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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
RENEWAL OF FRAMEWORK LEASE AGREEMENT

RENEWAL OF FRAMEWORK LEASE AGREEMENT

Reference is made to the announcement of the Company dated 6 January 2015 regarding the continuing connected transactions of the Company in relation to the 2015 Framework Lease Agreement which will expire on 31 December 2017.

On 28 December 2017, the Company and YX IFC, an associate of HK YX, entered into the 2017 Framework Lease Agreement for a term of three years for the purpose of, among others, renewing the term of the 2015 Framework Lease Agreement.

ANNUAL CAPS

The Annual Caps for the lease transactions contemplated under the 2017 Framework Lease Agreement will be RMB17,000,000 for each of the years ending 31 December 2018, 2019 and 2020 respectively.

LISTING RULES IMPLICATIONS

YX IFC is an 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 lease transactions under the 2017 Framework Lease Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the highest applicable percentage ratio for the Annual Caps for the lease transactions under the 2017 Framework Lease Agreement is more than 0.1% but less than 5%, the lease transactions under the 2017 Framework Lease Agreement are only subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules and are exempt from independent shareholders' approval requirement.

The Board (including the independent non-executive Directors) considers that the terms of the 2017 Framework Lease Agreement (including the Annual Caps) 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.

2017 FRAMEWORK LEASE AGREEMENT

Reference is made to the announcement of the Company dated 6 January 2015 regarding the continuing connected transactions of the Company in relation to the 2015 Framework Lease Agreement which will expire on 31 December 2017.

On 28 December 2017, the Company and YX IFC, an associate of HK YX, entered into the 2017 Framework Lease Agreement for a term of three years which will commence with effect from 1 January 2018 to 31 December 2020 for the purpose of, among others, renewing the term of the 2015 Framework Lease Agreement.

The lease transactions contemplated under the 2017 Framework Lease Agreement shall be conducted on a fair and reasonable basis, and the terms and conditions of which shall be determined in accordance with normal commercial terms.

TERM AND TERMINATION

The Term of the 2017 Framework Lease Agreement will commence with effect from 1 January 2018 for three years up to and including 31 December 2020.

Subject to, among others, compliance of the relevant requirements under the Listing Rules, the Company and YX IFC may agree to extend the term of the 2017 Framework Lease Agreement.

Either party to the 2017 Framework Lease Agreement may terminate the 2017 Framework Lease Agreement by giving not less than three months prior written notice to the other party.

SPECIFIC LEASE AGREEMENT AND PRICING POLICY

Subject to the compliance of the terms and conditions of the 2017 Framework Lease Agreement, the relevant member(s) of the Group (as tenant) and YX IFC (as landlord) shall enter into Specific Lease Agreement(s) in the prescribed form as set out in the 2017 Framework Lease Agreement in relation to their respective Lease Properties provided that the following requirements are met:

- (i) the term for each Specific Lease Agreement must be for a fixed term of not more than three years, and the aggregate annual rental payable under all of the Specific Lease Agreements for the relevant year shall not exceed the Annual Cap under the 2017 Framework Lease Agreement for the relevant year. In the event that: (i) the term of any Specific Lease Agreement will end after the end of the Term of the 2017 Framework Lease Agreement, and the 2017 Framework Lease Agreement is not extended or renewed; or (ii) the 2017 Framework Lease Agreement is terminated in accordance with its terms prior to the end of the term of any Specific Lease Agreement, the Company shall comply in full with the applicable requirements under the Listing Rules for such Specific Lease Agreements in respect of the period for which the term of such Specific Lease Agreements exceeds the Term of the 2017 Framework Lease Agreement;
- (ii) the terms and conditions of the Specific Lease Agreements must be no less favourable than the terms and conditions of similar tenancy agreements entered into by Independent Third Parties for comparable premises; and
- (iii) the annual rental of the Lease Properties payable by the relevant member of the Group to YX IFC under each Specific Lease Agreement shall on each occasion be negotiated and determined on an arm's length basis in accordance with the following principles for ensuring that the relevant pricing term is fair and reasonable in accordance with prevailing market conditions:
 - (a) making reference to the prevailing market conditions and the rental of other similar properties in Guangzhou IFC charged to other Independent Third Parties; and
 - (b) if applicable, reference to the rental of commercial properties of the same grade as Guangzhou IFC in the same district.

PROPOSED ANNUAL CAPS

The Annual Caps are calculated with reference to: (i) the estimated aggregated annual rent payable by the Group to YX IFC under the Specific Lease Agreements which will or may be entered into by the Company with YX IFC during the Term; and (ii) allowing a reasonable buffer for possible increase of rent (including due to inflation or otherwise).

The Annual Caps are set out below:

For the year ending 31 December 2018 <i>(RMB)</i>	For the year ending 31 December 2019 <i>(RMB)</i>	For the year ending 31 December 2020 <i>(RMB)</i>
17,000,000	17,000,000	17,000,000

In the event that the aggregate annual amount payable by the Group to YX IFC for the lease transactions under the 2017 Framework Lease Agreement may exceed the Annual Caps for the relevant year, the Company shall promptly notify the Stock Exchange and take necessary procedures to comply with the Listing Rules, including (among others) to seek independent shareholders' approval (if necessary) and to announce such lease transactions.

INTERNAL CONTROL MEASURES

In order to ensure that the pricing mechanism and terms of transactions under the 2017 Framework Lease Agreement are fair and reasonable and no less favourable than the terms provided by any Independent Third Party, the Group has established a series of internal control procedures:

- (i) the annual rental of the Lease Properties payable by the relevant member of the Group to YX IFC under each Specific Lease Agreement shall on each occasion be negotiated and determined on an arm's length basis with reference to the prevailing market conditions and the rental of other similar properties in Guangzhou IFC charged to other Independent Third Parties; and if applicable, reference to the rental of commercial properties of the same grade as Guangzhou IFC in the same district.

- (ii) The Group will prepare a continuing connected transaction report (“**CCT Report**”) once every six months on the Specific Lease Agreement which will be submitted to the Group’s audit committee for consideration. The content of the CCT Report includes (i) the aggregate rental amount of the Specific Lease Agreement; and (ii) the status of compliance with the Annual Caps.
- (iii) The Group’s audit committee will convene meetings at least twice a year to discuss and assess the implementation of the continuing connected transactions of the Group.
- (iv) The external auditors of the Group will conduct an interim review and a year-end audit for each financial year, and will issue their conclusion and letter to the Board in relation to the pricing policies and annual caps of the continuing connected transactions of the Group conducted during the preceding financial year pursuant to the Listing Rules.
- (v) In addition, according to the Listing Rules, the independent non-executive Directors will conduct an annual review with respect to the continuing connected transactions of the Group throughout the preceding financial year and give confirmation on the transaction amounts and terms of the transactions in each annual report of the Group.

In view of the above, the Company considers that there are adequate internal control procedures and external supervision measures to ensure that the transactions under the Specific Lease Agreement will comply with the relevant regulatory guidelines and the terms of the 2017 Framework Lease Agreement.

REASONS FOR AND BENEFITS OF THE 2017 FRAMEWORK LEASE AGREEMENT

Guangzhou IFC is conveniently located in a prime location in Guangzhou and the rental for the Lease Properties are at prevailing market rates, therefore the Directors (including the independent non-executive Directors) are of the view that renting the Lease Properties as premises for the on-going business operations and development of members of the Group is a suitable choice.

In addition, the Directors consider that the 2017 Framework Lease Agreement can set out a framework and streamline the leases in respect of the Lease Properties between members of the Group and YX IFC. The 2017 Framework Lease Agreement will also provide a single basis on which the Company will comply with the relevant reporting, announcement and annual review requirements (to the extent applicable) in compliance with the Listing Rules and thereby enhances administrative efficiency and saves costs for the Company in complying with such requirements.

Having considered the above factors and the basis of determination of the Annual Caps, the Board (including the independent non-executive Directors) considers that the lease transactions under the 2017 Framework 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, and that the Annual Caps are fair and reasonable and in the interest of the Company and its shareholders as a whole.

INFORMATION OF THE GROUP

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

INFORMATION OF YX IFC

YX IFC is principally engaged in the investment and holding of Guangzhou IFC.

LISTING RULES IMPLICATIONS

YX IFC is an 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 lease transactions under the 2017 Framework Lease Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the highest applicable percentage ratio for the Annual Caps for the lease transactions under the 2017 Framework Lease Agreement is more than 0.1% but less than 5%, the lease transactions under the 2017 Framework Lease Agreement are only subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules and are exempt from independent shareholders' approval requirement.

None of the Directors have a material interest in the lease transactions under the 2017 Framework Lease Agreement. Accordingly, no Director was required to abstain from voting on the board resolutions in respect of the 2017 Framework Lease Agreement.

DEFINITIONS

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

“2015 Framework Lease Agreement”	the framework lease agreement dated 6 January 2015 entered into between the Company and YX IFC in respect of the rental and leasing of the Lease Properties
“2017 Framework Lease Agreement”	the framework lease agreement dated 28 December 2017 entered into between the Company and YX IFC in respect of the rental and leasing of the Lease Properties and the renewal of the term of the 2015 Framework Lease Agreement
“Annual Caps”	the annual aggregate maximum amounts payable by the Group to YX IFC under the lease transactions contemplated under the 2017 Framework Lease Agreement for the Term as set out in the section headed “ Proposed Annual Caps” of this announcement
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of the Directors
“Company”	means Yuexiu Transport Infrastructure Limited (越秀交通基建有限公司), a 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”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries, and “member of the Group” means any one of them

“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, PRC, and which is owned by YX IFC
“HK YX”	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”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	a third party which, together with its beneficial owner(s) (if any) and to be the best of the Directors’ knowledge, information and belief, having made all reasonable enquires, is a third party independent of the Company and its connected persons in accordance with the Listing Rules
“Lease Properties”	certain lettable spaces, units and/or premises of Guangzhou IFC to be leased by YX IFC to the members of the Group upon the reasonable requests made by the Company from time to time and agreed between the relevant member of the Group and YX IFC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, and for the purposes of this announcements only, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan.
“RMB”	means Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“Specific Lease Agreement(s)”	the specific lease agreements in the prescribed form as set out in the 2017 Framework Lease Agreement to be entered into between the relevant member(s) of the Company as tenant and YX IFC as landlord pursuant to the 2017 Framework Lease Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Term” the 3-year period commencing from 1 January 2018 up to and including 31 December 2020

“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 which developed and owns Guangzhou IFC

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

Hong Kong, 28 December 2017

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

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

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