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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)

**MAJOR TRANSACTION:
ACQUISITION OF 70% EQUITY INTEREST IN A PRC COMPANY WHICH
OPERATES THE SUIYUENAN EXPRESSWAY
AND
POSSIBLE CONNECTED TRANSACTION:
PROVISION OF FINANCIAL ASSISTANCE TO A CONNECTED PERSON
UPON COMPLETION**

The Board is pleased to announce that the Purchaser, a wholly-owned subsidiary of the Company, and the Vendors have entered into (i) the Transfer Agreement and (ii) the Novation and Repayment Agreement, both dated 17 December 2014.

TRANSFER AGREEMENT

Pursuant to the Transfer Agreement, the Purchaser has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell, the Sale Interest at the Total Consideration (i.e. RMB1,949,938,435.74) subject to deduction, if applicable. The Total Consideration comprises (i) consideration in cash in the amount of RMB1,792,000,000.00; and (ii) the Assumed Debts in the amount of RMB157,938,435.74. The Target Company is principally engaged in the construction, operation and management of the Suiyuenan Expressway. Upon completion of the Acquisition, the Company will, through the Purchaser, own 70% of the interest in, and the operating right to, the Suiyuenan Expressway and the Target Company will become an indirect non wholly-owned subsidiary of the Company. The financial results of the Target Company will be consolidated in the financial statements of the Group upon Completion.

NOVATION AND REPAYMENT AGREEMENT

Pursuant to the Novation and Repayment Agreement, the Purchaser will assume the Assumed Debts from Completion and Vendor A will owe the Vendors Debts to the Target Company from Completion. Both the Assumed Debts and the Vendors Debts together with the interest thereon shall be repaid on the date falling on the first anniversary of the Completion Date.

REASONS AND BENEFITS FOR ENTRY INTO THE TRANSACTIONS

Being located in the Hubei section of the duplicate trunk line of the Beijing-Hong Kong-Macau expressway and ending at the Jing-Yue Yangtze River Highway Bridge (荊岳長江公路大橋), the Suiyuenan Expressway is situated at a strategic location and enjoys a distinguished geographical advantage and thus has bright prospects. The Suiyuenan Expressway has a toll length of 98.06 km. This is the longest compared to other expressways operating by the Group and is in line with the Group's strategy to explore large scale projects. The concession period of the Suiyuenan Expressway has a remaining term of more than 25 years before its expiry in March 2040 which is relatively long and can, therefore, allow the Suiyuenan Expressway to contribute to the future growth of the Group in the long term.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios exceed 25% but are less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. A circular containing, among other things, further details of the Acquisition, will be despatched to the Shareholders on or before 12 January 2015 (being 15 business days after the date of this announcement).

Assuming Completion occurs, the Vendors Debts Transaction will constitute a connected transaction for the Company under Chapter 14A of the Listing Rules. Since the Vendors Debts Transaction is conducted on normal commercial terms and all the applicable ratios (other than the profit ratio) are less than 5% assuming that (i) Completion occurs on the date of this announcement and (ii) the final interest rate equals to the one-year RMB lending rate quoted by the PBOC as at the date of this announcement (being 6%), the Vendors Debts Transaction will be exempt from the circular (including independent financial advice) and shareholders' approval requirements but is subject to the announcement and annual reporting requirements under the Listing Rules. Prior to Completion, the Company will re-calculate the applicable ratios pursuant to the Listing Rules after the final interest rate is known and will comply with all the applicable requirements under the Listing Rules.

1. THE TRANSFER AGREEMENT

The Board is pleased to announce that on 17 December 2014, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Transfer Agreement with the Vendors. Pursuant to the Transfer Agreement, the Purchaser has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell, the Sale Interest. The principal terms of the Transfer Agreement are summarised below:

(a) Date

17 December 2014.

(b) Parties

(i) the Purchaser, a wholly-owned subsidiary of the Company;

(ii) Vendor A; and

(iii) Vendor B.

As at the date of this announcement, Vendor A is the sole shareholder of Vendor B. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendors and their respective ultimate beneficial owners are third parties independent of, and not connected with, the Company and its connected persons.

(c) Assets to be acquired by the Group

As at the date of this announcement, 98.6441% of the Target Company is owned by Vendor A and 1.3559% is owned by Vendor B. The Purchaser will acquire an aggregate of 70% of the equity interest of the Target Company of which 68.6441% is owned by Vendor A and 1.3559% is owned by Vendor B. The sale and purchase of the equity interest in the Target Company from Vendor A and Vendor B must be completed simultaneously. Upon Completion, the Company will, through the Purchaser, own the Sale Interest and the financial results of the Target Company, which will become an indirect non wholly-owned subsidiary of the Company, will be consolidated in the financial statements of the Group upon Completion.

As at the date of this announcement, 100% of the equity interest of the Target Company (including the Sale Interest) was subject to the Pledge on Entire Equity Interest. It is one of the Conditions to Completion that the written consents of the creditors of the Target Company (including the Lenders) consenting the change of shareholders in the Target Company have been given.

(d) **Deposit**

The Purchaser shall pay RMB50 million to the Vendors as deposit (“**Deposit**”) and such Deposit shall be paid into an escrow account (“**Escrow Account**”) to be established in the name of Vendor A pursuant to an escrow account agreement between the Purchaser, Vendor A and a bank. The Deposit shall be paid into the Escrow Account within 10 working days of its establishment and shall be dealt with as summarised below:

- (i) the Vendors shall return the Deposit to the Purchaser together with an amount equivalent to the Deposit (i.e. an aggregate of RMB100 million) if, among other things:
 - (A) the Conditions set out in paragraph (f)(ix) below cannot be fulfilled due to the wilful or material default on the part of the Vendors or the Target Company; or
 - (B) the Vendors refuse to sell the Sale Interest after fulfilment (or waiver) of the Conditions; or
- (ii) the Vendors may forfeit the Deposit if the Purchaser fails to purchase the Sale Interest after fulfilment (or waiver) of the Conditions; or
- (iii) the Deposit (together with interest) shall be returned to the Purchaser within five working days after the Vendors have received the first instalment of the Cash Consideration (please refer to paragraph (e)(iii) below for details).

(e) **Consideration**

The total consideration payable for the acquisition of the Sale Interest is RMB1,949,938,435.74, comprising (i) consideration in cash in the amount of RMB1,792,000,000.00 (“**Cash Consideration**”); and (ii) the Assumed

Debts in the amount of RMB157,938,435.74. If applicable, certain amounts as specified in the Transfer Agreement will be deducted from the Cash Consideration. Further details on the Total Consideration are summarised below:

(i) **Cash Consideration**

The Cash Consideration is RMB1,792,000,000.00. It is currently expected that approximately 25% of the Cash Consideration will be funded by internal resources and approximately 75% will be funded by external financing.

(ii) **Deduction from the Cash Consideration**

If applicable, 70% of the amount representing the following items (“**Deducted Amounts**”) will be deducted from the Cash Consideration:

- (A) the liabilities of the Target Company and other payables which existed on or before the Accounts Date and which have not been disclosed on the Accounts Date;
- (B) the extent that the fixed assets of the Target Company as at the Completion Date are inadequate, damaged or the value of which is otherwise lost (fair wear and tear and ordinary depreciation excepted) as compared to the fixed assets of the Target Company as at the Accounts Date; and
- (C) the decreases in the assets of the Target Company or increases in debts or liabilities of the Target Company as a result of the expenses incurred or transactions entered into by the Target Company between the Accounts Date and the Completion Date and which are not incurred in the ordinary course of business of the Target Company as permitted under the Transfer Agreement.

If the balance of the Cash Consideration is not enough to set off the Deducted Amounts, the Vendors shall pay the difference to the Purchaser. If the Deducted Amounts are discovered only after the Cash Consideration has already been fully paid to the Vendors, the Vendors are required to pay the Deducted Amounts to the Purchaser.

(iii) Payment of the Cash Consideration

The Cash Consideration shall be paid in three instalments, details of which are summarised below:

| Instalments | Portions of the Cash Consideration | Timeline |
|--------------------|--------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| First instalment | 80% of the Cash Consideration (i.e. RMB1,433,600,000.00) | Within 15 business days after (i) the fulfilment of the Conditions which the Vendors are responsible to fulfil; (ii) the new business licence in relation to the Acquisition has been issued to the Target Company; and (iii) the Vendors have performed the obligations in relation to the handover of the management and control of the Target Company to the Purchaser in accordance with the Transfer Agreement |
| Second instalment | Cash Consideration x 10% — Deducted Amounts (if any) discovered after payment of the first instalment | Within 15 business days after the parties have agreed the exact amounts of the Deducted Amounts based on the Completion Audit Report |
| Third instalment | Cash Consideration x 10% — Deducted Amounts (if any) discovered after payment of the second instalment | Within one year after the Completion Date |

(iv) **Assumption of the debts owed by the Vendors to the Target Company pursuant to the Novation and Repayment Agreement**

As at the Accounts Date, the Vendors owed RMB225,626,336.77 in aggregate to the Target Company (“**Relevant Debts**”). The Purchaser will assume 70% of the Relevant Debts (i.e. RMB157,938,435.74) at its face value (“**Assumed Debts**”) with effect from the Completion Date. The amount of RMB67,687,901.03 (“**Vendors Debts**”) which represents 30% of the face value of the Relevant Debts will be owed by Vendor A to the Target Company with effect from the Completion Date.

For the purpose of providing for the novation and repayment of the Assumed Debts and the Vendors Debts and interest payable thereon, the Vendors, the Purchaser and the Target Company have entered into an agreement on novation and repayment of debts owed by the original shareholders dated 17 December 2014 (“**Novation and Repayment Agreement**”) pursuant to the Transfer Agreement. Please refer to the section headed “3. Possible Connected Transaction: the Vendors Debts Transaction contemplated by the Novation and Repayment Agreement” for more information on the Novation and Repayment Agreement.

(v) **Basis upon which the Total Consideration was determined**

The Total Consideration was determined through arm’s length negotiations between the Vendors and the Purchaser and on a commercial basis taking into account, among other things, the valuation on the Sale Interest and the face value of the Assumed Debts. Compared to the fair value of the Sale Interest in the amount of RMB2.02 billion as at 31 August 2014, as appraised by GCA, an independent valuer engaged by the Company, using the income approach with discounted cash flow method (which constitutes a profit forecast under Rule 14.61 of the Listing Rules (“**Profit Forecast**”)), the Total Consideration represents a discount of approximately 3.5% to the appraised value of the Sale Interest. Please refer to the section headed “2. Fair Value of the Sale Interest” below for the principal assumptions on which the Profit Forecast was based.

(f) Conditions precedent

Completion of the Transfer Agreement is conditional upon fulfilment (or waiver, if applicable) of the Conditions on or before the Long Stop Date. A summary of certain Conditions is set out below:

- (i) the information disclosed by the Vendors remain true, accurate and not misleading as at the Completion Date;
- (ii) the toll level of the Suiyuenan Expressway will not be reduced to a level lower than that as at the signing of the Transfer Agreement;
- (iii) all the costs for the construction of the Suiyuenan Expressway have been settled and the relevant settlement certificate(s) have been obtained;
- (iv) the Target Company has obtained the written consents to the change of shareholders of the Target Company pursuant to the Transfer Agreement from its creditors (including but not limited to the Lenders) and written consents have been given by the chargees of the Sale Interest, namely the Lenders, in relation to the releases of the relevant pledge and guarantee;
- (v) the Target Company has obtained the building ownership certificates for the buildings and facilities specified in the Transfer Agreement such as services complex, cars repairing garage and electricity supply room;
- (vi) the Vendors have cleared the investments of the Target Company (including long term equity investments etc.) at the face value of the long term equity investments as at the Accounts Date to ensure that the Target Company will cease to hold any shareholding or other interest (whether directly, indirectly or beneficially) in any companies and the Target Company will have no investments in, or guarantee for, other companies;
- (vii) the Target Company has settled all taxes unpaid or payable (including relevant penalties, if any);
- (viii) all the guarantees given by the Target Company for the benefits of third parties have been discharged;

- (ix) the Target Company has obtained all the approvals from competent PRC authorities which are necessary for the transfer of the Sale Interest including but not limited to the approvals granted by the People's Government of Hubei Province and the Transport Department of Hubei Province (湖北省交通廳), approvals for the new articles of association and joint venture contract of the Target Company and certificate of approval of foreign investment certifying that the Purchaser owns 70% of the equity interest of the Target Company;
- (x) each of the Vendors and the Purchaser have obtained all the internal approvals in respect of the transactions contemplated by the Transfer Agreement and have complied with the relevant procedures (including satisfaction of the disclosure and other requirements under the Listing Rules on the part of the holding company of the Purchaser); and
- (xi) no material adverse effect has occurred on the Purchaser or the Target Company since the Signing Date.

All or any of the Conditions to be fulfilled by the Vendors and/or the Target Company may be waived in writing by the Purchaser with or without conditions. All or any of the Conditions to be fulfilled by the Purchaser may be waived in writing by the Vendors with or without conditions.

If any of the Conditions are not fulfilled on or before the Long Stop Date by the party responsible to fulfil the relevant Condition(s), and the other party refuses to grant a waiver, the Purchaser or the Vendors (as the case may be) may extend the period within which the Condition(s) must be fulfilled. If the Condition(s) cannot be fulfilled on or before the Long Stop Date (or within the extended period), then the Transfer Agreement shall be terminated forthwith.

(g) Completion

Completion of the Transfer Agreement will take place on the Completion Date, which shall be the date on which the new business licence of the Target Company is issued by the relevant registration authority, provided that all the Conditions have been fulfilled or waived (as the case may be).

(h) **Vendors' undertakings**

The Vendors undertake to the Purchaser, among other things, that:

- (i) if the actual amounts of the principal, interest and compensation for breaches of contracts in relation to the construction of the Suiyuenan Expressway required to be paid by the Target Company to the relevant contractors and suppliers exceed the amounts disclosed before the Accounts Date, the Vendors shall be responsible for the payment of the exceeding portion; and
- (ii) they will be responsible for handling the arbitration case referred to in an application for arbitration dated 8 July 2014 (“**Arbitration Application**”) pursuant to which Wenzhou Communications Construction Group Company Limited* (溫州交通建設集團有限公司) (“**Wenzhou Communications**”) applied to the Wuhan Arbitration Commission* (武漢仲裁委員會) for arbitration in relation to a contract that it entered into with the Target Company in respect of the construction of the Suiyuenan Expressway.

Wenzhou Communications alleged in the Arbitration Application that it has suffered losses as a result of the delay in the construction works due to, among other things, the repeated changes to the design of the Suiyuenan Expressway. Wenzhou Communications sought for (x) damages in the amount of RMB58,845,838.00 together with interest thereon calculated at the rate of 6% per annum for the period commenced on 10 November 2011 up to the date of actual payment and (y) payment of construction fee due in the amount of RMB500,000.00 together with interest thereon calculated at the rate of 6% per annum for the period commenced on 1 July 2013 up to the date of actual payment. The arbitration hearing took place on 18 November 2014. According to the arbitration rules of the Wuhan Arbitration Commission, the arbitration result will be available within four months after the hearing panel has been formed. On this basis, it is expected that the arbitration result will be available before the end of February 2015.

(i) **Management of the Target Company after Completion**

After Completion, the board of directors of the Target Company shall comprise of seven directors of which five shall be appointed by the Purchaser and the remaining two shall be appointed by Vendor A.

2. FAIR VALUE OF THE SALE INTEREST

For the purpose of complying with Rule 14.62 of the Listing Rules, the major assumptions on which the Profit Forecast was based are set out below:

- (a) there will be no material changes in the existing political, legal, fiscal, foreign trade or economic conditions in the PRC where the Target Company is operated;
- (b) there will be no significant deviation in the industry trends and market conditions from the current market expectation;
- (c) there will be no major changes in the current taxation law in the PRC and countries of origin of the comparable companies;
- (d) there will be no material changes in interest rates or foreign currency exchange rates from those currently prevailing;
- (e) all relevant legal approvals, business certificates or licenses for the normal course of operation are formally obtained, in good standing and that no additional costs or fees are needed to procure such during the application;
- (f) credit terms and repayment schedules of bank loans are provided by the management of the Target Company;
- (g) depreciation policy of the Target Company is subject to the accounting policy of the Group as enlarged by the acquisition of the Target Company;
- (h) there will be no significant deviation in the current assets and current liabilities assumption made by the management of the Target Company;
- (i) future revenue growth will conform to those forecasted by Jie Cheng Consultants Limited (“**Jie Cheng**”)(Please refer to Tables 1 and 2 below for summaries of certain information on the traffic forecast projection on the Suiyuenan Expressway extracted from the traffic study report dated November 2014 prepared by Jie Cheng);
- (j) the amount of operating expenses and capital expenditure will conform to those forecasted by Jie Cheng; and
- (k) the Target Company will retain its competent management, key personnel, and technical staff to support the ongoing operation of its business.

Table 1 — Summary of Traffic Forecast Projections on Average Daily Toll Traffic basis (“ADTT”)

| Year | Optimistic case (Vehicle/day) | Conservative case (Vehicle/day) |
|-------------|------------------------------------------|--------------------------------------------|
| 2015 | 9,361 | 8,981 |
| 2016 | 10,241 | 9,632 |
| 2017 | 11,906 | 11,037 |
| 2018 | 12,917 | 11,796 |
| 2019 | 14,374 | 13,000 |
| 2020 | 15,957 | 14,302 |
| 2025 | 24,362 | 21,422 |
| 2030 | 31,385 | 28,464 |
| 2035 | 34,287 | 32,458 |
| 2040 | 35,266 | 33,439 |

Table 2 — Summary of Traffic Forecast Projections In Annual Revenue

| Year | Optimistic case (RMB in million) | Conservative case (RMB in million) |
|--------------------|---------------------------------------------|-----------------------------------------------|
| 2015 | 495 | 475 |
| 2016 | 539 | 507 |
| 2017 | 625 | 580 |
| 2018 | 676 | 618 |
| 2019 | 750 | 679 |
| 2020 | 830 | 744 |
| 2025 | 1,246 | 1,098 |
| 2030 | 1,581 | 1,438 |
| 2035 | 1,704 | 1,619 |
| 2040 <i>(Note)</i> | 324 | 308 |

Note: there are only 68 toll collection days in year 2040.

The Board has reviewed the principal assumptions upon which the Profit Forecast was based and is of the view that the Profit Forecast has been made after due and careful enquiry.

PricewaterhouseCoopers, the reporting accountant of the Company, has issued a report on the calculations for the discounted future estimated cash flows on which the valuation prepared by GCA was based. Please refer to Appendix II to this announcement for the said report of PricewaterhouseCoopers.

A letter from the Board is set out in Appendix I to this announcement for the purpose of Rule 14.62 of the Listing Rules.

3. POSSIBLE CONNECTED TRANSACTION: THE VENDORS DEBTS TRANSACTION CONTEMPLATED BY THE NOVATION AND REPAYMENT AGREEMENT

As disclosed in the section headed “1. The Transfer Agreement — (e) Consideration — (iv) Assumption of the debts owed by the Vendors to the Target Company pursuant to the Novation and Repayment Agreement, the Vendors, the Purchaser and the Target Company have entered into the Novation and Repayment Agreement in relation to, among other things, repayment of the Vendors Debts. Set out below is a summary of the principal terms of the Novation and Repayment Agreement:

| | | |
|--------------------------------------------------------------------------------|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Amounts of debts novated from the Vendors to the Purchaser | : | RMB157,938,435.74 |
| Amounts of debts continued to be owed by Vendor A to the Target Company | : | RMB67,687,901.03 |
| Interest rate | : | One-year RMB lending rate quoted by the PBOC on the Completion Date |
| Final maturity and repayment | : | Both the Assumed Debts and the Vendors Debts together with the interest thereon shall be repaid on the date falling on the first anniversary of the Completion Date. The Target Company may use dividends or other benefits distributed by the Target Company which Vendor A and the Purchaser are respectively entitled to for setting off the Vendors Debts and the Assumed Debts |

- Termination** : If the Transfer Agreement is terminated before Completion for whatever reasons, the Novation and Repayment Agreement shall be terminated accordingly.
- Collateral** : Not required

For the reasons set out in the section headed “7. Implications under the Listing Rules — (b) the Vendors Debts Transaction”, the Vendors Debts Transaction will, if Completion occurs, constitute a connected transaction for the Company on the Completion Date.

4. INFORMATION ON THE TARGET COMPANY AND THE SUIYUENAN EXPRESSWAY

The Target Company is a company established in the PRC with limited liability and is principally engaged in the construction, operation and management of the Suiyuenan Expressway. The registered capital of the Target Company is RMB1.77 billion and has been fully paid up. The operating term of the Target Company is 35 years commenced on 26 September 2003 and ending on 26 September 2038. Since the current operating term of the Target Company will end before the expiry of the toll collection period on 9 March 2040, the new articles of association and joint venture contract of the Target Company between Vendor A and the Purchaser will be amended so that the operating term of the Target Company will end on 10 March 2042. It is one of the Conditions that approvals for the new articles of association and joint venture contract of the Target Company have been granted by the relevant competent PRC authority.

Pursuant to a document issued by the People’s Government of Hubei Province on 6 January 2014, the People’s Government of Hubei Province approved that the toll collection period for the Suiyuenan Expressway be extended from 27 years to 30 years started from the date on which toll collection stations were set up. On this basis, the toll collection period for the Suiyuenan Expressway is 30 years commenced on 10 March 2010 and ending on 9 March 2040.

The toll length of the Suiyuenan Expressway is 98.06 km. The design speed is 100 km per hour. The Suiyuenan Expressway is a dual four lanes expressway with four toll collection stations. The construction of the Suiyuenan Expressway was commenced in December 2004 and was completed for operation in March 2010, with a final project cost of approximately RMB5.288 billion (i.e. approximately RMB54 million per km).

Set out below is the unaudited financial information of the Target Company and its subsidiary for the two years ended 31 December 2012 and 2013 and the eight months ended 31 August 2014 respectively which were prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRS**”):

| | Year ended 31 December 2012 | Year ended 31 December 2013 | Eight months ended 31 August 2014 |
|--------------------------|--------------------------------------------|--------------------------------------------|------------------------------------------------------|
| | <i>Unaudited</i> (RMB'000) | <i>Unaudited</i> (RMB'000) | <i>Unaudited</i> (RMB'000) |
| Revenue | 312,581 | 405,355 | 307,615 |
| (Loss)/Profit before tax | (99,628) | (30,472) | 11,101 |
| (Loss)/Profit after tax | (99,628) | (30,472) | 11,101 |
| Total Equity | 1,148,715 | 1,118,243 | 1,132,389 |

5. INFORMATION ON THE GROUP AND THE VENDORS

The Group is principally engaged in the investment in, operation and management of 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 port, Guangxi Zhuang Autonomous Region, the PRC. The Purchaser is a wholly-owned subsidiary of the Company and is an investment holding company.

Vendor A, the sole shareholder of Vendor B, is a company established in the PRC whose scope of business includes, among other things, investment and management of investment, sale of textiles, hardware, chemical products, machinery.

Vendor B, a wholly-owned subsidiary of Vendor A, is a company established in the PRC whose scope of business includes organization of exhibitions and properties management.

6. REASONS AND BENEFITS FOR ENTRY INTO THE TRANSACTIONS

The Suiyuenan Expressway is situated at the heart of the PRC. It connects Henan Province, Shaanxi Province, Hubei Province and Hunan Province vertically. Being located in the Hubei section of the duplicate trunk line of the Beijing-Hong Kong-Macau expressway and ending at the Jing-Yue Yangtze River Highway Bridge (荊岳長江公路大橋), the Suiyuenan Expressway is situated at a strategic location and enjoys a distinguished geographical

advantage and thus has bright prospects. Hubei Province, where the Suiyuenan Expressway is located, is an important region for the PRC's strategy of "Rise of Central China". Wuhan is Hubei's capital city and a traffic centre. Wuhan is also the transfer hub for the traffic and logistics of the PRC. In recent years, Wuhan has experienced a fast growth in both the economy and transportation. It is expected that the future development of Wuhan will continue to be strong and, therefore, can create sufficient potential traffic flow for the Suiyuenan Expressway in the future.

The Suiyuenan Expressway has a toll length of 98.06 km. This is the longest compared to other expressways operating by the Group and is in line with the Group's strategy to explore large scale projects. The concession period of the Suiyuenan Expressway has a remaining term of more than 25 years before its expiry on 9 March 2040 which is relatively long and can, therefore, allow the Suiyuenan Expressway to contribute to the future growth of the Group in the long term.

Since the commencement of toll collection in March 2010, Suiyuenan Expressway has been in the so-called "incubation" phase of a toll road, therefore, the Target Company was operating at a loss in the amounts of approximately RMB99.6 million and RMB30.5 million for the two years ended 31 December 2012 and 2013 respectively. However, as set out in the unaudited financial information of the Target Company based on HKFRS above, the revenue for the two years ended 31 December 2012 and 2013 amounted to approximately RMB312.6 million and RMB405.4 million respectively, representing an annual growth rate of approximately 58.5% and 29.7% for 2012 and 2013 respectively while the loss had decreased from approximately RMB99.6 million for the year ended 31 December 2012 to approximately RMB30.5 million for the year ended 31 December 2013. It is also noted that the Target Company recorded an unaudited profit of approximately RMB11.1 million for the eight months ended 31 August 2014. The Board believes that the Suiyuenan Expressway is approaching the end of the "incubation" phase and will become one of key drivers of the Group in terms of profit and cash flow contribution in the mid to long term. The Acquisition is also consistent with the Group's strategy of selecting projects with high growth potential for acquisition as disclosed in the annual report of the Group for 2013.

The total equity of the Target Company as at 31 August 2014 as per the unaudited financial information of the Target Company prepared in accordance with HKFRS was approximately RMB1,132.4 million. The fair value of the Sale Interest as at 31 August 2014 (as appraised by GCA by adopting the income approach with discounted cash flow method) was approximately RMB2.02

billion. The Total Consideration represents a discount of approximately 3.5% to the said appraised value. The Internal Rate of Return of the Target Company as derived from the discounted cash flow method by GCA was approximately 11.78% to the said appraised value.

Having taken into account the above reasons and benefits, the Board considers that the terms of the Transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole. In addition, all the independent non-executive Directors consider that the Vendors Debts Transaction is not in the ordinary and usual course of business of the Group but the terms are fair and reasonable, are on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole. None of the Directors have a material interest in the Vendors Debts Transaction.

7. IMPLICATIONS UNDER THE LISTING RULES

(a) The Acquisition

As the applicable percentage ratios exceed 25% but are less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the approval of the Shareholders at a general meeting. However, as no Shareholder is required to abstain from voting if the Company were to convene a general meeting for approving the Acquisition and a closely allied group of Shareholders, who are interested in an aggregate of 1,014,796,050 Shares representing approximately 60.65% of the issued share capital of the Company as at the date of this announcement having the right to attend and vote at any general meeting of the Company, has given its written approval of the Acquisition, the written approval of the aforementioned group of Shareholders will be accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules. The aforesaid Shareholders are (i) Yue Xiu Enterprises (Holdings) Limited (holding 8,653 Shares representing approximately 0.001% of the issued share capital in the Company); (ii) Grace Lord Group Limited (holding 578,428,937 Shares representing approximately 34.571% of the issued share capital in the Company); (iii) Housemaster Holdings Limited (holding 367,500,000 Shares representing approximately 21.964% of the issued share capital in the Company); (iv) Yue Xiu Finance Company Limited (holding 54,443,000 Shares representing approximately 3.254% of the issued share capital in the Company); (v) Greenwood Pacific Limited (holding 13,761,460 Shares representing approximately 0.822% of the

issued share capital in the Company); and (vi) Dragon Year Industries Limited (holding 654,000 Shares representing approximately 0.039% of the issued share capital in the Company), all being subsidiaries of Guangzhou Yuexiu Holdings Limited.

A circular containing, among other things, further details of the Acquisition, will be despatched to the Shareholders on or before 12 January 2015 (being 15 business days after the date of this announcement).

(b) The Vendors Debts Transaction

Assuming Completion occurs, Vendor A will hold 30% interest in an indirect non wholly-owned subsidiary of the Company, namely the Target Company and, for this reason, will become a substantial shareholder of a subsidiary of the Company and therefore a connected person. Accordingly, the Novation and Repayment Agreement pursuant to which the Target Company provides financial assistance to Vendor A in the form of the Vendors Debts will constitute a connected transaction for the Company under Chapter 14A of the Listing Rules with effect from the Completion Date. Since the Vendors Debts Transaction is conducted on normal commercial terms and all the applicable ratios (other than the profit ratio) are less than 5% assuming that (i) Completion occurs on the date of this announcement and (ii) the final interest rate equals to the one-year RMB lending rate quoted by the PBOC as at the date of this announcement (being 6%), the Vendors Debts Transaction will be exempt from the circular (including independent financial advice) and shareholders' approval requirements but is subject to the announcement and annual reporting requirements under the Listing Rules. Prior to Completion, the Company will re-calculate the applicable ratios pursuant to the Listing Rules after the final interest rate is known and will comply with all the applicable requirements under the Listing Rules.

8. EXPERTS AND CONSENTS

The qualifications of the experts who have given their opinion and advice in this announcement are as follows:

| Name | Qualification |
|------------------------|---------------------------------------------|
| GCA | Independent professional business valuer |
| Jie Cheng | Independent professional traffic consultant |
| PricewaterhouseCoopers | Certified public accountants |

As at the date of this announcement, none of GCA, Jie Cheng or PricewaterhouseCoopers has any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

To the best of the knowledge, information and belief of the Board, each of GCA, Jie Cheng and PricewaterhouseCoopers is a third party independent of, and not connected with, the Company or its connected persons.

Each of GCA, Jie Cheng and PricewaterhouseCoopers has given and has not withdrawn its written consent to the publication of this announcement with the inclusion of its opinion, letter or report and all references to its name in the form and context in which it is included.

9. DEFINITIONS

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

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| “Accounts Date” | means 30 June 2014; |
| “Acquisition” | means the acquisition of the Sale Interest by the Purchaser pursuant to the Transfer Agreement; |
| “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; |
| “Completion” | means completion of the sale and purchase of the Sale Interest; |
| “Completion Audit Report” | means the audited financial report on the Target Company as at the Completion Date to be issued within 20 working days of the Completion Date by an accounting firm appointed by the Vendors and the Purchaser jointly; |
| “Completion Date” | means (subject to the fulfilment (or waiver) of the Condition(s)) the date on which completion of the Transfer Agreement takes place, being the date on which the relevant registration authority issued the new business licence to the Target Company; |

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| “Conditions” | means the conditions precedent to Completion; |
| “connected person” | has the meaning ascribed to it under the Listing Rules; |
| “Directors” | means the directors of the Company; |
| “GCA” | means Greater China Appraisal Limited, an independent professional business valuer appointed by the Group; |
| “Group” | means the Company and its subsidiaries; |
| “Hong Kong” | means the Hong Kong Special Administrative Region of the PRC; |
| “Internal Rate of Return” | means the discount rate that, if applies to a stream of cash flows, will result in a zero net present value; |
| “km” | means kilometre(s); |
| “Lenders” | means the several banks and financial institutions which provided loan facilities to the Target Company secured by both the Pledge on Entire Equity Interest and the Pledge on Toll Collection Right; |
| “Listing Rules” | means the Rules Governing the Listing of Securities on the Stock Exchange; |
| “Long Stop Date” | means the date which falls on the expiry of eight months of the Signing Date; |
| “PBOC” | means the People’s Bank of China; |
| “Pledge on Entire Equity Interest” | means the pledge created over the entire equity interest of the Target Company in favour of the Lenders; |
| “Pledge on Toll Collection Right” | means the pledge created over the toll collection right in respect of the Suiyuenan Expressway in favour of the Lenders; |
| “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; |

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| “Purchaser” | means 越秀(中國)交通基建投資有限公司 (Yuexiu (China) Transport Infrastructure Investment Company Limited*), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company; |
| “RMB” | means Renminbi, the lawful currency of the PRC; |
| “Sale Interest” | means an aggregate of 70% equity interest in the Target Company owned by the Vendors; |
| “Shareholders” | means the shareholders of the Company; |
| “Shares” | means shares of nominal value of HK\$0.1 in the capital of the Company; |
| “Signing Date” | means 17 December 2014, being the date on which the Transfer Agreement was signed; |
| “Stock Exchange” | means The Stock Exchange of Hong Kong Limited; |
| “Suiyuanan Expressway” | means the expressway owned and operated by the Target Company which starts from the junction of the Suiyue Expressway (隨岳高速) and Hanyi Expressway (漢宜高速) at Xiantao (仙桃), Maozui (毛嘴) and Zhuji (珠璣) and ends at the Jing-Yue Yangtze River Highway Bridge (荊岳長江公路大橋) located in Hubei Province; |
| “Target Company” | means Hubei Suiyuanan Expressway Company Limited* (湖北隨岳南高速公路有限公司), a company established in the PRC; |
| “Total Consideration” | means the total consideration in the amount of RMB1,949,938,435.74 payable by the Purchaser for the Acquisition comprising (i) the Cash Consideration; and (ii) the Assumed Debts; |
| “Transactions” | collectively, the Acquisition and the Vendors Debts Transaction; |
| “Transfer Agreement” | means the equity interest transfer agreement dated 17 December 2014 entered into between the Vendors and the Purchaser in relation to the sale and purchase of the Sale Interest; |

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| “Vendor A” | means Bairong Investment Holdings Company Limited* (百榮投資控股集團有限公司), a company established in the PRC; |
| “Vendor B” | means Bairong World Trade Center Management Co., Ltd.* (百榮世貿商城管理有限公司), a company established in the PRC; |
| “Vendors” | collectively, Vendor A and Vendor B; |
| “Vendors Debts Transaction” | means the novation and repayment of the Vendors Debts contemplated by the Novation and Repayment Agreement; and |
| “%” | means percentage. |

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

Hong Kong, 17 December 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*

17 December 2014

The Listing Division
The Stock Exchange of Hong Kong Limited
One International Finance Centre
1 Harbour View Street
Central, Hong Kong

Dear Sirs,

Major Transaction

We refer to the valuation report dated 17 December 2014 prepared by Greater China Appraisal Limited (“**Valuer**”) in relation to the valuation of the fair value of 70% equity interest in Hubei Suiyuanan Expressway Company Limited* (湖北隨岳南高速公路有限公司), a company established in the PRC, as at 31 August 2014 (the “**Valuation**”). The Valuation, which is prepared based on discounted cash flow method, is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

We have discussed with the Valuer about different aspects including the bases and assumptions upon which the Valuation has been prepared, and reviewed the Valuation for which the Valuer is responsible. We have also considered the report from our reporting accountant, PricewaterhouseCoopers, regarding whether the Valuation was compiled properly so far as the calculations are concerned.

On the basis of the foregoing, we are of the opinion that the Valuation prepared by the Valuer has been made after due and careful enquiry.

Your faithfully,
For and on behalf of the board of directors of
Yuexiu Transport Infrastructure Limited
Zhu Chunxiu
Chairman

* For identification purpose only

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this announcement.



羅兵咸永道

**REPORT FROM REPORTING ACCOUNTANT ON DISCOUNTED FUTURE
ESTIMATED CASH FLOWS IN CONNECTION WITH THE BUSINESS
VALUATION OF 湖北隨岳南高速公路有限公司**

TO THE BOARD OF DIRECTORS OF YUEXIU TRANSPORT INFRASTRUCTURE
LIMITED

We have been engaged to report on the calculations of the discounted future estimated cash flows on which the business valuation (the “Valuation”) dated 17 December 2014 prepared by Greater China Appraisal Limited in respect of the appraisal of the fair value of the 70% equity interests in 湖北隨岳南高速公路有限公司 (Hubei Suiyuenan Expressway Company Limited*) (the “Target Company”) is based. The Valuation is set out in the announcement of Yuexiu Transport Infrastructure Limited (the “Company”) dated 17 December 2014 (the “Announcement”) in connection with the acquisition of a 70% equity interest in the Target Company by 越秀(中國)交通基建投資有限公司 (Yuexiu (China) Transport Infrastructure Investment Company Limited*), a wholly-owned subsidiary of the Company. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

Directors’ Responsibility for the Discounted Future Estimated Cash Flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors and as set out in the section headed “Fair Value of the Sale Interest” of the Announcement with details set out in the relevant valuation report. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

*PricewaterhouseCoopers, 22/F Prince’s Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com*

Reporting Accountant’s Responsibility

It is our responsibility to report, as required by paragraph 14.62(2) of the Listing Rules, on the calculations of the discounted future estimated cash flows on which the Valuation is based. We are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future estimated cash flows are based and our work does not constitute any valuation of the Target Company.

We conducted our work in accordance with the Hong Kong Standard on Assurance Engagements 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information”. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, has been properly compiled in accordance with the bases and assumptions as set out in the section headed “Fair Value of the Sale Interest” of the Announcement with details set out in the relevant valuation report. We reviewed the arithmetical calculations and the compilation of the discounted future estimated cash flows in accordance with the bases and assumptions.

The discounted cash flows do not involve the adoption of accounting policies. The discounted cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.62(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work.

Opinion

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, has been properly compiled in all material respects in accordance with the bases and assumptions made by directors of the Company as set out in the section headed “Fair Value of the Sale Interest” of the Announcement with details set out in the relevant valuation report.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 17 December 2014

* *For identification purpose only.*