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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)**

### **CONNECTED TRANSACTIONS**

### **2024 LEASE AGREEMENTS**

#### **2024 LEASE AGREEMENTS**

On 29 December 2023 (after trading hours), the relevant subsidiaries of the Company (as tenants) and YX IFC (as landlord) entered into the 2024 Lease Agreements in respect of certain properties located in Guangzhou IFC, an office building located in Guangzhou, the PRC.

#### **IMPLICATIONS UNDER THE LISTING RULES**

Pursuant to HKFRS 16, leases shall be recognised as right-of-use assets in the Group's consolidated statement of the financial position for the accounting period on or after 1 January 2019. Accordingly, the entering into of each 2024 Lease Agreement will be regarded as a one-off acquisition of assets of the Group for the purposes of the Listing Rules. Since YX IFC is a connected person of the Company under the Listing Rules, each 2024 Lease Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Each of Lease Agreement B, Lease Agreement C, Lease Agreement D, Lease Agreement F and Lease Agreement G, on a standalone basis, constitutes a connected transaction of the Company which is fully exempt from the reporting, announcement, circular (including independent financial advice) and independent shareholders' approval requirements pursuant to Rule 14A.76(1)(a) of the Listing Rules.

Each of Lease Agreement A and Lease Agreement E, on a standalone basis, constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules which is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but is exempt from circular (including independent financial advice) and independent shareholders' approval requirements pursuant to Rule 14A.76(2)(a) of the Listing Rules.

Under the Listing Rules, given the Leased Properties are located in Guangzhou IFC, they are required to be aggregated as if they were one transaction. The 2024 Lease Agreements, on an aggregate basis, constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules which is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but is exempt from the circular (including independent financial advice) and independent shareholders' approval requirements pursuant to Rule 14A.76(2)(a) of the Listing Rules.

## 1. BACKGROUND

On 31 December 2020, the relevant subsidiaries of the Company (as tenants) entered into the 2021 Lease Agreements with YX IFC (as landlord) in relation to the leasing of properties located at Guangzhou IFC, an office building located in Guangzhou, the PRC. By 31 December 2023, the terms of all 2021 Lease Agreements will have expired. For the reasons disclosed in section 5 of this announcement, on 29 December 2023 (after trading hours), the relevant subsidiaries of the Company (as tenants) and YX IFC (as landlord) entered into the 2024 Lease Agreements in respect of certain properties located in Guangzhou IFC.

## 2. PRINCIPAL TERMS OF THE 2024 LEASE AGREEMENTS

### 2.1 Common terms

Each 2024 Lease Agreement has the following common terms:

- (a) the lease term is three years commencing on 1 January 2024 (except for Lease Agreement G the term of which is one year commencing on 1 January 2024);
- (b) the monthly rent is approximately RMB262.30 per square metre (except for (i) Lease Agreement F under which the monthly rent is approximately RMB230.70 per square metre, and (ii) Lease Agreement G under which the monthly rent is approximately RMB205.80 per square metre given the units under Lease Agreement F and Lease Agreement G are at lower floors and have different external views);
- (c) the rent is payable on a quarterly basis; and
- (d) subject to the relevant tenant having complied with the terms of the relevant 2024 Lease Agreement, the rent for one month in the first quarter of each year will be waived (except for Lease Agreement G which does not provide for waiver of rent).

Summaries of the other principal terms of the 2024 Lease Agreements are set out in sections 2.2 to 2.8 below.

### 2.2 Lease Agreement A

Tenant	Guangzhou Yue Tong
Premises in Guangzhou IFC	Unit 1701A
Total monthly rent	RMB415,769.55 (VAT of RMB19,798.55 inclusive)
Deposit	RMB831,539.10 (any VAT as may be payable in respect of breaches of the lease may also be deducted from the deposit)

Area of premises	1,585.09 square metres
Usage	Office

### **2.3 Lease Agreement B**

Tenant	Guangzhou Yue Tong
Premises in Guangzhou IFC	Unit 1701B
Total monthly rent	RMB68,536.65 (VAT of RMB3,263.65 inclusive)
Deposit	RMB137,073.30 (any VAT as may be payable in respect of breaches of the lease may also be deducted from the deposit)
Area of premises	261.29 square metres
Usage	Office

### **2.4 Lease Agreement C**

Tenant	Guangzhou Yue Peng
Premises in Guangzhou IFC	Unit 1701C
Total monthly rent	RMB69,997.20 (VAT of RMB3,333.20 inclusive)
Deposit	RMB139,994.40 (any VAT as may be payable in respect of breaches of the lease may also be deducted from the deposit)
Area of premises	266.86 square metres
Usage	Office

### **2.5 Lease Agreement D**

Tenant	Guangzhou Suiqiao
Premises in Guangzhou IFC	Unit 1701D
Total monthly rent	RMB52,719.45 (VAT of RMB2,510.45 inclusive)
Deposit	RMB105,438.90 (any VAT as may be payable in respect of breaches of the lease may also be deducted from the deposit)
Area of premises	200.99 square metres
Usage	Office

## **2.6 Lease Agreement E**

Tenant	Guangzhou Yue Tong
Premises in Guangzhou IFC	Unit 1701E
Total monthly rent	RMB224,518.35 (VAT of RMB10,691.35 inclusive)
Deposit	RMB449,036.70 (any VAT as may be payable in respect of breaches of the lease may also be deducted from the deposit)
Area of premises	855.96 square metres
Usage	Office

## **2.7 Lease Agreement F**

Tenant	Guangzhou Yue Tong
Premises in Guangzhou IFC	Unit 601F
Total monthly rent	RMB29,297.10 (VAT of RMB1,395.10 inclusive)
Deposit	RMB58,594.20 (any VAT as may be payable in respect of breaches of the lease may also be deducted from the deposit)
Area of premises	126.99 square metres
Usage	Office

## **2.8 Lease Agreement G**

Tenant	Guangzhou Yue Tong
Premises in Guangzhou IFC	Unit 440A of the Extension Portion (附樓)
Total monthly rent	RMB39,005.40 (VAT of RMB1,857.40 inclusive)
Deposit	RMB78,010.80 (any VAT as may be payable in respect of breaches of the lease may also be deducted from the deposit)
Area of premises	189.53 square metres
Usage	Staff canteen

### 3. BASIS FOR THE DETERMINATION OF THE TERMS OF THE 2024 LEASE AGREEMENTS

The terms (including the rent) of each 2024 Lease Agreement were determined after arm's length negotiations between the Group and YX IFC and with reference to the prevailing market rent for properties of similar type, age and location (including the market rent for other units in Guangzhou IFC) and an opinion on the fairness and reasonableness of the rent of each 2024 Lease Agreement by an independent valuer with an assessment date of 22 November 2023. The rent payable under each 2024 Lease Agreement will be funded by the internal resources of the Group.

### 4. RIGHT-OF-USE ASSETS

Pursuant to HKFRS 16, leases shall be recognised as right-of-use assets in the Group's consolidated statement of the financial position for the accounting period on or after 1 January 2019. Accordingly, the entering into of each 2024 Lease Agreement will be regarded as a one-off acquisition of assets of the Group for the purposes of the Listing Rules.

The estimated value of the right-of-use assets (unaudited) to be recognised by the Company under each 2024 Lease Agreement is set out below:

<b>2024 Lease Agreement</b>	<b>Estimated value of the right-of-use assets (RMB)</b>
Lease Agreement A	13,035,084
Lease Agreement B	2,148,741
Lease Agreement C	2,194,531
Lease Agreement D	1,652,845
Lease Agreement E	7,039,033
Lease Agreement F	918,514
Lease Agreement G	460,755
<b>Total</b>	<b>27,449,503</b>

The estimated value of the right-of-use assets disclosed above represents the present value of the aggregate lease payments under the relevant 2024 Lease Agreement (excluding deposits payable thereunder) using the rate applicable at the commencement date of the relevant 2024 Lease Agreement in accordance with HKFRS 16. The discount rate of approximately 3.45% is applied to compute the present value of the aggregate lease payments under the 2024 Lease Agreements.

## 5. REASONS FOR AND BENEFITS OF THE 2024 LEASE AGREEMENTS

Due to the operational need of the Group, it is necessary for the Group to rent offices in Guangzhou, the PRC. Guangzhou IFC is conveniently located in a prime location in Guangzhou and the rents payable under each 2024 Lease Agreement are at prevailing market rates. The Group has occupied certain premises in Guangzhou IFC as offices since 2012. Except for the premises leased under Lease Agreement G which will continue to be used as staff canteen, all the premises leased under the 2024 Lease Agreements will continue to be occupied by members of the Group as offices. Hence, renting the Lease Properties as premises for the on-going business operations and development of the Group is a suitable choice and beneficial to the Group.

Having considered the above factors (including the basis of the determination of the rent payable), the Directors (including the independent non-executive Directors) consider that the terms of each 2024 Lease Agreement are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Group and in the interest of the Company and its shareholders as a whole.

## 6. INFORMATION ON THE PARTIES TO THE 2024 LEASE AGREEMENTS

### 6.1 The Group and the tenants under the 2024 Lease Agreements

The Group is principally engaged in construction, investment, operation and management of toll expressways and bridges in Guangdong Province and other high-growth provinces in the PRC.

All the tenants under the 2024 Lease Agreements are the wholly-owned subsidiaries of the Company established in the PRC with limited liability, the principal activities of which are set out below:

<b>Company</b>	<b>Principal activity</b>
Guangzhou Suiqiao	Investment holding in Guangdong Humen Bridge Co., Ltd.
Guangzhou Yue Peng	Investment holding
Guangzhou Yue Tong	Investment holding in Guangdong Qinglian Highway Development Company Limited

## **6.2 YX IFC**

YX IFC is a company established in the PRC. It is indirectly owned as to approximately 98.99% by Yuexiu Real Estate Investment Trust (Stock Code: 00405) and is principally engaged in the investment in and holding of Guangzhou IFC. YX IFC is a connected person of the Company by virtue of being an associate of YXE which is (i) wholly owned by GZYY and (ii) the controlling shareholder of the Company. GZYY is the ultimate holding company of the Company which is beneficially majority-owned by the Guangzhou Municipal People's Government of the PRC.

## **7. IMPLICATIONS UNDER THE LISTING RULES**

### **7.1 Connected transactions**

As disclosed in section 4 of this announcement, the entering into of each 2024 Lease Agreement will be regarded as a one-off acquisition of assets of the Group. Since YX IFC is a connected person of the Company as disclosed in section 6.2 of this announcement, each 2024 Lease Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

### **7.2 Each 2024 Lease Agreement on a standalone basis**

Given that the highest of the applicable percentage ratios in respect of each of Lease Agreement B, Lease Agreement C, Lease Agreement D, Lease Agreement F and Lease Agreement G, based on the consideration payable and the value of right-of-use assets recognised by the Group pursuant to HKFRS 16, is less than 0.1% on a standalone basis and each of these lease agreements is on normal commercial terms, each of these lease agreements, on a standalone basis, is fully exempt from the reporting, announcement, circular (including independent financial advice) and independent shareholders' approval requirements pursuant to Rule 14A.76(1)(a) of the Listing Rules.

Given that the highest of the applicable percentage ratios in respect of each of Lease Agreement A and Lease Agreement E, based on the consideration payable and the value of right-of-use assets recognised by the Group pursuant to HKFRS 16 exceeds 0.1% but is less than 5% on a standalone basis, and each of these lease agreements is on normal commercial terms, each of these lease agreements, on a standalone basis, constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules which is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but is exempt from the circular (including independent financial advice) and independent shareholders' approval requirements pursuant to Rule 14A.76(2)(a) of the Listing Rules.

### **7.3 2024 Lease Agreements on an aggregate basis**

Pursuant to Rule 14A.81 of the Listing Rules, given the Leased Properties are located in Guangzhou IFC, they are required to be aggregated as if they were one transaction. Given that the highest of the applicable percentage ratios in respect of the 2024 Lease Agreements, based on the consideration payable and the value of right-of-use assets recognised by the Group pursuant to HKFRS 16, exceeds 0.1% but is less than 5% and each 2024 Lease Agreement is on normal commercial terms, the 2024 Lease Agreements, on an aggregate basis, constitute a connected transaction of the Company under Chapter 14A of the Listing Rules which is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but is exempt from the circular (including independent financial advice) and independent shareholders' approval requirements pursuant to Rule 14A.76(2)(a) of the Listing Rules.

### **7.4 Director required to abstain from voting at Board meeting**

Given Mr. Li Feng, the Chairman of the Company is also a non-executive director of Yuexiu Real Estate Investment Trust, he has abstained from voting on the board resolutions in respect of the 2024 Lease Agreements. Save as disclosed above, none of the Directors has any material interest in any 2024 Lease Agreement. Accordingly, no Director was required to abstain from voting on the relevant Board resolutions of the Company in respect of the 2024 Lease Agreements.

## **8. DEFINITIONS**

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

“2021 Lease Agreements”	the lease agreements dated 31 December 2020 entered into between the subsidiaries of the Company and YX IFC in respect of the rent and leasing of certain properties located in Guangzhou IFC as disclosed in the announcement of the Company dated 31 December 2020
“2024 Lease Agreements”	collectively, Lease Agreement A, Lease Agreement B, Lease Agreement C, Lease Agreement D, Lease Agreement E, Lease Agreement F and Lease Agreement G entered into on 29 December 2023 (after trading hours)
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors

“Company”	Yuexiu Transport Infrastructure Limited (越秀交通基建有限公司), an exempted company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 01052)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Guangzhou IFC”	the real property known as “Guangzhou International Finance Center (廣州國際金融中心)” located at No. 5 Zhujiang West Road, Tianhe District, Guangzhou, the PRC
“Guangzhou Suiqiao”	Guangzhou Suiqiao Development Company Limited* (廣州穗橋發展有限公司), a company established in the PRC with limited liability
“Guangzhou Yue Peng”	Guangzhou Yue Peng Information Limited* (廣州越鵬信息有限公司), a company established in the PRC with limited liability
“Guangzhou Yue Tong”	Guangzhou Yue Tong Expressway Operations and Management Company Limited* (廣州越通公路運營管理有限公司), a company established in the PRC with limited liability
“GZYX”	Guangzhou Yue Xiu Holdings Limited* (廣州越秀集團股份有限公司), a company established in the PRC with limited liability
“HKFRS”	the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lease Agreement A”	the lease agreement in respect of Unit 1701A of Guangzhou IFC between YX IFC (as landlord) and Guangzhou Yue Tong (as tenant) and entered into on 29 December 2023 (after trading hours)

“Lease Agreement B”	the lease agreement in respect of Unit 1701B of Guangzhou IFC between YX IFC (as landlord) and Guangzhou Yue Tong (as tenant) and entered into on 29 December 2023 (after trading hours)
“Lease Agreement C”	the lease agreement in respect of Unit 1701C of Guangzhou IFC between YX IFC (as landlord) and Guangzhou Yue Peng (as tenant) and entered into on 29 December 2023 (after trading hours)
“Lease Agreement D”	the lease agreement in respect of Unit 1701D of Guangzhou IFC between YX IFC (as landlord) and Guangzhou Suiqiao (as tenant) and entered into on 29 December 2023 (after trading hours)
“Lease Agreement E”	the lease agreement in respect of Unit 1701E of Guangzhou IFC between YX IFC (as landlord) and Guangzhou Yue Tong (as tenant) and entered into on 29 December 2023 (after trading hours)
“Lease Agreement F”	the lease agreement in respect of Unit 601F of Guangzhou IFC between YX IFC (as landlord) and Guangzhou Yue Tong (as tenant) and entered into on 29 December 2023 (after trading hours)
“Lease Agreement G”	the lease agreement in respect of Unit 440A of the Extension Portion (附樓) of Guangzhou IFC between YX IFC (as landlord) and Guangzhou Yue Tong (as tenant) and entered into on 29 December 2023 (after trading hours)
“Lease Properties”	those spaces, units and/or premises of Guangzhou IFC leased by YX IFC to the Group pursuant to the 2024 Lease Agreements
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratios”	has the meaning ascribed to it under Rule 14.04(9) of the Listing Rules
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“VAT”	value-added tax
“YXE”	Yue Xiu Enterprises (Holdings) Limited (越秀企業 (集團) 有限公司), a company incorporated in Hong Kong with limited liability
“YX IFC”	Guangzhou Yue Xiu City Construction International Finance Centre Co., Ltd.* (廣州越秀城建國際金融中心有限公司), a company established in the PRC with limited liability which developed and owns Guangzhou IFC

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

Hong Kong, 29 December 2023

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

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

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

\* *For identification purposes only*

\*\* *In the event of inconsistency, the Chinese name shall prevail.*