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If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult your licensed securities dealer or registered institution 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 with the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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越秀交通基建有限公司

Yuexiu Transport Infrastructure Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 01052)

**(1) PROPOSED MAJOR TRANSACTIONS:
PROPOSED LAND EXPROPRIATION AGREEMENTS
IN CONNECTION WITH
THE GNSR EXPRESSWAY R&E PROJECT
AND
(2) NOTICE OF SPECIAL GENERAL MEETING**

Financial adviser to the Company



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

The Board Letter is set out on pages 7 to 29 in this circular.

A notice convening the SGM to be held at Plaza I-IV, Basement 3, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong, on Tuesday, 10 January 2023 at 11:00 a.m. is set out on pages SGM-1 to SGM-2 of this circular. A form of proxy for the SGM is enclosed with this circular. Whether or not you intend to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to Tricor Abacus Limited, the Company's Hong Kong branch share registrar, 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 holding the meeting (or any adjourned meeting thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM if you so wish.

Please see pages 1 to 2 of this circular for precautionary measures that the Company will implement at the SGM in consideration of the continuing risk posed by coronavirus disease (COVID-19), including:

- limited attendance in person at the SGM venue;
- compulsory wearing of face masks and any attendees who do not wear face masks may be requested to leave or denied entry into the SGM venue;
- complying with the Vaccination Pass requirements;
- compulsory hand sanitizing before entry into the SGM venue;
- body temperature checks/screening before entry into the waiting area outside the SGM venue;
- no food and beverage service and no handing out of gift coupons or souvenirs; and
- any other additional precautionary measures as appropriate.

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

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PRECAUTIONARY MEASURES FOR THE SGM

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

LIMITED ATTENDANCE IN PERSON AT THE SGM VENUE

The Company will limit attendance in person at the SGM venue in accordance with prevailing requirements or guidelines published by the Hong Kong Government and/or regulatory authorities at the time of the SGM. Given the limited capacity of the SGM venue to ensure social distancing, only Shareholders and/or their representatives and relevant staffs will be admitted to the SGM. Admission to the SGM venue will not be granted in excess of the capacity of the SGM venue.

HEALTH AND SAFETY MEASURES AT THE SGM

- 1) All attendees must wear face masks at all times inside the SGM venue or at the waiting area outside the SGM venue. Any attendees who do not wear face masks may be requested to leave or denied entry into the SGM venue.
- 2) All attendees must comply with the Vaccination Pass requirements.
- 3) All attendees must clean their hands with alcohol-based hand sanitizer before entering the SGM venue.
- 4) Body temperature checks/screening will be conducted on all persons before they enter the waiting area outside the SGM venue. Any person with a body temperature of over 37.2 degrees Celsius or has shown flu-like symptoms may be requested to leave or denied entry into the SGM venue.
- 5) No food and beverage service will be provided and there will be no handing out of gift coupons or souvenirs.
- 6) Only a limited number of seats will be available, with no standing arrangement, in the SGM venue in order to ensure social distancing and therefore, where necessary, the Company may limit the number of attendees entering the SGM venue.
- 7) Any other additional precautionary measures in accordance with the prevailing requirements or guidelines of the Hong Kong Government, the regulatory authorities and/or the SGM venue, or as considered appropriate in light of the development of the COVID-19 pandemic.

PRECAUTIONARY MEASURES FOR THE SGM

PRECAUTIONARY MEASURES FOR THE SGM

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

Attendees are requested (i) to consider carefully the risk of attending the SGM, which will be held in an enclosed environment, (ii) to follow any prevailing requirements or guidelines of the Hong Kong Government relating to COVID-19 in deciding whether or not to attend the SGM, and (iii) not to attend the SGM if they have contracted or are suspected to have contracted COVID-19 or have been in close contact with anybody who has contracted or is suspected to have contracted COVID-19.

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

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

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

DEFINITIONS

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

“Announcement”	the announcement of the Company dated 28 November 2022 in relation to, <i>inter alia</i> , the Proposed Land Expropriation Agreements
“associate”	has the meaning ascribed to it under the Listing Rules
“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
“Board Letter”	the section headed “Letter from the Board” of this circular
“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 Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) 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)

DEFINITIONS

“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 “5. Information on the GNSR Expressway” in the Board Letter in this circular
“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 “6. Information on the GNSR Expressway R&E Project” in the Board Letter in this circular
“Greater Bay Area”	Guangdong-Hong Kong-Macao Greater Bay Area
“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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

DEFINITIONS

“Latest Practicable Date”	20 December 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“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
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	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 10 January 2023 at 11:00 a.m. for the Shareholders to consider and, if thought fit, approve, amongst others, the entering into of and the transactions contemplated under the Proposed Land Expropriation Agreements (including any adjournment thereof)
“Shareholder(s)”	the holder(s) of the Shares

DEFINITIONS

“Shares”	ordinary shares of nominal value of HK\$0.10 each in the capital of the Company
“State Council”	The State Council of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

Note:

* *For identification purposes only. In the event of inconsistency, the Chinese language shall prevail.*



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

(Incorporated in Bermuda with limited liability)
(Stock Code: 01052)

Executive Directors:

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

Register 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

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

17A Yue Xiu Building
160 Lockhart Road
Wanchai
Hong Kong

22 December 2022

To the Shareholders

Dear Sir/Madam,

**(1) PROPOSED MAJOR TRANSACTIONS:
PROPOSED LAND EXPROPRIATION AGREEMENTS
IN CONNECTION WITH
THE GNSR EXPRESSWAY R&E PROJECT
AND
(2) NOTICE OF SPECIAL GENERAL MEETING**

1. INTRODUCTION

Reference is made to:

- (i) 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; and

LETTER FROM THE BOARD

- (ii) the Announcement dated 28 November 2022 regarding, *inter alia*, the Proposed Land Expropriation Agreements under the GNSR Expressway R&E Project.

The purpose of this circular is to provide you with, among other things, (i) further details of the Proposed Land Expropriation Agreements; (ii) other information as required under the Listing Rules; and (iii) the notice of the SGM.

As set out in the 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.

GNSR Company has obtained the approval from the Guangdong Provincial Development and Reform Commission which specified that GNSR Company is responsible for the investment, construction, operation and maintenance management of the GNSR Expressway R&E Project. In other words, GNSR Company has obtained the governmental approval in principle for the GNSR Expressway R&E Project.

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.

Other than the Proposed Land Expropriation Agreements, it is anticipated that the Group may enter into further transactions under the GNSR Expressway R&E Project with different parties, which may include, among others, construction agreements for the provision of construction services by other parties to GNSR Company. 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.

Please refer to the section titled "6. Information on the GNSR Expressway R&E Project" for further details of the GNSR Expressway R&E Project.

LETTER FROM THE BOARD

2. 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 |

LETTER FROM THE BOARD

- (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.

LETTER FROM THE BOARD

**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. If GNSR Company enters into such separate agreement with the Baiyun Land Acquisition Office for the portion that exceeds the current expected compensation amount, the Company will comply with the applicable requirements under the Listing Rules (if any) in respect of the entering into of the separate agreement.

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

LETTER FROM THE BOARD

- (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.

LETTER FROM THE BOARD

3. 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 | <p>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:</p> <ul style="list-style-type: none">(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; |

LETTER FROM THE BOARD

- (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 re-settlement 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 any relocation of pipelines, greenbelt and other construction projects.

LETTER FROM THE BOARD

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. If GNSR Company enters into such separate agreement with the GDD Key Project Promotion Centre for the portion that exceeds the current expected compensation amount, the Company will comply with the applicable requirements under the Listing Rules (if any) in respect of the entering into of the separate agreement.

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;

LETTER FROM THE BOARD

- (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 representative 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.

LETTER FROM THE BOARD

4. INFORMATION OF THE PARTIES IN CONNECTION WITH THE PROPOSED LAND EXPROPRIATION AGREEMENTS

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, with the remaining interests of GNSR Company owned as to (i) 30% by Guangzhou Expressway Co., Ltd.* (廣州市高速公路有限公司), which is directly wholly-owned by Guangzhou Communications Investment Group Co., Ltd.* (廣州交通投資集團有限公司); and (ii) 10% by Guangdong Provincial Highway Construction Co., Ltd.* (廣東省公路建設有限公司), which is majority owned by Guangdong Provincial Communication Group Company Limited* (廣東省交通集團有限公司). Guangzhou Communications Investment Group Co., Ltd. is in turn wholly-owned by the State-owned Assets Supervision and Administration Commission of Guangzhou Municipal Government (廣州市人民政府國有資產監督管理委員會). Guangdong Provincial Communication Group Company Limited is in turn owned as to 90% by the People's Government of the Guangdong Province and 10% by the Department of Finance of Guangdong Province. GNSR Company is primarily engaged in the development and management of the GNSR Expressway in Guangzhou.

Baiyun Land Acquisition Office

Baiyun Land Acquisition Office, also known as Guangzhou City Baiyun District Land Development Centre* (廣州市白雲區土地開發中心) and the Buildings on State-owned Land Expropriation Office of the People's Government of Baiyun District of Guangzhou City* (廣州市白雲區人民政府國有土地上房屋徵收辦公室), is a public institution registered with the Guangzhou City Baiyun District Public Institution Management Bureau and a department of the People's Government of Baiyun District of Guangzhou City. It is primarily engaged in the implementation of land expropriation works as representative of and 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.

LETTER FROM THE BOARD

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 and a subordinated unit of the Guangzhou Development District Changlingju Management Committee* (廣州開發區長嶺居管理委員會). Guangzhou Development District Changlingju Management Committee* (廣州開發區長嶺居管理委員會), also known as Guangzhou Development District Key Project Work Office* (廣州開發區重點項目工作辦公室), is in turn a department of the Guangzhou Development District Management Committee* (廣州開發區管委會), the district governing authority of the Guangzhou Development District. GDD Key Project Promotion Centre 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.

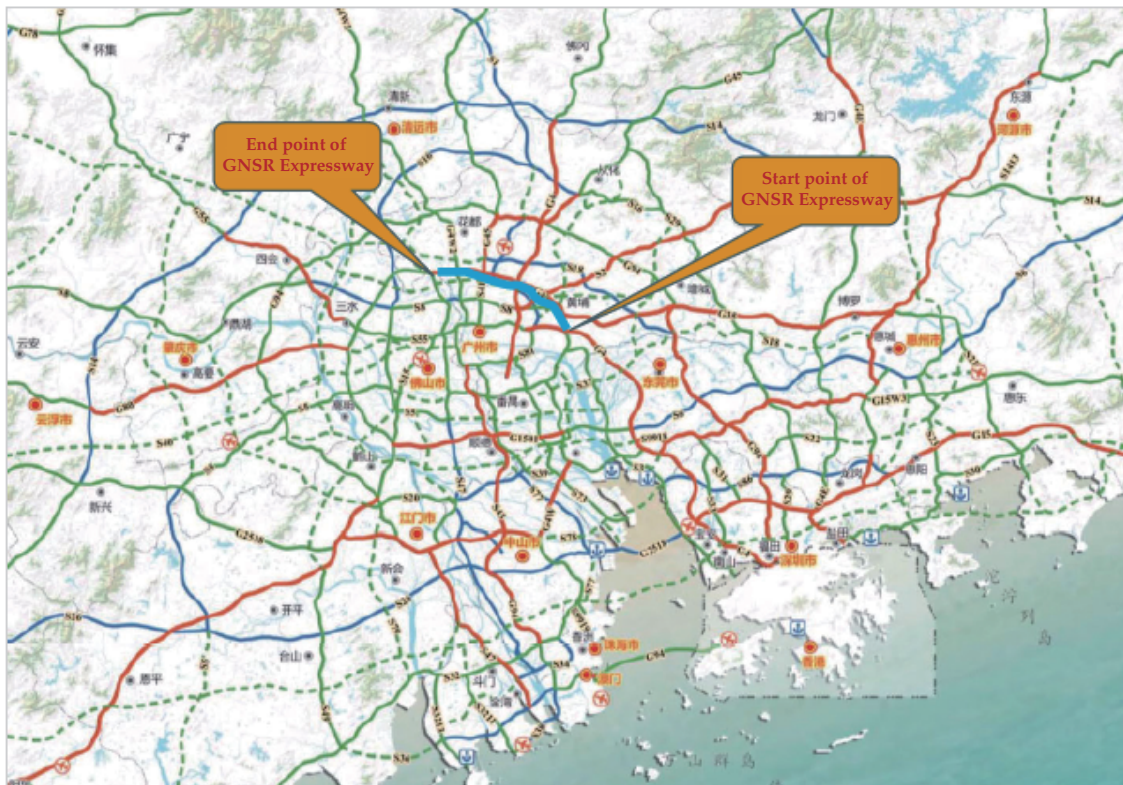
To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, GDD Key Project Promotion Centre is a third party independent from the Company and its connected persons.

LETTER FROM THE BOARD

5. INFORMATION ON THE GNSR EXPRESSWAY

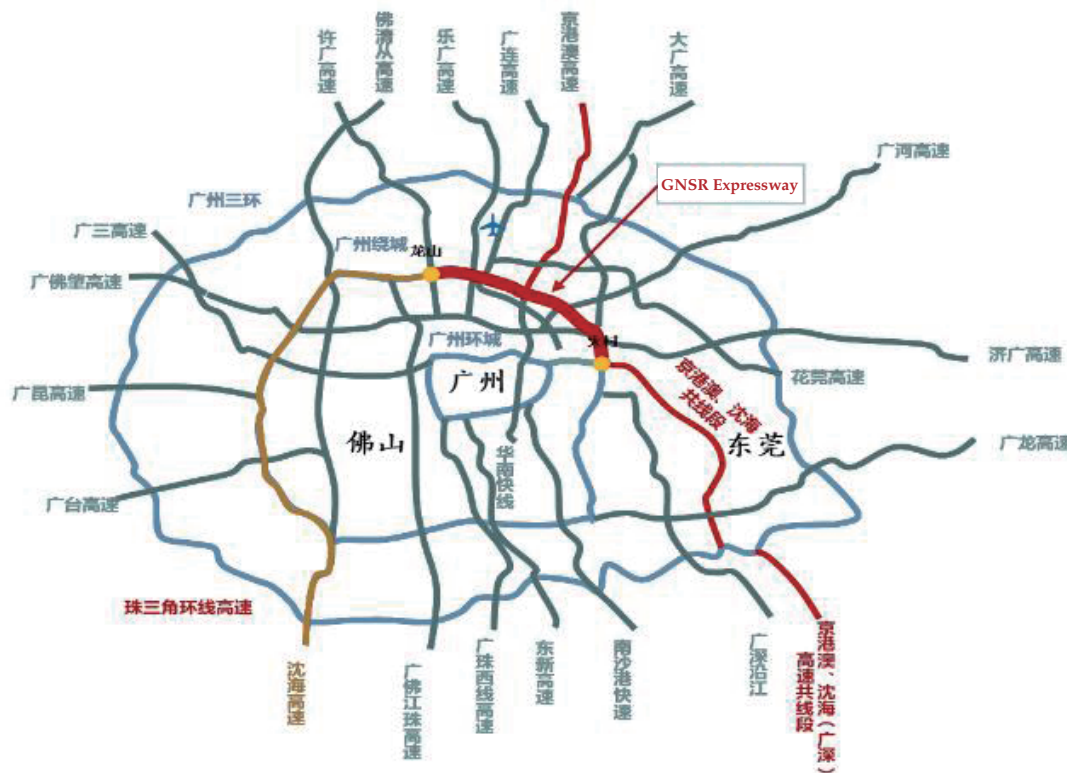
The GNSR Expressway, also known as the Huocun to Longshan section of the Shenyang-Haikou Expressway, is situated at the north of the Guangzhou city centre and runs through Baiyun District and Huangpu District of Guangzhou. It forms part of the Shenyang-Haikou Expressway (G15) and Beijing-Hong Kong and Macao 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



LETTER FROM THE BOARD

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.

6. 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 CCC 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.

LETTER FROM THE BOARD

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 approximately 17.2km for an aggregate of 58 bridges under GNSR Expressway R&E Project, including 3 grand bridges (of approximately 8.2km in length), 16 large bridges (of approximately 7.9km in length), and 39 medium-to-small bridges (of approximately 1.1km in length). 2 short tunnels (of approximately 0.8km in length) are also included in the GNSR Expressway R&E Project. The bridges-and-tunnels ratio, being ratio of the total length of bridges and tunnels to the total length of the GNSR Expressway R&E Project, is approximately 46%. 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 the 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. The 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.

LETTER FROM THE BOARD

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.

As the GNSR Expressway R&E Project involves a wide spectrum of works and processes at different stages including expropriation, demolition and relocation of lands, buildings and structures along the expressway, as well as design, tendering, construction and completion settlements, and the GNSR Expressway R&E Project involves sophisticated construction processes, there are a number of unforeseen factors which could affect the progress and scheduled completion time of and investment amount into the GNSR Expressway R&E Project, including but not limited to disputes arising under land expropriation arrangements, technical complications arising from the construction works and risks involving compliance with environmental protection policies. In order to mitigate such risks, GNSR Company has engaged public institutions under supervision of the respective provincial governments to assist with the land expropriation works to ensure that the land expropriation works are sufficiently monitored, and GNSR Company has also conducted a number of feasibility and technical studies prior to the implementation phase of the GNSR Expressway R&E Project with a view to minimize any unforeseen technical construction complications. Furthermore, the Company will also ensure that the supervision and on-site management are in place during the construction phase to effectively deal with any technical complications. As for compliance with environmental protection policies, the environmental impact report for the preliminary works portion of the GNSR Expressway R&E Project has been approved by, and the environmental impact report for all works under the GNSR Expressway R&E Project is also expected to be approved by, the Ecology and Environment Bureau of Guangzhou City before the respective construction works are undertaken, and GNSR Company will also supervise and ensure that the relevant construction units will undertake environmental protection measures based on relevant laws and regulations during the construction phase and cooperate with any supervision and guidance from the respective governmental authorities during the construction phase.

Furthermore, the progress and scheduled completion time of and investment amount into the GNSR Expressway R&E Project may be adversely affected by the COVID-19 pandemic and/or other public health incidents. In this respect, the relevant construction units will be required to formulate and strictly implement on-site prevention and control measures in construction sites of the GNSR Expressway R&E Project during the construction phase based on the pandemic control and preventive measures implemented by the relevant governmental authorities from time to time.

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In relation to the Proposed Land Expropriation Agreements, the land expropriation works thereunder are intended to be completed within 24 months after GNSR Company has provided the land surveying and delineation technical report, the land expropriation notice and such other document as set out in the respective Proposed Land Expropriation Agreements (the “Land Expropriation Commencement Date”). Taking into account there has been sufficient support and resources from the relevant government authorities to progress the land expropriation works and the nature of the land expected to be expropriated based on the current proposal (which are predominantly arable lands and farmlands as opposed to densely populated urban areas), the Company currently believes that the land expropriation timetable is reasonable, and both the Group and the Guangzhou Municipal Government are committed to use their best endeavours to ensure that the land expropriation works will be completed within 24 months from the Land Expropriation Commencement Date. In particular, Guangzhou Municipal Government will set up a command centre for the GNSR Expressway R&E Project to strengthen the overall planning for, and smoothen the implementation of, the project with a view to ensure that the land expropriation and construction works under the project can commence in full swing, and subsequently the GNSR Expressway R&E Project can be completed and commence operation, as soon as possible and on the basis that the applicable laws and regulations are complied with and the required procedures are fulfilled. During the land expropriation process, the Company will closely monitor the land expropriation works progress and promptly liaise with the Guangzhou Municipal Government on any issues which may arise with a view to resolve such issues and ensure that the land expropriation works can be completed within 24 months from the Land Expropriation Commencement Date.

Nonetheless, the Company understands that there might various factors that could potentially lead to delay in the land expropriation progress beyond the 24 months from the Land Expropriation Commencement Date, including (i) issues arising in light of the fact that the Group may not have much experience in undertaking major expressway reconstruction and expansion projects, (ii) severe scrutiny from the government authority if the actual amount of land expropriated from arable land or permanent basic farmland deviates for more than 10% from the pre-approved amount or (iii) such other unforeseen circumstances which may be out of control of the Company and the relevant government authority. In the event the land expropriation works will not be able to be completed within 24 months from the Land Expropriation Commencement Date, the progress of the GNSR Expressway R&E Project, including the subsequent construction arrangements, could also be delayed as a result.

The Company understands that any delay in the land expropriation works beyond 24 months from the Land Expropriation Commencement Date will not affect the validity of the approval in principle from the Guangdong Provincial Development and Reform Commission. Given the continued validity of the approval in principle as mentioned above as well as the fact that the GNSR Expressway R&E Project is a key project under the “14th Five-Year Plan” for comprehensive transportation by the State Council and the completion of the land expropriation arrangement under the Proposed Land Expropriation Agreements represents the common goal of GNSR Company and the respective district government of the Baiyun District and the Huangpu District, in the unlikely event that the land expropriation works are delayed beyond 24 months from the

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Land Expropriation Commencement Date, GNSR Company, together with Baiyun Land Acquisition Office and/or the GDD Key Project Promotion Office, will continue to complete the remaining land expropriation works as soon as possible with a view to minimize any potential impact of the delay in the land expropriation works to the progress of the GNSR Expressway R&E Project.

7. REASONS FOR AND BENEFITS OF INVESTMENT IN THE GNSR EXPRESSWAY R&E PROJECT AND ENTERING INTO OF THE PROPOSED LAND EXPROPRIATION AGREEMENTS

The investment into, construction and 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 and 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 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 and operation 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.

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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, the 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 minimize 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.

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According to Article 11 of the “Measures for the Management of Reconstruction and Expansion of Expressways by the Department of Transport 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. In particular, as set out in the “Regulations on the Administration of Toll Road” (收費公路管理條例) as published by the State Council, it was clarified that the operating period shall be granted on the principle that the operator shall be able to recuperate its investments into the expressway and obtain reasonable return, and any operating period being granted shall be no more than 25 years. Taking into account the new investment into the GNSR Expressway under the GNSR Expressway R&E Project 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. 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 final approval of the People’s Government of the Guangdong Province after the submission of the application for assessment of the operating period by GNSR Company and completion of the technical valuation by qualified valuer appointed by the Department of Transport of Guangdong Province.

Taking into account the regulatory and policy justification for the extension of the operating period and the total investment amount into the GNSR Expressway R&E Project (being new investment into the GNSR Expressway by GNSR Company), the Board believes there would be sufficient regulatory and policy bases as well as feasibility for obtaining the official approval for the extension of the operating period from the Guangdong Provincial Government.

With a view to obtain the extension, GNSR Company will strengthen its communication with the People’s Government of Guangdong Province as well as other competent authorities and will undertake the steps necessary for obtaining the extension of operating period as soon as possible after the completion of the GNSR Expressway R&E Project.

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 is an essential step 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 are fair and reasonable, on normal commercial terms, and are in the interests of the Company and the Shareholders as a whole.

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8. LISTING RULES IMPLICATIONS

As set out in the section titled “6. Financial Impact of Transactions Contemplated under the Proposed Land Expropriation Agreements” in Appendix I of this circular, all amounts paid under the Proposed Land Expropriation Agreements will be recorded and included in the Group’s consolidated balance sheet as intangible operating rights (being one form of the Group’s non-current assets) after completion of the transactions contemplated thereunder, and thus the transactions contemplated under the Proposed Land Expropriation Agreements are essentially acquisitions of intangible assets from the Group’s perspective. As such, the transactions contemplated under the Proposed Land Expropriation Agreements constitute transactions under Rule 14.04(1) of the Listing Rules.

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.

9. SGM

A notice convening the SGM to be held at Plaza I-IV, Basement 3, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong, on Tuesday, 10 January 2023 at 11:00 a.m. is set out on pages SGM-1 to SGM-2 of this circular.

The register of members of the Company will be closed from Friday, 6 January 2023 to Tuesday, 10 January 2023, both days inclusive, during which period no transfer of Shares can be registered. The record date for ascertaining Shareholders’ entitlement to attend and vote at the SGM will be Tuesday, 10 January 2023. In order to qualify for attending and voting at the SGM, all transfer forms accompanied by the relevant share certificates must be lodged for registration with Tricor Abacus Limited, the branch share

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registrar and transfer office of the Company in Hong Kong, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on Thursday, 5 January 2023.

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

The ordinary resolution to approve the entering into of and the transactions contemplated under the Proposed Land Expropriation Agreements at the SGM will be taken by poll and an announcement on the results of the SGM will be made by the Company after the SGM.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, none of the Shareholders has a material interest in the Proposed Land Expropriation Agreements and transactions contemplated thereunder. As such, no Shareholder is required to abstain from voting on the resolution to approve the Proposed Land Expropriation Agreements and the transactions contemplated thereunder.

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.

10. RECOMMENDATION

The Directors are of the opinion that the entering into of and the transactions contemplated under the Proposed Land Expropriation Agreements are fair and reasonable, on normal commercial terms, and are in the interests of the Company and the Shareholders as a whole. The Directors, therefore, recommend the Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Proposed Land Expropriation Agreements and the transactions contemplated thereunder.

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11. ADDITIONAL INFORMATION

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

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.

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

1. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for the financial year ended 31 December 2019, the financial year ended 31 December 2020, the financial year ended 31 December 2021 and the six months ended 30 June 2022 respectively was set out in the annual reports and the interim report of the Company for these periods respectively and are available on the website of the Stock Exchange set out below:

Financial period ended	Website
31 December 2019	https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0329/2020032900401.pdf
31 December 2020	https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0401/2021040104158.pdf
31 December 2021	https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0401/2022040102408.pdf
Interim report for the six months ended 30 June 2022	https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0830/2022083000281.pdf

2. INDEBTEDNESS STATEMENT

Borrowings and lease liabilities

As at the close of business on 31 October 2022, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the total borrowings and lease liabilities of the Group was RMB16,718 million, comprising of secured borrowings from banks of RMB4,779 million, unsecured borrowings from banks and financial institutions of RMB2,592 million, unsecured notes payable of RMB6,114 million, unsecured corporate bonds of RMB3,170 million, unsecured loan from non-controlling interests of RMB50 million, and lease liabilities of RMB13 million, and all of the borrowings and lease liabilities were unguaranteed. Borrowings of RMB4,779 million were secured by the toll collection rights of the Group.

Contingent liabilities

As at the close of business on 31 October 2022, the Group did not have any material contingent liabilities.

Save as aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of business, as at the close of business on 31 October 2022, the Group did not have any other debt securities issued and outstanding, and authorised or otherwise created but unissued, or term loans or other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances or acceptances credits or hire purchase commitments, or outstanding mortgages and charges, or contingent liabilities or guarantees.

3. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

For the financial year ended 31 December 2021, the Group recorded revenue of RMB3,702 million, representing a year-on-year increase of 26.8%. Profit attributable to shareholders amounted to RMB1,465 million, representing a year-on-year increase of 812.8%. However, due to the impact of COVID-19 control and the overall economic conditions during the six months ended 30 June 2022, the Group recorded revenue of RMB1,616 million, representing a decrease of 11.8% compared to the same period in 2021, and profit attributable to shareholders amounted to RMB295 million, representing a decrease of 36.9% compared to the same period in 2021.

The downward pressure on the macro economy has increased in the first half of 2022 as a result of a number of unexpected factors, such as the recurrence of the COVID-19 pandemic and the crisis in Ukraine. The prevalence of the Omicron variant has also led to stringent lockdown or control measures in various cities during the period, and traffic volume and toll revenue on highways across the PRC significantly declined as a whole in light of restricted movement of people and goods. Since 11 November 2022, the PRC government has adopted a series of more effective prevention and control measures. The new 20 pandemic prevention and control measures have been adapted to the new characteristics of the COVID-19 mutations, and the prevention and control measures are scientifically and precisely refined. The improvement in the pandemic landscape and the relaxation of control measures will help the recovery and growth of traffic flow and revenue for the various projects of the Group.

During the 14th-Five-Year Period, the Group will also firmly grasp the strategic opportunity period for expressway investment and mergers and acquisitions. Gaining a foothold in the Guangdong-Hong Kong-Macao Greater Bay Area and covering the regions benefiting from urbanisation process and rapid industrialisation development, with full utilisation of interaction model of its three platforms, the Group continues to strengthen and expand its infrastructure business, with a particular focus on toll roads. In light of the above, the resolution for the acquisition of the target company holding Lanwei Expressway in Henan Province by Yuexiu (China) Transport Infrastructure Investment Company Limited* (越秀(中國)交通基建投資有限公司) (“YXT China”), a wholly-owned subsidiary of the Company, has been approved by way of poll in the special general meeting held on 18 November 2022.

In early July 2022, the “National Highway Network Planning” unveiled by the National Development and Reform Commission and the Ministry of Transport indicates that, among others, “approximately 30,000 kilometres of busy roads need to be expanded and renovated in the future”. The introduction of such policy helps and will continue to help the Group to actively explore opportunities in existing projects for reconstruction and expansion, namely the GNSR Expressway R&E Project in light of the substantially saturated traffic volume of GNSR Expressway.

4. SUFFICIENCY OF WORKING CAPITAL

The Directors are of the opinion that, after taking into account the financial resources available to the Group (including the Group's internal resources, available banking and other borrowing facilities) as well as the effect of the transactions contemplated under the Proposed Land Expropriation Agreements, the working capital available to the Group is sufficient for the Group's requirements for at least 12 months from the date of this circular.

5. NO MATERIAL ADVERSE CHANGE

The Directors confirm that there was no material adverse change in the financial position or trading position of the Group since 31 December 2021, being the date to which the latest published audited financial statements of the Group were made up, up to and including the Latest Practicable Date.

6. FINANCIAL IMPACT OF TRANSACTIONS CONTEMPLATED UNDER THE PROPOSED LAND EXPROPRIATION AGREEMENTS

The Group expects GNSR Company will finance the relevant land expropriation amount through the capital contribution by its shareholders and external financing. The Group's cash and cash equivalents are expected to decrease, and the Group's external financing is expected to increase after the completion of the transactions contemplated under the Proposed Land Expropriation Agreements.

The Group also expects that all amounts paid under the Proposed Land Expropriation Agreements will be recorded and included in the Group's consolidated balance sheet as intangible operating rights (being one form of the Group's non-current assets) after completion of the transactions contemplated under the Proposed Land Expropriation Agreements.

The interest costs of external financing attributable to the transactions contemplated under the Proposed Land Expropriation Agreements are expected to be recorded and included in the Group's consolidated balance sheet as intangible operating rights (being one form of the Group's non-current assets). Therefore, the Group expects that such interest costs will not affect the Group's profit and loss statement and net profit before completion of the GNSR Expressway R&E Project.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the shares and, in respect of equity derivatives, underlying shares in, and debentures of, the Company or 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 or short positions which they have taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or, which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) contained in the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

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

Name of Director	Capacity	Number of Shares held (long position)	Number of underlying Shares held	Number of Shares held (short position)	Approximate % of shareholding in the total issued Shares
Mr. He Baiqing	Beneficial owner	52,000	1,371,993 (Note 1)	Nil	0.09
Mr. Cai Minghua	Beneficial owner	Nil	519,131 (Note 2)	Nil	0.03
Mr. Lau Hon Chuen Ambrose	Beneficial owner	195,720	Nil	Nil	0.01
Mr. Cheung Doi Shu	Beneficial owner	500,000	Nil	Nil	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 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 and the exercise period of which is 9 July 2023 to 8 July 2031.

(b) Interests in associated corporation(s)

Name of Director	Name of associated corporation	Capacity	Approximate % of shareholding in the total issued Shares	Number of Shares held (long position)	Number of Shares held (short position)
Mr. Li Feng	Yuexiu Property Company Limited	Beneficial owner	0.001	34,580	Nil
Mr. Lau Hon Chuen Ambrose	Yuexiu Property Company Limited	Beneficial owner	0.031	968,240	Nil

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company or their respective associates had any interests or short positions in the shares or, in respect of equity derivatives, underlying shares in, or 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 they have taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

(c) Directorship in or Employment with Substantial Shareholders

As at the Latest Practicable Date, (i) Mr. Li Feng, a Director, was a director of each of Grace Lord Group Limited (“**Grace Lord**”) and Housemaster Holdings Limited (“**Housemaster**”), and the chief capital officer of Guangzhou Yue Xiu Holdings Limited* (“**Guangzhou Yue Xiu**”) and Yue Xiu Enterprises (Holdings) Limited (“**Yue Xiu Enterprises**”); and (ii) Ms. Chen Jing, a Director, was a director of each of Grace Lord and Housemaster, the chief financial officer and general manager of the finance department of Guangzhou Yue Xiu and Yue Xiu Enterprises. Grace Lord, Housemaster, Guangzhou Yue Xiu, Yue Xiu Enterprises are entities who had interests in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO. Save as

disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Directors was a director or employee of a company which has an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' INTERESTS IN ASSETS/CONTRACTS AND OTHER INTERESTS

- (a) As at the Latest Practicable Date, none of the Directors had, or have had, any direct or indirect interests in any assets which have been acquired or disposed of by or leased to, or which are proposed to be acquired or disposed of by or leased to, any member of the Group since 31 December 2021, the date to which the latest published audited consolidated financial statements of the Group were made up.
- (b) There was no contract or arrangement subsisting as at the date of this circular in which any of the Directors was materially interested and which is significant in relation to the business of the Group.

4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors nor their respective close associates had any interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

5. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, arbitration or claims of material importance and, so far as the Directors were aware, no litigation or claim of material importance was pending or threatened by or against any member of the Group.

6. 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 any member of the Group within one year without payment of compensation (other than statutory compensation).

7. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) had been entered into by the members of the Group within the two years immediately preceding the date of this circular which are or may be material:

- (a) the conditional sale and purchase agreement in relation to the transfer of 100% of the equity interests in Henan Yuexiu Lanwei Expressway Company Limited* (河南越秀蘭尉高速公路有限公司)("Lanwei Expressway Company")

entered into between Guangzhou Yue Xiu as vendor and YXT China as purchaser on 17 October 2022, pursuant to which Guangzhou Yue Xiu agreed to sell and YXT China agreed to purchase 100% of the equity interest in Lanwei Expressway Company at a purchase price of RMB1,098,000,000, with Lanwei Expressway Company holding the toll collection right over and operating Lanwei Expressway; and

- (b) the equity transfer agreement entered into between YXT China as transferor and Hubei Yuetong Transport Investment Co., Ltd.* (湖北越通交通投資有限責任公司) (“**Spin-off SPV**”) as transferee in relation to the transfer of the entire equity interest in the Hubei Han Xiao Highway Construction and Operations Company Limited* (湖北漢孝高速公路建設經營有限公司) (the “**Spin-off Project Company**”) dated 12 November 2021, pursuant to which YXT China agreed to transfer the entire equity interest in the Spin-off Project Company, which owns the Wuhan-Xiaogan Expressway (the “**Spin-off Project**”), at the consideration of approximately RMB2,128,500,000, with such transfer being one component of a series of reorganization steps for the separate listing of the Spin-off Project on the Shenzhen Stock Exchange through the establishment of the CAMC-Yuexiu Expressway Close-end Infrastructure Securities Investment Fund as a close-ended publicly-listed infrastructure securities investment fund.

8. MISCELLANEOUS

- (a) The company secretary of the Company is Mr. Yu Tat Fung, a Solicitor of the High Court of Hong Kong.
- (b) The registered office of the Company is at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda. The head office and principal place of business of the Company in Hong Kong is at 17A Yue Xiu Building, 160 Lockhart Road, Wanchai, Hong Kong.

9. DOCUMENTS ON DISPLAY

Copies of the Proposed Land Expropriation Agreements are available on (i) the website of the Company (www.yuexiutransportinfrastructure.com); and (ii) the website of the Stock Exchange (www.hkexnews.hk) during the period of 14 days from the date of this circular.

NOTICE OF SGM



越秀交通基建有限公司

Yuexiu Transport Infrastructure Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 01052)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (“SGM”) of Yuexiu Transport Infrastructure Limited (“Company”) will be held at Plaza I-IV, Basement 3, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong, on Tuesday, 10 January 2023 at 11:00 a.m. to consider and, if thought fit, approve, with or without modifications, the following resolution as an ordinary resolution. Unless otherwise indicated, capitalized terms used in this notice and the following resolution shall have the same meanings as those defined in the circular of the Company dated 22 December 2022 (the “Circular”) to which this notice forms part.

ORDINARY RESOLUTION

“THAT:

- (a) the Proposed Land Expropriation Agreements (a copy each of which is produced to the SGM marked “A” and initialed by the chairman of the SGM for the purpose of identification), and the terms and conditions thereof and the transactions provided or contemplated thereunder, and the implementation thereof be and are hereby approved and confirmed; and
- (b) any one or more Directors be and are hereby authorised for and on behalf of the Company to procure the signing, execution, perfection, performance and delivery of the Proposed Land Expropriation Agreements and sign, execute, perfect, perform and deliver all such other agreements, instruments, deeds and documents and do all such acts or things and take all such steps as he/they may in his/their absolute discretion consider to be necessary or expedient to implement or give effect to or otherwise in connection with or incidental to the proposed agreements set out in paragraph above and all the transactions contemplated thereunder and to agree to such variations, amendments or waivers as are, in his/their opinion, in the interests of the Company and its shareholders.”

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

22 December 2022

NOTICE OF SGM

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 Tricor Abacus Limited, the Company's Hong Kong branch share registrar 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 Friday, 6 January 2023 to Tuesday, 10 January 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 SGM will be Tuesday, 10 January 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 Tricor Abacus Limited, the Company's Hong Kong branch share registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on Thursday, 5 January 2023.
7. In consideration of the continuing risk posed by the coronavirus disease (COVID-19) and to manage the potential health risks of persons attending the SGM, the Company will implement certain precautionary measures at the SGM. For further details, please refer to the circular of the Company dated 22 December 2022.

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

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