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越 秀 交 通 有 限 公 司
GZI Transport Limited

(Incorporated in Bermuda with limited liability)

(Stock code: 1052)

SIGNING OF LETTER OF INTENT IN RESPECT OF JOINT DEVELOPMENT OF EXPRESSWAY

After the trading hours on 9 April 2008, the Company entered into the Letter of Intent with Yunnan Transport Bureau and Yunnan Road Construction for the Proposed Investment in Kunming, Yunnan, PRC pursuant to which Yunnan Transport Bureau, Yunnan Road Construction and the Company intend to jointly establish the Joint Venture Company upon fulfillment of certain conditions set out in the Letter of Intent, details of which are set out in this announcement.

The Joint Venture Company will principally engage in the construction, operation and management of a six-lane two-way expressway, proposed to be named Songming-Anning Expressway. The expressway will have an estimated length of approximately 60 km and will run from Anning (安寧) in Kunming, Yunnan to Kunqu (昆曲) Expressway.

Pursuant to the Letter of Intent, the total investment and the registered capital of the Joint Venture Company is expected to be approximately HK\$6.77 billion and approximately HK\$2.37 billion, respectively. The registered capital, which is temporarily calculated by reference to the estimated total investment size, shall be contributed as to 80% (i.e., approximately HK\$1.89 billion) by the Company and as to 10% (i.e., approximately HK\$0.24 billion) by each of Yunnan Transport Bureau and Yunnan Road Construction.

After signing of the Letter of Intent, the Company will negotiate with the proposed joint venture parties on the terms and conditions of the Definitive Agreements. It is expected that the Definitive Agreements will only be executed after (among other things) Yunnan Transport Bureau has obtained certain approvals in respect of the Proposed Investment and requisite shareholders' approval has been obtained by the Company (if so required under the Listing Rules) and by Yunnan Road Construction. If (among other things) Yunnan Transport Bureau fails to obtain the requisite approvals or if the requisite shareholders' approval is not obtained by the Company (if so required under the Listing Rules), the Letter of Intent will be terminated and the Company will not proceed with the Proposed Investment or the establishment of the Joint Venture Company.

This announcement sets out the salient features of the Letter of Intent and is made in accordance with Rule 13.09 of the Listing Rules. Further announcement(s) will be made if and when the Definitive Agreements are executed (in accordance with the requirements set out in Chapter 14 of the Listing Rules) or if the Letter of Intent is terminated in accordance with its terms. The Company will also comply with all applicable disclosure and shareholders' approval requirements under Chapter 14 of the Listing Rules in respect of the execution of the Definitive Agreements and the establishment of the Joint Venture Company at the relevant time.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Yunnan Transport Bureau, Yunnan Road Construction and their beneficial owners are Independent Third Parties not connected with the Directors, substantial shareholders or management shareholders of the Company or any of its subsidiaries or their respective associate.

As the Proposed Investment and establishment of the Joint Venture Company may or may not proceed, Shareholders and prospective investors are reminded to exercise their extreme caution when trading in the Shares.

INTRODUCTION

After the trading hours on 9 April 2008, the Company, Yunnan Transport Bureau and Yunnan Road Construction entered into the Letter of Intent for the Proposed Investment in Kunming, Yunnan, PRC pursuant to which the parties intend to jointly establish the Joint Venture Company upon fulfilment of certain conditions set out in the Letter of Intent.

The Joint Venture Company will principally engage in the construction, operation and management of a six-lane two-way expressway, proposed to be named Songming-Anning Expressway. The expressway will have an estimated length of approximately 60 km and will run from Anning (安寧) in Kunming, Yunnan to Kunqu (昆曲)Expressway.

LETTER OF INTENT

1. Date

9 April 2008

2. Parties

The Company, Yunnan Transport Bureau and Yunnan Road Construction

3. Key Terms

Pursuant to the Letter of Intent, the total investment and the registered capital of the Joint Venture Company is expected to be approximately HK\$6.77 billion and approximately HK\$2.37 billion, respectively. The Parties agree to pay up the registered capital, which is temporarily calculated by reference to the estimated total investment size, in accordance with the terms of the joint venture contract and the articles of association of the Joint Venture Company as follows:

Party	Amount of Contribution	Equity Interest in the Joint Venture Company
The Company	Approximately HK\$1.89 billion	80%
Yunnan Transport Bureau	Approximately HK\$0.24 billion	10%
Yunnan Road Construction	<u>Approximately HK\$0.24 billion</u>	<u>10%</u>
Total:	<u>Approximately HK\$2.37 billion</u>	<u>100%</u>

It is presently envisaged that the Company's contribution to the Joint Venture Company's registered capital will be funded by its internal financial resources.

After signing of the Letter of Intent, the Company will negotiate with the proposed joint venture parties on the terms and conditions of the Definitive Agreements. It is expected that the Definitive Agreements will only be executed if:

- (a) the Proposed Investment is regarded as a project for the attraction of investors and is subject to the preferential policy that is applicable to investments made in the Western region of China;
- (b) Yunnan Transport Bureau obtains the requisite approval for the Proposed Investment within 12 months of the date of the Letter of Intent;
- (c) Yunnan Transport Bureau obtains Yunnan Government's approval for the highway to be operated as a profit operating toll collecting expressway within 1 year after the Proposed Investment has been approved by the relevant approval authorities in charge;
- (d) shareholders' approval has been obtained by the Company in respect of the Proposed Investment; and
- (e) shareholders' approval has been obtained by Yunnan Road Construction in respect of the Proposed Investment.

If (among other things) any of the conditions set out in (b) to (e) above is not satisfied, the Letter of Intent will be terminated and the Company will not proceed with the Proposed Investment or the establishment of the Joint Venture Company.

In addition to the foregoing, the Company has agreed to liaise with banks to arrange for the issuance of the bank commitment letters that will be required in connection with the approval of the Proposed Investment, in the form and at the time requested by Yunnan Transport Bureau.

THE PROPOSED INVESTMENT & JOINT VENTURE COMPANY

It is the current intention of the Parties that the Joint Venture Company be established in accordance with the principles laid down in the Letter of Intent. The board of directors of the Joint Venture Company and the management body of the Joint Venture Company will be established in the manner set out in the articles of association of the Joint Venture Company. It is envisaged that the rights of the shareholders of the Joint Venture Company and the composition of the board of directors of the Joint Venture Company will be determined by reference to the Parties' respective interests in the Joint Venture Company.

INFORMATION ABOUT YUNNAN TRANSPORT BUREAU AND YUNNAN ROAD CONSTRUCTION

Yunnan Transport Bureau is responsible for (among other things) the development and construction of transport-related infrastructure, market supervision, administration and enforcement of relevant laws and regulations in Yunnan Province.

Yunnan Road Construction is principally engaged in the construction of expressways and bridges which is the only qualified and licenced main contractor with Class A qualification in Yunnan Province. It is also a flagship enterprise in the construction of expressways in Yunnan. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Yunnan Transport Bureau, Yunnan Road Construction and their beneficial owners are Independent Third Parties not connected with the Directors, substantial shareholders or management shareholders of the Company or any of its subsidiaries or their respective associate.

GENERAL

This announcement sets out the salient features of the Letter of Intent and is made in accordance with Rule 13.09 of the Listing Rules. Further announcement(s) will be made if and when the Definitive Agreements are executed (in accordance with the requirements set out in Chapter 14 of the Listing Rules) or if the Letter of Intent is terminated in accordance with its terms. The Company will also comply with all applicable disclosure and shareholders' approval requirements under Chapter 14 of the Listing Rules in respect of (among other things) the execution of the Definitive Agreements and the establishment of the Joint Venture Company at the relevant time.

As the Proposed Investment and establishment of the Joint Venture Company may or may not proceed, Shareholders and prospective investors are reminded to exercise their extreme caution when trading in the Shares.

DEFINITIONS

- “Board” means the board of Directors;
- “Company” means GZI Transport Limited (越秀交通有限公司*), an exempted company incorporated in Bermuda and the shares of which are listed on the Main Board of the Stock Exchange;
- “Definitive Agreements” means the agreements to be entered into between the Company, Yunnan Transport Bureau and Yunnan Road Construction in connection with the investment, construction, operation and management of the Proposed Investment and the establishment of the Joint Venture Company;
- “Director(s)” means the director(s) of the Company;

“Independent Third Parties”	means third parties who are independent of the Company and the connected person of the Company (as defined in the Listing Rules);
“Joint Venture Company”	means the limited liability company to be established by the Company, Yunnan Transport Bureau and Yunnan Road Construction under the laws of the PRC in respect of the Proposed Investment;
“Letter of Intent”	means a letter of intent dated 9 April 2008 entered into amongst Yunnan Transport Bureau, Yunnan Road Construction and the Company, which sets out the basis of their cooperation in respect of the Proposed Investment and the establishment of the Joint Venture Company;
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange;
“Parties”	means the parties to the Letter of Intent, namely, the Company, Yunnan Transport Bureau and Yunnan Road Construction;
“PRC”	means the People’s Republic of China (excluding, for the purpose of this announcement only, the Hong Kong Special Administrative Region of the People’s Republic of China, the Macau Special Administrative Region of the People’s Republic of China and Taiwan);
“Proposed Investment”	means the proposed joint construction, operation and management of Songming-Anning Expressway by the Company, Yunnan Transport Bureau and Yunnan Road Construction;
“Shareholders”	means the shareholders of the Company;
“Shares”	means share(s) of HK\$0.10 each in the share capital of the Company;
“Songming-Anning Expressway”	means a six-lane two-way expressway proposed to be named 嵩明-安寧高速公路 (Songming-Anning Expressway) with an estimated length of approximately 60 km, to be constructed by the Parties in Yunnan Province in the PRC;

“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“subsidiary”	has the meaning ascribed to it in section 2 of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) and “subsidiaries” shall be construed accordingly;
“Yunnan Transport Bureau ”	means 雲南省交通廳 (Yunnan Provincial Transport Bureau*); and
“Yunnan Road Construction”	means中國雲南路建集團股份公司(China Yunnan Road Construction Group Company*), a company established under the laws of the PRC.

In this announcement, unless otherwise specified, the total investment and the registered capital of the Joint Venture Company, which are denominated in RMB in the Letter of Intent, have been converted to HK\$ at a conversion rate of HK\$1.00 = RMB0.89896 for illustration only. No representation is made that any amounts in RMB or HK\$ could have been or could be converted at such rate or any other rates.

By order of the board of
GZI Transport Limited
OU Bingchang
Chairman

Hong Kong, 9 April 2008

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

Executive Directors: OU Bingchang (Chairman), LI Xinmin, QIAN Shangning, LIANG Ningguang, LIANG Yi, CAI Tielong, HE Zili, YUAN Hongping, CHEN Guanzhan, ZHANG Siyuan, LUO Jinbiao and ZHANG Huping

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

** For identification purposes only.*