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越秀交通基建有限公司

Yuexiu Transport Infrastructure Limited

(Incorporated in Bermuda with limited liability)

(Stock code: 01052)

RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS

2024 PROPERTY MANAGEMENT AND COMMERCIAL OPERATION AND MANAGEMENT SERVICES FRAMEWORK AGREEMENT

RENEWAL OF EXISTING PROPERTY MANAGEMENT AND COMMERCIAL OPERATION AND MANAGEMENT SERVICES FRAMEWORK AGREEMENT

Reference is made to the 2023 Announcement in relation to the existing continuing connected transactions contemplated under the 2023 Property Management and Commercial Operation and Management Services Framework Agreement.

As the 2023 Property Management and Commercial Operation and Management Services Framework Agreement will expire on 31 December 2024, the Company and Yuexiu Services entered into the 2024 Property Management and Commercial Operation and Management Services Framework Agreement on 24 December 2024, pursuant to which Yuexiu Services Group may provide, and the Group may procure, the Property Management Services and the Commercial Operation and Management Services for a term of three years commencing on 1 January 2025 and ending on 31 December 2027.

ANNUAL CAPS

The Annual Caps under the 2024 Property Management and Commercial Operation and Management Services Framework Agreement are RMB11,815,000, RMB12,275,000 and RMB12,757,000 for the years ending 31 December 2025, 2026 and 2027, respectively.

LISTING RULES IMPLICATIONS

As GZYY, being the ultimate controlling shareholder of the Company, is also the ultimate controlling shareholder of Yuexiu Services, Yuexiu Services is an associate of GZYY and hence a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the 2024 Property Management and Commercial Operation and Management Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54(2) of the Listing Rules, if the Company proposes to renew the continuing connected transactions contemplated under the 2023 Property Management and Commercial Operation and Management Services Framework Agreement, the Company will have to re-comply with the provisions of Chapter 14A of the Listing Rules applicable to the relevant continuing connected transactions.

As the highest applicable percentage ratio (other than the profits ratio) set out in Rule 14.07 of the Listing Rules for the Annual Caps under the 2024 Property Management and Commercial Operation and Management Services Framework Agreement exceeds 0.1% but is less than 5%, the 2024 Property Management and Commercial Operation and Management Services Framework Agreement and the transactions contemplated thereunder are subject to the reporting, annual review and announcement requirements but are exempted from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

RENEWAL OF EXISTING PROPERTY MANAGEMENT AND COMMERCIAL OPERATION AND MANAGEMENT SERVICES FRAMEWORK AGREEMENT

Reference is made to the 2023 Announcement in relation to the existing continuing connected transactions contemplated under the 2023 Property Management and Commercial Operation and Management Services Framework Agreement.

The Group has been carrying on transactions with Yuexiu Services Group pursuant to various underlying individual agreements in relation to the Property Management Services and the Commercial Operation and Management Services from time to time. Based on the business needs, growth and operational development of the Group, the Board envisages that the Group will continue to enter into transactions of a similar nature with Yuexiu Services Group. Accordingly, as the 2023 Property Management and Commercial Operation and Management Services Framework Agreement will expire on 31 December 2024, in order to streamline the management of future connected transactions in respect of the provision of the Property Management Services and the Commercial Operation and Management Services by Yuexiu Services Group, the Company and Yuexiu Services entered into the 2024 Property Management and Commercial Operation and Management Services Framework Agreement on 24 December 2024, pursuant to which Yuexiu Services Group may provide, and the Group may procure, the Property Management Services and the Commercial Operation and Management Services for a term of three years commencing on 1 January 2025 and ending on 31 December 2027.

Principal terms

The principal terms of the 2024 Property Management and Commercial Operation and Management Services Framework Agreement are as follows:

- Date: 24 December 2024
- Parties:
- (a) Yuexiu Services (for itself and on behalf of its subsidiaries, as service provider); and
 - (b) the Company (for itself and on behalf of its subsidiaries, as service user)

Term: The term of the 2024 Property Management and Commercial Operation and Management Services Framework Agreement shall commence on 1 January 2025 and shall continue up to and including 31 December 2027.

Subject to compliance with the Listing Rules, the 2024 Property Management and Commercial Operation and Management Services Framework Agreement may be renewed by the Company and Yuexiu Services by separate agreement in writing.

Service scope: Yuexiu Services Group may provide property management services and commercial operation and management services to properties owned, operated or used by the Group which include (i) property management services on non-commercial properties, including but not limited to cleaning and security services for venues such as expressway management centers, toll stations and service areas (the “**Property Management Services**”); and (ii) commercial operation and management services on commercial properties and carpark management services (the “**Commercial Operation and Management Services**”).

The parties shall enter into separate agreements for detailed service scope, fees and payment terms subject to the needs of various projects of the Group as and when necessary.

Pricing policy: The service fees that Yuexiu Services Group will charge for the Property Management Services and the Commercial Operation and Management Services shall be determined after arm’s length negotiations and in good faith between the parties with reference to (where applicable) (i) the location, type, quality and scale of the properties; (ii) the scope and standard of the services to be provided; (iii) the anticipated operational costs (including labour costs, material costs and administrative costs) for providing such services and the anticipated increase in the relevant costs due to inflation and economic and social development; (iv) the rate generally offered by Yuexiu Services Group to the independent third parties of Yuexiu Services Group in respect of similar services; and (v) the prevailing market rate generally offered by service providers which are Independent Third Parties in respect of similar services.

For further details on the procedures for comparing the quotations from Yuexiu Services Group to that of service providers who are Independent Third Parties, please refer to paragraph (iii) under the section headed “Internal control measures for the continuing connected transactions” in this announcement.

Payment terms: Payment terms shall be determined by the parties with reference to those offered by Independent Third Parties in respect of the provision of similar services to the Group. Unless otherwise agreed by the parties after arm's length negotiation in the specific underlying agreements, service fees shall be paid on a monthly or quarterly basis.

Historical Transaction Amounts

The table below sets out the total amounts of service fees paid to Yuexiu Services Group by the Group for the Property Management Services and the Commercial Operation and Management Services for the years/period indicated:

	Year ended 31 December 2021 (RMB'000)	Year ended 31 December 2022 (RMB'000)	Year ended 31 December 2023 (RMB'000)	10 months ended 31 October 2024 (RMB'000)
Historical transaction amounts for:				
(i) Property Management Services	75	2,744	7,116	6,219
(ii) Commercial Operation and Management Services	2,222	2,215	2,080	1,687
Total	2,297	4,959	9,196	7,905

Note: The historical transaction amounts are presented in Renminbi and all numbers are rounded to the nearest thousand (RMB' 000), and the numbers may not add up to the totals due to rounding.

Annual Caps

The table below sets out the maximum annual service fees payable by the Group to Yuexiu Services Group under the 2024 Property Management and Commercial Operation and Management Services Framework Agreement for the three years ending 31 December 2027:

	Year ending 31 December		
	2025 (RMB'000)	2026 (RMB'000)	2027 (RMB'000)
Annual caps for:			
(i) Property Management Services	9,137	9,594	10,073
(ii) Commercial Operation and Management Services	2,678	2,681	2,684
Total	11,815	12,275	12,757

The annual caps for various services under the 2024 Property Management and Commercial Operation and Management Services Framework Agreement were determined with reference to (i) the growth trend in historical transaction amounts; (ii) the number and terms (including service fees) of existing service contracts as of the date of this announcement; (iii) the high renewal rates for service contracts in the past with respect to the Commercial Operation and Management Services; (iv) the expected increase in demand for the Property Management Services and the Commercial Operation and Management Services due to the Group's development; (v) the expected inflation and increment in operational costs; and (vi) a buffer of approximately 10% to cater for additional need for the Property Management Services and the Commercial Operation and Management Services.

Reasons for and benefits of entering into of the 2024 Property Management and Commercial Operation and Management Services Framework Agreement

To streamline the management of future connected transactions in respect of the provision of the Property Management Services and the Commercial Operation and Management Services by Yuexiu Services Group to the Group, and taking into account the growing business needs of the Group, the Company has entered into the 2024 Property Management and Commercial Operation and Management Services Framework Agreement to provide a framework for governing the underlying agreements and transactions.

The Company believes that Yuexiu Services Group is an all-round urban operation service provider. It has the first batch of national first-class qualifications for property management and has good understanding of the business and operations of the Group. Yuexiu Services Group maintains good communications with the Group and has been able to provide quality services to the Group. Due to the continuous development of the Group, such development has brought about continuous demand for the Property Management Services and the Commercial Operation and Management Services, including in relation to office buildings and expressway toll stations, etc.

In light of the above, the Directors (including the independent non-executive Directors) consider that (i) the terms of the 2024 Property Management and Commercial Operation and Management Services Framework Agreement and the Annual Caps are fair and reasonable, (ii) the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group, and (iii) the entering into of the 2024 Property Management and Commercial Operation and Management Services Framework Agreement is in the interest of the Company and the Shareholders as a whole.

Listing Rules implications

As GZYG, being the ultimate controlling shareholder of the Company, is also the ultimate controlling shareholder of Yuexiu Services, Yuexiu Services is an associate of GZYG and hence a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the 2024 Property Management and Commercial Operation and Management Services Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54(2) of the Listing Rules, if the Company proposes to renew the continuing connected transactions contemplated under the 2023 Property Management and Commercial Operation and Management Services Framework Agreement, the Company will have to re-comply with the provisions of Chapter 14A of the Listing Rules applicable to the relevant continuing connected transactions.

As the highest applicable percentage ratio (other than the profits ratio) set out in Rule 14.07 of the Listing Rules for the Annual Caps under the 2024 Property Management and Commercial Operation and Management Services Framework Agreement exceeds 0.1% but is less than 5%, the 2024 Property Management and Commercial Operation and Management Services Framework Agreement and the transactions contemplated thereunder are subject to the reporting, annual review and announcement requirements but are exempted from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors has or is deemed to have a material interest in the 2024 Property Management and Commercial Operation and Management Services Framework Agreement and the transactions contemplated thereunder, including the Annual Caps. Hence, no Director was required to abstain from voting on the relevant Board resolution(s) of the Company.

INTERNAL CONTROL MEASURES FOR THE CONTINUING CONNECTED TRANSACTIONS

In order to further safeguard the interests of the Shareholders as a whole, the Group has implemented and will continue to implement the following internal control measures in relation to the continuing connected transactions under the 2024 Property Management and Commercial Operation and Management Services Framework Agreement:

- (i) the Company will regularly monitor the continuing connected transactions contemplated under the 2024 Property Management and Commercial Operation and Management Services Framework Agreement to ensure that the Annual Caps will not be exceeded, in particular, the Group will cease to enter into any new individual agreement if such will cause the total contractual income to exceed the annual caps for that financial year;

- (ii) the heads of the respective operational departments of the Group will supervise and monitor the individual agreements, including the service fees incurred, with a view to ensuring that they are in line with the pricing policy and principal terms of the 2024 Property Management and Commercial Operation and Management Services Framework Agreement;
- (iii) the heads of the respective operational departments of the Group will, where appropriate, conduct regular reviews to keep abreast of the prevailing fee level in the market and the market conditions (by, for example and without limitation, (i) conducting competitive tender and inviting multiple service providers to participate in the relevant tenders or (ii) inviting a minimum of two other service providers to provide contemporaneous quotations), for the purpose of considering if the price charged for, or payable for, and the terms applicable to a specific transaction, are fair and reasonable, comparable to those offered by Independent Third Parties, in line with normal market practices, and is in accordance with the pricing policy terms of the 2024 Property Management and Commercial Operation and Management Services Framework Agreement;
- (iv) the audit committee of the Board will meet at least twice a year to review the implementation of the above measures for the transactions contemplated under the 2024 Property Management and Commercial Operation and Management Services Framework Agreement and report to the Board;
- (v) the Company will provide information and supporting documents to its independent non-executive Directors and auditors for them to conduct annual review of the continuing connected transactions of the Group;
- (vi) the independent non-executive Directors will provide an annual confirmation as to whether the continuing connected transactions have been entered into in the ordinary and usual course of business of the Group, are on normal commercial terms and are in accordance with the 2024 Property Management and Commercial Operation and Management Services Framework Agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole as required by the Listing Rules; and
- (vii) the auditor of the Company will be engaged to report on the continuing connected transactions of the Group disclosed in the annual report in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 (Revised) “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants.

INFORMATION OF THE PARTIES AND GZYX

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 investment, construction and development, operation and management of toll expressways and bridges in Guangdong Province and other high growth provinces in the PRC.

Yuexiu Services Group

Yuexiu Services, an indirect non-wholly owned subsidiary of GZYX, is incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 06626). Yuexiu Services Group is an urban operation service provider in the PRC and a key market player offering integrated property management services in the Greater Bay Area. Its major businesses comprise (i) non-commercial property management and value-added services, which consist of property management services, value-added services to non-property owners and community value-added services; and (ii) commercial property management and operational services, which consist of commercial operation and management services and market positioning consultancy and tenant sourcing services.

GZYX

GZYX, the ultimate controlling shareholder of Yuexiu Services and the Company, is a company established in the PRC with limited liability and is majority owned by the Guangzhou Municipal People's Government of the PRC. GZYX and its subsidiaries (other than the Group) are engaged in various businesses, including (i) real estate and property development business; (ii) commercial banking, asset management, finance leasing, futures, business investment and other financial services; and (iii) livestock breeding, dairy industry, food processing and other businesses.

DEFINITIONS

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

“2023 Announcement”	the announcement of the Company dated 1 February 2023 in relation to the existing continuing connected transactions contemplated under the 2023 Property Management and Commercial Operation and Management Services Framework Agreement
“2023 Property Management and Commercial Operation and Management Services Framework Agreement”	the framework agreement entered into between the Company and Yuexiu Services on 1 February 2023 for the provision of the Property Management Services and the Commercial Operation and Management Services by Yuexiu Services Group to the Group

“2024 Property Management and Commercial Operation and Management Services Framework Agreement”	the framework agreement entered into between the Company and Yuexiu Services on 24 December 2024 for the provision of the Property Management Services and the Commercial Operation and Management Services by Yuexiu Services Group to the Group
“Annual Caps”	the annual caps under the 2024 Property Management and Commercial Operation and Management Services Framework Agreement for the three years ending 31 December 2025, 2026 and 2027
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Commercial Operation and Management Services”	has the meaning given to it in the section headed “Renewal of Existing Property Management and Commercial Operation and Management Services Framework Agreement – Principal terms”
“Company”	Yuexiu Transport Infrastructure Limited (越秀交通基建有限公司), a company incorporated in Bermuda with limited liability, 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”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the directors of the Company
“Group”	the Company and its subsidiaries
“GZYYX”	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, which is majority owned by the Guangzhou Municipal People’s Government of the PRC and is the ultimate controlling shareholder of each of the Company and Yuexiu Services
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	any entity or person who is not a connected person of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Property Management Services”	has the meaning given to it in the section headed “Renewal of Existing Property Management and Commercial Operation and Management Services Framework Agreement – Principal terms”
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“Yuexiu Services”	Yuexiu Services Group Limited (越秀服務集團有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 06626)
“Yuexiu Services Group”	Yuexiu Services and its subsidiaries

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

Hong Kong, 24 December 2024

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

Executive Directors : LIU Yan (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 purpose only*