Listing Rules for the Revised Bank Deposits Annual Caps under the 2016 Bank Deposits Agreement exceed 0.1% but are below 5%, the transactions contemplated thereunder are subject to the reporting, announcement and annual review but exempt from Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS IN RELATION TO BANK DEPOSITS

Background

Reference is made to the announcement of the Company dated 29 October 2014 regarding the continuing connected transactions of the Company in relation to the Bank Deposits.

The 2014 Bank Deposits Agreement will expire on 31 December 2016. The Board is pleased to announce that the Company entered into the 2016 Bank Deposits Agreement with CHB on 28 December 2016 to, among others, renew the term of the 2014 Bank Deposits Agreement and pursuant to which the Group may, in its ordinary and usual course of business, place and maintain Bank Deposits with CHB Group on normal commercial terms from time to time during the term of the 2016 Bank Deposits Agreement.

Pursuant to the 2016 Bank Deposits Agreement, the placing and maintenance of any Bank Deposits shall be subject to the standard terms and conditions of CHB Group applicable to institutional clients similar to the Group from time to time.

Duration

The term of 2016 Bank Deposits Agreement shall commence on 1 January 2017 and continue up to and including 31 December 2019. Subject to compliance with the Listing Rules, the 2016 Bank Deposits Agreement may be renewed by the Company and CHB by agreement in writing.

Pricing Policy

The 2016 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 or obtained from the other 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 published by the PBOC and interest rates and other terms offered by or obtained from the other banks in Mainland China to the Group.

The Group will also take into account other factors, including among others, quality of services, safety of deposits, bank reputation and cooperation history when deposits are placed with the banks.

In order to ensure that the interest rates and other terms of the Bank Deposits (both saving and time deposits) are on normal commercial terms and no less favourable to the Group, the Group will obtain quotations from at least two other independent banks. The Group will then compare the quotations offered by the respective banks, conduct assessment by taking into account the above other factors and make the selection decision in accordance with the Listing Rules.

Standard Documentation, in such form acceptable to CHB Group and the Group, may further be entered into between the relevant members of the Group and CHB Group in order to give effect to, or facilitate, the transactions contemplated under the 2016 Bank Deposits Agreement.

Historical Amounts

The historical aggregate balance of the Bank Deposits placed by the Group with CHB Group as at the end of each of the years ended 31 December 2014 and 31 December 2015 and the period for the eleven months ended 30 November 2016, and the maximum daily outstanding balance of the Bank Deposits placed by the Group with CHB Group on any given day during each of the years ended 31 December 2014 and 31 December 2015 and the period for the eleven months ended 30 November 2016 were as follows:

	For the year ended 31 December 2014⁽¹⁾ (approximately)	For the year ended 31 December 2015 (approximately)	For the eleven months ended 30 November 2016 (approximately)
Aggregate balance of the Bank Deposits as at the year/period end	HK\$196,658,584	HK\$ 94,437,853	HK\$102,851,708
Maximum daily outstanding balance of the Bank Deposits on any given day during the year/period	HK\$196,658,584	HK\$198,138,328	HK\$183,391,679

Note:

- (1) The transaction amount represents the Bank Deposits for the period from 29 October 2014 to 31 December 2014.

Revised Bank Deposits Annual Caps

The 2016 Bank Deposits Agreement further provides that the aggregate maximum balance of the Bank Deposits on any given day shall increase from HK\$200 million (the “**Original Bank Deposits Annual Caps**”) as provided for under the 2014 Bank Deposits Agreement to an amount not exceeding RMB260 million (equivalent to approximately HK\$300 million) (the “**Revised Bank Deposits Annual Caps**”).

In determining the Revised Bank Deposits Annual Caps, the Directors have taken into account the Group’s historical cash flow management and the utilization of the Original Bank Deposits Annual Caps.

INTERNAL CONTROL PROCEDURES

In order to ensure that the pricing mechanism and terms of the transactions under the 2016 Bank Deposits Agreement are fair and reasonable and no less favourable than the terms provided by any Independent Third Party, the Group has established a series of internal control procedures and external supervision measures as follows:

- (1) The Bank Deposits will be placed with CHB Group by the Group on a voluntary and non-exclusive basis. Each time before placing any Bank Deposits, the Group will obtain quotations from at least two other independent banks. The Group will then compare the quotations offered by the respective banks, conduct assessment by taking into account a number of other factors and make the selection decision in accordance with the Listing Rules.
- (2) The Group will monitor the maximum daily outstanding balance of the Bank Deposits on a daily basis to ensure that the aggregate Bank Deposits do not exceed the Revised Bank Deposits Annual Caps.
- (3) The Group will prepare a continuing connected transaction report (“**CCT Report**”) once every six months on Bank Deposits with CHB Group which will be submitted to the Group’s audit committee for consideration. The content of the CCT Report includes (i) the aggregate balance and maximum daily outstanding balance of the Bank Deposits; (ii) a summary and comparison of the interest rates of the deposits with CHB Group and the other independent banks during the relevant reporting period; and (iii) the status of compliance with the Revised Bank Deposits Annual Caps and utilization of the Revised Bank Deposits Annual Caps.

- (4) The Group's audit committee will convene meetings at least twice a year to discuss and assess the implementation of the continuing connected transactions of the Group.
- (5) The external auditors of the Group will conduct an interim review and a year-end audit for each financial year, and will issue their conclusion and letter to the Board in relation to the pricing policies and annual caps of the continuing connected transactions of the Group conducted during the preceding financial year pursuant to the Listing Rules. In addition, according to the Listing Rules, the independent non-executive Directors will conduct an annual review with respect to the continuing connected transactions of the Group throughout the preceding financial year and give confirmation on the transaction amounts and terms of the transactions in each annual report of the Group.

In view of the above, the Company considers that there are adequate internal control procedures and external supervision measures to ensure that the Continuing Connected Transactions will comply with the relevant regulatory guidelines and the terms of the 2016 Bank Deposits Agreement.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

The Group is principally engaged in investment in, operation and management of toll expressways and bridges in Guangdong Province and other high-growth provinces in Mainland China. The Group has to maintain 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 one of the most reputable and long-established authorized institutions in Hong Kong, is able to provide different banking and related services in support of the Group's business and treasury activities in the long term.

The Group will take appropriate steps to ensure that (1) there will be sufficient comparable market data for interest rate quotes available for the same term of deposit in the same period and the interest rate offered by CHB Group and (2) that the terms of the Continuing Connected Transactions would be no less favourable than the terms offered by other independent banks to the Group.

The Bank Deposits will be placed with the CHB Group by the Group on a voluntary and non-exclusive basis. There is no restriction under the 2016 Bank Deposits Agreement on the Group's ability to source the services from other banks and the Group is at its sole discretion to make its selection according to the relevant rates being offered and quality of services being delivered by the banks.

The Bank Deposits, as contemplated under the 2016 Bank Deposits Agreement, will be conducted on normal commercial terms and in a manner no less favourable than other comparable transactions that the Group entered into with other independent banks or financial institutions in Hong Kong and Mainland China.

For the above reasons, the Directors (including the independent non-executive Directors) are of the view that the 2016 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 (together with the relevant Revised Bank Deposits Annual Caps) are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS FOR THE CONTINUING CONNECTED TRANSACTIONS

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 CHB Group therefore constitute continuing connected transactions of the Company.

As the applicable percentage ratios under Rule 14.07 of the Listing Rules for the Revised Bank Deposits Annual Caps under the 2016 Bank Deposits Agreement exceed 0.1% but are below 5%, the transactions contemplated thereunder are subject to the reporting, announcement and annual review but exempt from Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INFORMATION ON THE COMPANY AND CHB

The Company

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

CHB

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

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“2014 Bank Deposits Agreement”	the master agreement dated 29 October 2014 entered into between the Company and CHB in relation to Bank Deposits
“2016 Bank Deposits Agreement”	the master agreement dated 28 December 2016 entered into between the Company and CHB in relation to Bank Deposits and to renew the term of the 2014 Bank Deposits Agreement
“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
“Bank Deposits Annual Caps”	the aggregate maximum balance of the Bank Deposits on any given day set out in this announcement
“Board”	the board of Directors
“CHB”	Chong Hing Bank Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 01111)
“CHB Group”	CHB and its subsidiaries
“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

“Continuing Connected Transactions”	the Bank Deposits
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholders”	means the Shareholders, other than YXE and its associate(s)
“Independent Third Party(ies)”	a third party which, together with its beneficial owner(s) (if any) and to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, is a third party independent of the Company and its connected persons in accordance with the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
“Mainland China”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“PBOC”	The People’s Bank of China
“RMB”	Renminbi, the lawful currency of Mainland China
“Standard Documentation”	any standard documentation, as prescribed by CHB Group in compliance with applicable legal and regulatory requirements and in accordance with usual banking practices in Hong Kong, applicable to the transactions contemplated under the 2016 Bank Deposits Agreement
“Shareholders”	shareholders of the Company

“Stock Exchange” The Stock Exchange of Hong Kong Limited

“subsidiary” has the meaning ascribed to it under the Listing Rules

“YXE” Yue Xiu Enterprises (Holdings) Limited, a limited company incorporated under the laws of Hong Kong and the controlling shareholder of each of the Company and CHB

For and on behalf of the Board
Yuexiu Transport Infrastructure Limited
Yu Tat Fung
Company Secretary

Hong Kong, 28 December 2016

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

Executive Directors: *ZHU Chunxiu (Chairman), LIU Yongjie, HE Baiqing and QIAN Shangning*

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