

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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

(Incorporated in Bermuda with limited liability)

(Stock code: 01052)

**CONNECTED TRANSACTION:
EXERCISE OF THE CALL OPTION TO ACQUIRE THE REMAINING
10% EQUITY INTEREST IN THE PRC COMPANY WHICH OWNS
THE HAN-XIAO EXPRESSWAY**

The Vendor and the Purchaser entered into the Agreement, pursuant to which the Purchaser exercised the Call Option to acquire the Remaining Interest (i.e. 10% equity interest in the Han-Xiao Company) for the consideration of RMB88,000,000 subject to the fulfilment (or waiver) of the Conditions. The Han-Xiao Company is a non-wholly owned subsidiary of the Company which owns and operates the Han-Xiao Expressway. Upon completion of the Agreement, the Han-Xiao Company will become an indirect wholly-owned subsidiary of the Company.

The Agreement constitutes a connected transaction for the Company. As the Agreement is on normal commercial terms and the applicable percentage ratios are less than 5%, the Agreement is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

1. ACQUISITION OF THE REMAINING INTEREST

The Board hereby announces that, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor. Pursuant to the Agreement, the Purchaser has exercised the Call Option to purchase, and the Vendor has agreed the Purchaser's exercise of the Call Option and to sell, the Remaining Interest.

2. BACKGROUND

- (a) Pursuant to the announcement of the Company dated 20 October 2010 (“**2010 Announcement**”), it was announced, among other things, that the Vendor and the Purchaser entered into an equity transfer agreement (“**2010 Agreement**”) whereby, among other things, the Vendor had irrevocably granted to the Purchaser an option to acquire the Remaining Interest (“**Call Option**”) which was exercisable within 3 years of the completion of the 2010 Agreement (“**Option Period**”) at the exercise price to be determined in accordance with the Original Formula; and
- (b) prior to the expiry of the Option Period on 28 December 2013 (“**Expiry Date**”), the Vendor and the Purchaser had entered into negotiation in relation to modifying the terms upon which the Call Option may be exercised and had agreed to extend the Expiry Date until the modified terms for the exercise of the Call Option have been agreed.

3. PRINCIPAL TERMS OF THE AGREEMENT

Set out below is a summary of the principal terms of the Agreement:

- (a) Parties and date

Date: 16 June 2014

Parties: the Vendor and the Purchaser.

For the reason set out in the section headed “7 - Implications of the Agreement under the Listing Rules”, the Agreement constitutes a connected transaction for the Company.

- (b) Assets to be acquired

10% equity interest in the Han-Xiao Company, which was acquired by the Vendor at the original purchase cost of RMB49,508,900.

- (c) Consideration and its payment

The Consideration is RMB88,000,000 determined after arm’s length negotiation having taken into account the net asset value of the Han-Xiao Company as a whole in the amount of RMB 878.4 million as at 31 December 2013.

The Consideration shall be payable in cash in Hong Kong dollars in one lump sum within 10 working days after (i) completion of the registration regarding the transfer of the Remaining Interest at the relevant Administration of Industry and Commerce; and (ii) the Vendor having provided the Purchaser with documentary proof regarding payments of all taxes in relation to the transfer of the Remaining Interest. The Consideration will be funded by the Group's internal resources.

(d) Conditions precedent

Completion is conditional upon fulfilment (or waiver, if applicable) of the following Conditions:

- (i) the Vendor having satisfied the the requirements on approvals or filing in relation to the transfer of the Remanining Interest with the competent PRC governmental and/or regulatory authorities (being the governmental departments in charge of commerce and/or transport);
- (ii) the Purchaser's parent company having performed its obligations in relation to the transactions contemplated by the Agreement as required under the Listing Rules;
- (iii) the representations and warranties given by the Vendor under the Agreement remain true, accurate, complete and not misleading from the Signing Date up to Completion; and
- (iv) the representations and warranties given by the Purchaser under the Agreement remain true, accurate, complete and not misleading from the Signing Date up to Completion.

All the Conditions must be fulfilled (or waived, if applicable) within 6 months from the Signing Date (or such later date as the Vendor and the Purchaser may agree). The Conditions under (i) and (ii) above cannot be waived. The Condition under (iii) above can be waived by the Purchaser in writing while the Condition under (iv) above can be waived by the Vendor in writing.

(e) Completion

Completion shall, subject to the fulfilment (or waiver) of the Condition(s), occur on the date on which the change of shareholding of the Han-Xiao Company contemplated by the Agreement has completed at the relevant Administration of Industry and Commerce.

(f) Performance deposit

The Vendor shall pay a refundable performance deposit in the amount of RMB6,000,000 on the Signing Date from which the damages suffered by the Purchaser under the Agreement and the expenses in relation to the completion verification of the Airport North Extension which the Vendor is responsible for can be paid.

4. INFORMATION ON THE HAN-XIAO COMPANY

Han-Xiao Company is a wholly foreign owned enterprise established in the PRC and is a non-wholly owned subsidiary of the Company which has been consolidated in the accounts of the Group. It is principally engaged in the construction, management, and operation of the Han-Xiao Expressway. It owns the franchise to operate the Han-Xiao Expressway as well as the advertising billboards and other service facilities thereof, for a term up to 9 December 2036. As the date of this announcement, the Han-Xiao Company is owned as to 90% by the Purchaser and 10% by the Vendor.

Set out below is the financial information of the Han-Xiao Company for the two financial years before the Agreement prepared in accordance with the HKFRS as extracted from the audited consolidated financial statements of the Company:

	Year ended 31 December 2012 (RMB'000)	Year ended 31 December 2013 (RMB'000)
Revenue	102,235	127,322
Profit before tax and extraordinary items	18,016	20,057
Profit after tax and extraordinary items	12,400	14,872

The net asset value of the Han-Xiao Company as at 31 December 2013 was RMB878.4 million as extracted from the audited consolidated financial statements of the Company which was prepared in accordance with the HKFRS.

5. INFORMATION ON THE GROUP, THE PURCHASER AND THE VENDOR

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. The Group has also invested in a terminal project located in the Chishuixu operation area of the Wuzhou City, Guangxi Zhuang Autonomous Region, the PRC.

The Purchaser is a wholly-owned subsidiary of the Company incorporated in Hong Kong and is an investment holding company.

The Vendor is a company incorporated in Hong Kong principally engaged in investment in and construction, operation and management of transportation infrastructures in the PRC.

6. REASONS AND BENEFITS FOR THE AGREEMENT

Upon completion of the Agreement, the Han-Xiao Company will become an indirect wholly-owned subsidiary of the Company. This will allow the Group to have an absolute control over the operations of the Han-Xiao Company. Assuming that the Call Option was exercised immediately before the expiry of the original Option Period (i.e. on 28 December 2013), the exercise price as determined in accordance with the Original Formula would be RMB117,410,000. The Consideration represents a discount of approximately 25.05% to the original exercise price of RMB117,410,000.

Having taken into account the above reasons and benefits, the Directors (including the independent non-executive Directors) consider that the terms of the Agreement are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole. The Company confirms that none of the Directors have a material interest in the Agreement.

7. IMPLICATIONS OF THE AGREEMENT UNDER THE LISTING RULES

The Han-Xiao Company is a subsidiary of the Company. By virtue of the Vendor holding 10% of the equity interest of the Han-Xiao Company, the Vendor is a substantial shareholder of a subsidiary of the Company and therefore a connected person of the Company. Accordingly, the Agreement is a connected transaction for the Company.

As the Agreement is on normal commercial terms and the applicable percentage ratios are less than 5%, the Agreement is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Agreement”	means the agreement on exercise of option and transfer of equity interest in relation to the Remaining Interest dated 16 June 2014 entered into between the Vendor and the Purchaser;
“Airport North Extension”	means the expressway connecting the Han-Xiao Expressway and the Wuhan Tianhe Airport;
“Board”	means the board of Directors;
“Completion”	means completion of the sale and purchase of the Remaining Interest pursuant to the Agreement;
“Conditions”	means the conditions precedent to Completion;
“connected persons”	has the meaning ascribed to it under the Listing Rules;
“Consideration”	means the consideration payable by the Purchaser for the exercise of the Call Option and acquisition of the Remaining Interest pursuant to the Agreement, being RMB88,000,000;
“Directors”	means the directors of the Company;
“Group”	means the Company and its subsidiaries;

“Han-Xiao Company”	means 湖北漢孝高速公路建設經營有限公司 (Hubei Han-Xiao Highway Construction and Operations Company Limited*), a wholly foreign owned enterprise established in the PRC;
“Han-Xiao Expressway”	means the tolled Wuhan to Xiaogan Expressway in Hubei Province, the PRC;
“HKFRS”	means the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants;
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Original Formula”	means the formula for determining the amount of the exercise price of the Call Option contained in the 2010 Agreement as described in the section headed “The Equity Transfer Agreement — 9. Call Option” in the 2010 Announcement;
“PRC”	means the People’s Republic of China and, for the purposes of this announcement only, excludes Hong Kong, Macau Special Administrative Region and Taiwan;
“Purchaser”	means Swift Full Limited 翔丰有限公司, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company;
“Remaining Interest”	means the 10% equity interest in the Han-Xiao Company owns by the Vendor;
“RMB”	means Renminbi, the lawful currency of the PRC;
“Signing Date”	means the date on which the Agreement was signed, being 16 June 2014;

“Vendor” means Telford Road & Bridge Investments Co. Limited (福德路橋投資有限公司), a company incorporated in Hong Kong with limited liability; and

“%” means percentage.

By Order of the Board
Yuexiu Transport Infrastructure Limited
ZHU Chunxiu
Chairman

Hong Kong, 16 June 2014

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

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

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

** For identification purpose only*