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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)**

### CONTINUING CONNECTED TRANSACTIONS PROPERTY LEASING AGREEMENTS

#### **BACKGROUND**

On 27 February 2012:

- (i) YX (China) Transport, a wholly-owned subsidiary of the Company, and YX IFC, an indirect affiliate of HK YX, entered into the Guangzhou Property Leasing Agreement (I) and (II) for a term of three years each commencing on 1 January 2012, pursuant to which YX IFC will lease two properties located in the Guangzhou IFC to YX (China) Transport;
- (ii) Yue Tong, a wholly-owned subsidiary of the Company, and YX IFC entered into the Guangzhou Property Leasing Agreement (III) and (IV) for a term of three years and one year respectively, commencing on 1 January 2012 pursuant to which YX IFC will lease two properties located in the Guangzhou IFC to Yue Tong;
- (iii) YP Information, a wholly-owned subsidiary of the Company, and YX IFC entered into the Guangzhou Property Leasing Agreement (V) for a term of three years commencing on 1 January 2012 pursuant to which YX IFC will lease a property located in the Guangzhou IFC to YP Information; and
- (iv) SQ Development, a wholly-owned subsidiary of the Company, and YX IFC entered into the Guangzhou Property Leasing Agreement (VI) for a term of three years commencing on 1 January 2012 pursuant to which YX IFC will lease a property located in the Guangzhou IFC to SQ Development.

## **ANNUAL FEE PAYMENT TO YX IFC AND ANNUAL CAPS**

Under the Listing Rules, the Company is required to cap the value of its annual payment to YX IFC pursuant to the Guangzhou Property Leasing Agreements. The largest annual value of the continuing connected transactions under the Guangzhou Property Leasing Agreements for each of the three years ending 31 December 2014 is RMB 8,865,000 and it is based on (i) the fees payable to YX IFC under the Guangzhou Property Leasing Agreements as set out below; (ii) a buffer of 25% of such fees payable to YX IFC for contingencies such as changes in rental or other market conditions, and additional leasing transactions that other members of the Group may enter into with YX IFC with respect to the properties located in the Guangzhou IFC during the three years ending 31 December 2014.

Based on above calculations, the annual caps for the continuing connected transactions under the Guangzhou Property Leasing Agreements for each of the three years commencing 1 January 2012 and ending 31 December 2014 will be RMB 8,865,000.

## **LISTING RULES IMPLICATIONS**

YX IFC is an indirect associate of HK YX, which is the controlling shareholder of the Company, therefore YX IFC is a connected person of the Company under the Listing Rules. As such, the transactions under the Guangzhou Property Leasing Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the highest applicable percentage ratio for the annual cap for the transactions under the Guangzhou Property Leasing Agreements is more than 0.1% but less than 5%, the continuing connected transactions under these agreements are only subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules and are exempted from the independent shareholders' approval requirement.

The Board (including the independent non-executive Directors) considers that the terms of the Guangzhou Property Leasing Agreements (including the annual caps) are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole.

## **BACKGROUND**

On 27 February 2012:

- (i) YX (China) Transport, a wholly-owned subsidiary of the Company, and YX IFC, an indirect affiliate of HK YX, entered into the Guangzhou Property Leasing Agreement (I) and (II) for a term of three years each commencing on 1 January 2012, pursuant to which YX IFC will lease two properties located in the Guangzhou IFC to YX (China) Transport;
- (ii) Yue Tong, a wholly-owned subsidiary of the Company, and YX IFC entered into the Guangzhou Property Leasing Agreement (III) and (IV) for a term of three years and one year respectively, commencing on 1 January 2012 pursuant to which YX IFC will lease two properties located in the Guangzhou IFC to Yue Tong;
- (iii) YP Information, a wholly-owned subsidiary of the Company, and YX IFC entered into the Guangzhou Property Leasing Agreement (V) for a term of three years commencing on 1 January 2012 pursuant to which YX IFC will lease a property located in the Guangzhou IFC to YP Information; and
- (iv) SQ Development, a wholly-owned subsidiary of the Company, and YX IFC entered into the Guangzhou Property Leasing Agreement (VI) for a term of three years commencing on 1 January 2012 pursuant to which YX IFC will lease a property located in the Guangzhou IFC to SQ Development.

## **THE GUANGZHOU PROPERTY LEASING AGREEMENTS**

### **(A) Guangzhou Property Leasing Agreement (I)**

Date:	27 February 2012
Lessee:	YX (China) Transport
Lessor:	YX IFC
Premises:	Room 01-A, 17th Floor, Main Tower of the Guangzhou IFC
Leased Area:	1,586.47 m <sup>2</sup>
Usage:	Office premises
Term of the lease:	Three years commencing on 1 January 2012 and expiring on 31 December 2014 (both days inclusive).

Monthly Rental: RMB 366,475 for the two consecutive years ending 31 December 2013

RMB 381,863 for the year ending 31 December 2014

The rental will be paid by way of bank transfer on a quarterly basis.

Rental Deposit: RMB732,950

**(B) Guangzhou Property Leasing Agreement (II)**

Date: 27 February 2012

Lessee: YX (China) Transport

Lessor: YX IFC

Premises: Room 01-F, 6th Floor, Main Tower of the Guangzhou IFC

Leased Area: 125.44 m<sup>2</sup>

Usage: Office premises

Term of the lease: Three years commencing on 1 January 2012 and expiring on 31 December 2014 (both days inclusive).

Monthly Rental: RMB 24,963 for the two consecutive years ending 31 December 2013

RMB 26,016 for the year ending 31 December 2014

The rental will be paid by way of bank transfer on a quarterly basis.

Rental Deposit: RMB 49,926

**(C) Guangzhou Property Leasing Agreement (III)**

Date: 27 February 2012

Lessee: Yue Tong

Lessor: YX IFC

Premises: Room 01-B, 17th Floor, Main Tower of the Guangzhou IFC

Leased Area: 261.52 m<sup>2</sup>  
Usage: Office premises  
Term of the lease: Three years commencing on 1 January 2012 and expiring on 31 December 2014 (both days inclusive).  
Monthly Rental: RMB 60,411 for the two consecutive years ending 31 December 2013  
RMB 62,948 for the year ending 31 December 2014  
The rental will be paid by way of bank transfer on a quarterly basis.  
Rental Deposit: RMB120,822

**(D) Guangzhou Property Leasing Agreement (IV)**

Date: 27 February 2012  
Lessee: Yue Tong  
Lessor: YX IFC  
Premises: Room 440-A, 4th Floor, Annex Building of the Guangzhou IFC  
Leased Area: 180.89 m<sup>2</sup>  
Usage: Commercial premises (canteen)  
Term of the lease: One year commencing on 1 January 2012 and expiring on 31 December 2012 (both days inclusive).  
Monthly Rental: RMB 30,932  
The rental will be paid by way of bank transfer on a quarterly basis.  
The rental is calculated annually in proportion to the number of employees of the ultimate holding company of the Company (i.e. Guangzhou Yue Xiu Holdings Limited) and its affiliated companies.  
Rental Deposit: RMB61,864

**(E) Guangzhou Property Leasing Agreement (V)**

Date: 27 February 2012

Lessee: YP Information

Lessor: YX IFC

Premises: Room 01-C, 17th Floor, Main Tower of the Guangzhou IFC

Leased Area: 267.09 m<sup>2</sup>

Usage: Office premises

Term of the lease: Three years commencing on 1 January 2012 and expiring on 31 December 2014 (both days inclusive).

Monthly Rental: RMB 61,698 for the two consecutive years ending 31 December 2013

RMB 64,289 for the year ending 31 December 2014

The rental will be paid by way of bank transfer on a quarterly basis.

Rental Deposit: RMB 123,396

**(F) Guangzhou Property Leasing Agreement (VI)**

Date: 27 February 2012

Lessee: SQ Development

Lessor: YX IFC

Premises: Room 01-D, 17th Floor, Main Tower of the Guangzhou IFC

Leased Area: 201.17 m<sup>2</sup>

Usage: Office premises

Term of the lease: Three years commencing on 1 January 2012 and expiring on 31 December 2014 (both days inclusive).

Monthly Rental: RMB 46,470 for the two consecutive years ending 31 December 2013

RMB 48,422 for the year ending 31 December 2014

The rental will be paid by way of bank transfer on a quarterly basis.

Rental Deposit: RMB92,940

The rental payable under the Guangzhou Property Leasing Agreements is determined with reference to the prevailing market conditions and the rental levels of similar properties in the vicinity of the leased properties which is supported by a valuation report prepared by an independent valuer.

#### **ANNUAL FEE PAYMENT TO YX IFC AND ANNUAL CAPS**

Under the Listing Rules, the Company is required to cap the value of its annual payment to YX IFC pursuant to the Guangzhou Property Leasing Agreements. The largest annual value of the continuing connected transactions under the Guangzhou Property Leasing Agreements for each of the three years ending 31 December 2014 is RMB 8,865,000 and it is based on (i) the fees payable to YX IFC under the Guangzhou Property Leasing Agreements as set out below; (ii) a buffer of 25% of such fees payable to YX IFC for contingencies such as changes in rental or other market conditions, and additional leasing transactions that other members of the Group may enter into with YX IFC with respect to the properties located in the Guangzhou IFC during the three years ending 31 December 2014.

The largest annual value above is calculated as follows:

	<b>For the year ending 31 December 2012 (RMB)</b>	<b>For the year ending 31 December 2013 (RMB)</b>	<b>For the year ending 31 December 2014 (RMB)</b>
fees payable to YX IFC under the Guangzhou Property Leasing Agreements	7,091,388	6,720,204	7,002,456
a buffer of 25% of fees payable to YX IFC	8,864,235	8,400,255	8,753,070
annual values	8,865,000	8,401,000	8,754,000

*The annual values above are rounded up to the nearest thousand for ease of reference.*

Based on above calculations, the annual caps for the continuing connected transactions under the Guangzhou Property Leasing Agreements for each of the three years commencing 1 January 2012 and ending 31 December 2014 will be RMB 8,865,000.

## **REASONS FOR AND BENEFITS OF THE TRANSACTIONS**

Guangzhou IFC is conveniently located in a prime location in Guangzhou and the rental for the leased premises are at prevailing market rates. These satisfy the leasing criterion and business development needs of the Lessees.

## **LISTING RULES IMPLICATIONS**

YX IFC is an indirect associate of HK YX, which is the controlling shareholder of the Company, therefore YX IFC is a connected person of the Company under the Listing Rules. As such, the transactions under the Guangzhou Property Leasing Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the highest applicable percentage ratio for the annual cap for the transactions under the Guangzhou Property Leasing Agreements is more than 0.1% but less than 5%, the continuing connected transactions under these agreements are only subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules and are exempted from the independent shareholders' approval requirement.

The Board (including the independent non-executive Directors) considers that the terms of the Guangzhou Property Leasing Agreements (including the annual caps) are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole. No Director has a material interest in the transactions under the Guangzhou Property Leasing Agreements.

## **GENERAL INFORMATION**

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

YX IFC is principally engaged in the development of the Guangzhou IFC.



## DEFINITIONS

Unless the context otherwise requires, the terms used in this announcement shall have the following meanings:

“Board”	means the board of Directors
“Company”	means 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 persons”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Directors”	means the directors of the Company
“Group”	means the Company and its subsidiaries
“Guangzhou IFC”	The Guangzhou International Financial Centre located in Guangzhou, PRC
“Guangzhou Property Leasing Agreements”	means the Guangzhou Property Leasing Agreement (I), the Guangzhou Property Leasing Agreement (II), the Guangzhou Property Leasing Agreement (III), the Guangzhou Property Leasing Agreement (IV), the Guangzhou Property Leasing Agreement (V) and the Guangzhou Property Leasing Agreement (VI) and details of which are set out in the section headed “The Guangzhou Property Leasing Agreements” in this announcement
“HK YX”	means Yue Xiu Enterprises (Holdings) Limited 越秀企業(集團)有限公司, a company incorporated in Hong Kong with limited liability
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC
“Lessees”	means YX (China) Transport, Yue Tong, YP Information and SQ Development
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange

“PRC”	means the People’s Republic of China, and for the purposes of this announcement only, excludes Hong Kong, Taiwan and Macau
“RMB”	means Renminbi, the lawful currency of the PRC
“SQ Development”	means 廣州穗橋發展有限公司 (Guangzhou Suiqiao Development Co. Ltd.), a company incorporated in the PRC with limited liability
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“YP Information”	means 廣州越鵬資訊有限公司 (Guangzhou Yue Peng Information Ltd.), a company incorporated in the PRC with limited liability
“Yue Tong”	means 廣州越通公路運營管理有限公司 (Guangzhou Yue Tong Expressway Operations and Management Company Limited), a company incorporated in the PRC with limited liability
“YX (China) Transport”	means 越秀(中國)交通基建投資有限公司 (Yuexiu (China) Transport Infrastructure Investment Company Limited), a company incorporated in the PRC with limited liability
“YX IFC”	means 廣州越秀城建國際金融中心有限公司 (Guangzhou Yue Xiu City Construction International Finance Center Co., Ltd.), a company incorporated in the PRC with limited liability
“%”	means percentage
“m <sup>2</sup> ”	means square metres

By Order of the Board  
**Yuexiu Transport Infrastructure Limited**  
**Zhang Zhaoxing**  
*Chairman*

Hong Kong, 27 February 2012

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

*Executive Directors: ZHANG Zhaoxing (Chairman), LIANG Youpan, LI Xinmin, LIANG Ningguang, WANG Shuhui and QIAN Shangning*

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