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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)

CONNECTED TRANSACTION
SUBSCRIPTION OF NEW A SHARES OF YUEXIU FINANCIAL

The Board is pleased to announce that on 25 December 2016, the Subscriber, a wholly-owned subsidiary of the Company, entered into the Subscription Agreement with Yuexiu Financial, pursuant to which Yuexiu Financial has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for the Target Shares in a total consideration of RMB340 million.

Yuexiu Financial is a joint stock company incorporated in the PRC with limited liability, whose A shares are listed on the Shenzhen Stock Exchange (stock code: 000987). Yuexiu Financial Group is primarily engaged in financial business and department store business.

Upon completion of the Subscription, the Company will, through the Subscriber, hold approximately 0.85% of the total share capital of Yuexiu Financial as enlarged by the New A Shares under the Acquisition and the Non-public A Share Issue (assuming that there is no change in the share capital of Yuexiu Financial after the date of this announcement and before completion of the Subscription other than the issue of the New A Shares under the Acquisition and the Non-public A Share Issue).

As at the date of this announcement, Yue Xiu Holdings holds approximately 12.56% equity interest in Yuexiu Financial. Yue Xiu Holdings is currently a controlling shareholder of the Company and is therefore regarded as a controller of the Company under Rule 14A.28(1). As such, the Subscription by the Company as contemplated under the Subscription Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Subscription exceeds 0.1% but is less than 5%, the Subscription is subject to reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Rule 14A.76(2)(a) of the Listing Rules.

As completion of the Subscription is subject to the fulfilment of certain conditions under the Subscription Agreement, the Subscription may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the shares of the Company.

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1. BACKGROUND

As disclosed in the Yuexiu Financial Announcement, Yuexiu Financial proposed to acquire approximately 32.77% equity interest in Guangzhou Securities. In order to finance the Acquisition, Yuexiu Financial proposed to issue 379,939,206 New A Shares (subject to adjustments) to not more than 10 subscribers. The Subscriber, as one of the subscribers, entered into the Subscription Agreement with Yuexiu Financial on 25 December 2016.

2. THE SUBSCRIPTION AGREEMENT

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

(a) Date

25 December 2016

(b) Parties

the Subscriber

Yuexiu Financial

(c) Target Shares

25,835,866 New A Shares

The New A Shares will be listed on the Shenzhen Stock Exchange subject to a lock-up period of 36 months from the completion date of the Non-public A Share Issue. The New A Shares shall rank *pari passu* with other A shares of Yuexiu Financial in all respects.

(d) Consideration

The subscription price of the Subscription is RMB13.16 per New A Share, which was determined after arm's length negotiations between the Subscriber and Yuexiu Financial with reference to the prevailing market price of the A shares of Yuexiu Financial. RMB13.16 per New A Share represents a discount of 10% to the average closing price of RMB14.62 per A share of Yuexiu Financial in the last twenty consecutive trading days immediately prior to the Price Determination Date.

The Subscriber will pay a total consideration of RMB340 million to Yuexiu Financial in cash in a lump sum, which will be funded by the internal resources of the Group.

(e) Adjustments to the Subscription Price and Number of the Target Shares

The subscription price per New A Share and the number of the Target Shares shall be adjusted correspondingly if there is any ex-rights or ex-dividend event between the Price Determination Date and the date of issuance. In any event, the total consideration under the Subscription shall be not more than RMB340 million.

(f) Conditions Precedent

The Subscription Agreement will become effective upon fulfilment of the following conditions:

- (i) obtaining the approval of the board and shareholders of Yuexiu Financial regarding the Acquisition and the Non-public A Share Issue; and
- (ii) obtaining the approval of China Securities Regulatory Commission regarding the Acquisition and the Non-public A Share Issue.

3. INFORMATION OF YUEXIU FINANCIAL

Yuexiu Financial is a joint stock company incorporated in the PRC with limited liability, whose A shares are listed on the Shenzhen Stock Exchange (stock code: 000987). Yuexiu Financial Group is primarily engaged in financial business and department store business.

Set out below is the financial information of Yuexiu Financial Group for the two financial years ended 31 December 2015 in accordance with the PRC Accounting Standards of Business Enterprises as extracted from the 2015 annual report of Yuexiu Financial:

	For the year ended 31 December	
	2014	2015
		<i>RMB</i>
Profit before tax and extraordinary items	354,556,100.38	313,494,438.14
Profit after tax and extraordinary items	262,724,870.54	229,055,376.50

As at 30 June 2016, the unaudited total assets of Yuexiu Financial Group as extracted from the 2016 interim report of Yuexiu Financial amounted to RMB64,872,656,105.50.

4. INFORMATION OF THE GROUP AND THE SUBSCRIBER

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 Subscriber is a wholly-owned subsidiary of the Company and is an investment holding company.

5. REASONS AND BENEFITS FOR THE SUBSCRIPTION

Upon completion of the Subscription, the Company will, through the Subscriber, hold approximately 0.85% of the total share capital of Yuexiu Financial as enlarged by the New A Shares under the Acquisition and the Non-public A Share Issue (assuming that there is no change in the share capital of Yuexiu Financial after the date of this announcement and before completion of the Subscription other than the issue of the New A Shares under the Acquisition and the Non-public A Share Issue).

Yuexiu Financial is focusing on the development of the financial business in the PRC. With an optimistic view on the PRC financial market and the future performance of Yuexiu Financial, the Company believes that the Subscription presents a valuable investment opportunity for the Group to capture the potential growth of Yuexiu Financial, which will bring benefits to the whole Group.

Having taken into account the above reasons and benefits, the Directors (including the independent non-executive Directors) consider that the terms of the Subscription Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and the shareholders of the Company as a whole.

6. IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Yue Xiu Holdings holds approximately 12.56% equity interest in Yuexiu Financial. Yue Xiu Holdings is currently a controlling shareholder of the Company and is therefore regarded as a controller of the Company under Rule 14A.28(1). As such, the Subscription by the Company as contemplated under the Subscription Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Subscription exceeds 0.1% but is less than 5%, the Subscription is subject to reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Rule 14A.76(2)(a) of the Listing Rules.

None of the Directors have a material interest in the Subscription. Accordingly, no Director was required to abstain from voting on the board resolutions in respect of the Subscription Agreement.

7. GENERAL

As completion of the Subscription is subject to the fulfilment of certain conditions under the Subscription Agreement, the Subscription may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the shares of the Company.

8. DEFINITIONS

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

“Acquisition”	the proposed acquisition of approximately 32.77% equity interest in Guangzhou Securities by Yuxiu Financial;
“Board”	the board of Directors;
“Company”	Yuexiu Transport Infrastructure Limited (越秀交通基建有限公司), a limited liability company incorporated under the laws of Bermuda and the shares of which are listed on the Stock Exchange (stock code: 1052);
“controlling shareholder”	has the meaning given to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“Guangzhou Securities”	Guangzhou Securities Co., Ltd.* (廣州證券股份有限公司), a joint stock company established in the PRC with limited liability and a subsidiary of Yuexiu Financial;
“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;
“New A Share(s)”	the new A share(s) of Yuexiu Financial with a nominal value of RMB1.00 per share to be issued under the Acquisition and the Non-public A Share Issue;
“Non-public A Share Issue”	the proposed issue of 379,939,206 New A Shares (subject to adjustments) to not more than 10 subscribers by Yuexiu Financial
“PRC”	the People’s Republic of China excluding, for the purposes of this announcement only, Hong Kong, Taiwan and the Macao Special Administrative Region;

“Price Determination Date”	being the date of the Yuexiu Financial Announcement;
“RMB”	Renminbi, the lawful currency of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscriber”	Guangzhou Yuezhuo Investment Management Company Limited* (廣州市越卓投資管理有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of the Company;
“Subscription”	the proposed subscription of the Target Shares by the Subscriber under the Subscription Agreement;
“Subscription Agreement”	the subscription agreement entered into between the Subscriber and Yuexiu Financial on 25 December 2016, pursuant to which Yuexiu Financial has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for the Target Shares in a total consideration of RMB340 million;
“Target Shares”	the New A Shares to be subscribed by the Subscriber under the Subscription Agreement;
“Yuexiu Financial”	Guangzhou Yuexiu Financial Holdings Group Co., Ltd.* (廣州越秀金融控股集團股份有限公司), a joint stock company incorporated in the PRC with limited liability, whose A shares are listed on the Shenzhen Stock Exchange (stock code: 000987);
“Yuexiu Financial Announcement”	the announcement of Yuexiu Financial in relation to its board resolution dated 26 December 2016 approving the Acquisition and the Non-public A Share Issue;
“Yuexiu Financial Group”	Yuexiu Financial and its subsidiaries;

“Yue Xiu Holdings”

Guangzhou Yue Xiu Holdings Limited* (廣州越秀集團有限公司), a limited liability company established in the PRC and a controlling shareholder of the Company; and

“%”

percentage.

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

Hong Kong, 27 December 2016

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

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

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

* For identification purpose only