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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 AND CONNECTED TRANSACTION: ACQUISITION OF INTERESTS IN COMPANIES OPERATING THREE EXPRESSWAYS IN HUBEI PROVINCE, THE PRC

Financial advisers to the Company



Independent financial adviser to the Independent Board Committee and the Independent Shareholders



ACQUISITION OF INTERESTS IN COMPANIES OPERATING THREE EXPRESSWAYS IN HUBEI PROVINCE

On 12 September 2019, the Vendor (a wholly-owned subsidiary of Guangzhou Yue Xiu Holdings and a connected person of the Company) and the Purchaser (a wholly-owned subsidiary of the Company) entered into the SPA whereby the Vendor agreed to sell and the Purchaser agreed to purchase (i) 100% of the equity interest in YXHB; (ii) 38.5% of the equity interest in Hancai; and (iii) the Target Shareholder's Loan in the principal amount of RMB4,654,503,531.78 together with the interest accrued thereon. The amount of the consideration for the acquisition of the Target Equities is RMB1,107,000,000.00. The consideration for the acquisition of the Target Shareholder's Loan shall be an amount representing the sum of (A) the principal amount of the Target Shareholder's Loan (being RMB4,654,503,531.78); and (B) the interest on such principal amount to be calculated at 6.5% per annum from 20 March 2019 up to the date on which this part of the Total Consideration is paid.

Under the SPA, the Parties agreed to use their best endeavors to procure the occurrence of both the Equities Completion and the Loan Completion on or before 31 December 2019. For illustrative purposes, if the Loan Completion occurs on 31 December 2019, the Total Consideration payable by the Purchaser for the Target Assets would be RMB5,998,564,410.29, being the aggregate of the appraised market value of the Target Equities as at 30 June 2019 (as determined according to the Valuation Report) and the principal amount of the Target Shareholder's Loan plus accrued interest. The Company intends to finance approximately 60% of the Total Consideration by bank loan for acquisition and approximately 40% by internal resources.

Completion of the Equities Acquisition is subject to the fulfillment (or waiver, if applicable) of the conditions precedent provided under the SPA. After the occurrence of the Equities Completion, the Parties must proceed to complete the transfer of the Target Shareholder's Loan within 90 days from the Effective Date. Upon the Equities Completion, the Company will indirectly own 100% of the equity interests in YXHB, 100% of the equity interests in Andi, 90% of the equity interest in ASN, 67% of the equity interests in Hancai and 100% of the equity interests in Han'e. Accordingly, all the Target Group Members will become the indirect subsidiaries of the Company and their financial results will be consolidated in the financial statements of the Group. ASN, Hancai and Han'e are members of the Target Group which operate, and own the concession rights of, Daguangnan Expressway, Hancai Expressway and Han'e Expressway respectively, all being expressways located in Hubei Province, the PRC.

REASONS FOR AND BENEFITS OF THE ACQUISITION

All the Target Expressways are situated at the heart of the PRC. The Board considers that the Acquisition is in line with the Group's manifest strategy to expand into Central China.

Hancai Expressway and Han'e Expressway are two of the seven expressways radiating out of Wuhan, the capital city of Hubei Province, and connecting Wuhan to the outlying districts, development zones and industrial parks in the Greater Wuhan circle. Together with Hanxiao Expressway, the Group will hold Concession Rights over three out of seven such expressways. Daguangnan Expressway connects Hubei and Jiangxi Provinces vertically, and forms the southern part of the Daguang Expressway (running from Daqing in the north and ends at Guangzhou in the south, being one of 11 national trunk lines running north to south across the country). It has a toll mileage of approximately 107.1 km and will be the longest toll expressway compared to other expressways in the Group's current portfolio, surpassing Suiyuan Expressway.

The Board also expects that the Acquisition will enhance the income and asset base of the Group. On completion of the Acquisition, the toll mileage of controlled expressways will significantly increase from 337.1 km to 534.9 km, representing an increment of approximately 58.7%. The weighted average remaining concession period of controlled expressways held and operated by the Group will enjoy a favorable extension from approximately 17.2 years to approximately 19.1 years. Despite the Target Group having been operating at a net loss since toll collection started, based on the traffic forecast projections in the Traffic Study Reports and the Target Expressways' strategic geographical locations within or near one of the key traffic hubs and growth areas of the PRC, the Board believes that the Target Expressways are approaching the end of their incubation phases and are going to become one of the key drivers to fuel the Group's income and cash flow growth in the near mid to long term.

IMPLICATIONS OF THE ACQUISITION UNDER THE LISTING RULES

The Acquisition constitutes both a major transaction of the Company under Chapter 14 of the Listing Rules and a connected transaction of the Company under Chapter 14A of the Listing Rules. Accordingly, the Acquisition is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules. The Company will convene a special general meeting at which resolution(s) will be proposed for the Independent Shareholders to consider and, if thought fit, approve the Acquisition.

In accordance with the Listing Rules, the Independent Board Committee has been established to consider the Acquisition and to advise the Independent Shareholders on how to vote on the resolution(s) to be proposed at the SGM in relation thereto. An independent financial adviser as required under the Listing Rules has been appointed by the Company to advise the Independent Board Committee as well as the Independent Shareholders in this regard.

SGM AND CIRCULAR

As at the Announcement Date, it is expected that the circular containing information as required under the Listing Rules together with the notice of the special general meeting will be dispatched to the Shareholders on or before 17 October 2019.

BRIDGING LOAN FACILITY

After consulting the Purchaser, the Vendor has agreed to grant a Bridging Loan Facility of up to RMB850,000,000.00 to YXHB principally for ASN to refinance at a lower interest rate a debt owed by it to the Asset Management Creditor, an independent third party, under which ASN may elect to repay in late September 2019. The relevant repayment will comprise a principal amount of RMB800,000,000.00 with accrued interest of approximately RMB20,000,000.00. It is expected that the Purchaser will provide a shareholder's loan equal to the amount of the Borrowed Bridging Loan (plus the accrued interest) to YXHB not later than the Loan Completion so that the Borrowed Bridging Loan can be repaid on or about the Loan Completion Date.

1. INTRODUCTION

The Board announces that on 12 September 2019 (after trading hours), the Vendor (a wholly-owned subsidiary of Guangzhou Yue Xiu Holdings and a connected person of the Company) and the Purchaser (a wholly-owned subsidiary of the Company) entered into the SPA whereby, among other things, the Vendor agreed to sell, and the Purchaser agreed to buy, the Target Assets. Further information on, among other things, the Acquisition is set out below.

2. THE SPA AND RELEVANT INFORMATION

2.1 SUMMARY OF THE PRINCIPAL TERMS OF THE SPA

Set out below is a summary of the principal terms of the SPA and the relevant information:

(a) Date

12 September 2019 (after trading hours).

(b) Parties

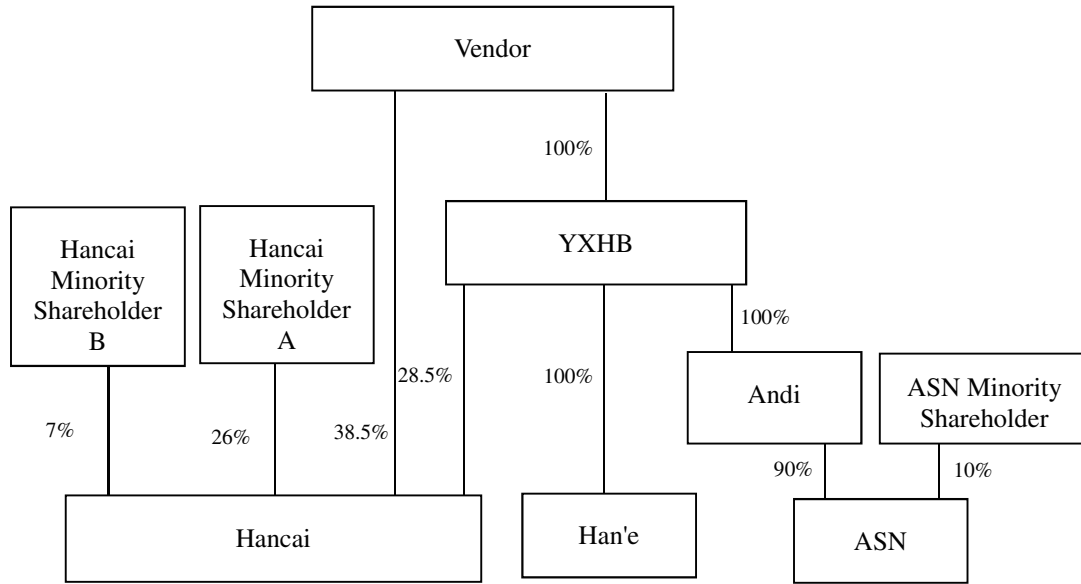
The Vendor and the Purchaser.

(c) Assets to be acquired

The assets to be acquired by the Purchaser are:

- (i) 100% of the equity interest in YXHB;
- (ii) 38.5% of the equity interest in Hancai; and
- (iii) all the rights, benefits and title of and in the entire shareholder's loan owed by YXHB to the Vendor from 20 March 2019 under the Previous Loan Facility, the principal amount of which being RMB4,654,503,531.78 together with the interest accrued thereon at the interest rate of 6.5% per annum.

YXHB and Hancai are members of the Target Group, the structure of which as at the Announcement Date is set out below:



Please refer to section 3 of this announcement for more information on the Target Group.

(d) Consideration: amount and the financing thereof

The total consideration for the Acquisition (“**Total Consideration**”) shall be the sum of:

- (i) RMB633,000,000.00, being the consideration for 100% of the equity interest in YXHB;
- (ii) RMB474,000,000.00, being the consideration for 38.5% of the equity interest in Hancai; and
- (iii) an amount representing the sum of (A) the principal amount of the Target Shareholder’s Loan (being RMB4,654,503,531.78); and (B) the interest on such principal amount to be calculated at 6.5% per annum from 20 March 2019 up to the date on which this part of the Total Consideration is paid (“**Loan Consideration**”) as the consideration for the acquisition of the Target Shareholder’s Loan.

The final amount of the Loan Consideration depends on the actual date on which the Loan Consideration is paid as disclosed in detail in section 2.1(f) of this announcement. Under the SPA, the Parties agreed to use their best endeavours to procure the occurrence of both the Equities Completion and

the Loan Completion on or before 31 December 2019. For illustrative purposes, if the Loan Completion occurs on 31 December 2019, the Total Consideration payable by the Purchaser for the Target Assets would be RMB5,998,564,410.29.

The Total Consideration is payable in cash. As at the Announcement Date, the Company intends to finance approximately 60% of the Total Consideration by bank loan for acquisition and approximately 40% by internal resources.

(e) Basis for determining the Total Consideration

The Total Consideration, as determined after arm's length negotiation between the Parties, is equal to the aggregate of: (a) the appraised market value of the Target Equities (in the amount of RMB1,107,000,000.00 according to the Valuation Report); and (b) the principal amount of the Target Shareholder's Loan (RMB4,654,503,531.78) plus accrued interest.

The market value of the Target Equities as at 30 June 2019 was appraised by Savills under the combination of the asset approach and income approach with discounted cash flow method which constituted a profit forecast ("**Profit Forecast**") under Rule 14.61 of the Listing Rules. The income approach was adopted as the primary approach to estimate the market value of the Project Companies while the asset approach was adopted for YXHB and Andi as investment holding companies. Based on the free cash flow to equity and the appraised market value of the Target Equities at RMB1,107,000,000.00, the internal rate of return is estimated at 9.4%. Please refer to section 5.1 below for the principal assumptions on which the Profit Forecast was based.

Based on the information provided by the Vendor, the original cost of the Target Assets to the Vendor was RMB5,483,613,903.78, being the aggregate of: (a) the appraised market value of the Target Equities as at 30 June 2018 in the amount of RMB829,110,372.00; and (b) the principal amount of the Target Shareholder's Loan (RMB4,654,503,531.78). While completion of the previous transaction took place on 20 March 2019, part of the consideration in the amount of RMB3,000,000,000.00 was pre-paid by the Vendor in September 2017 (i.e. around 18 months in advance) with no interest payable to the Vendor on such amount.

The Total Consideration payable by the Purchaser for the Target Assets (in the amount of RMB5,998,564,410.29 if the Loan Completion occurs on 31

December 2019, as illustrated in section 2.1(d) in this announcement) would be higher than the original cost of the Target Assets to the Vendor. Such difference is primarily attributable to: (a) the appreciation in the appraised market value of the Target Equities from RMB829,110,372.00 (as at 30 June 2018 and as referred to above) to RMB1,107,000,000.00 (as at 30 June 2019, being the Valuation Date); and (b) the interest accrued on the Target Shareholder's Loan for the period from 20 March 2019 (being the date of completion of the Vendor's previous transaction) to the Loan Completion Date.

(f) Payment schedule of the Total Consideration

The Equities Consideration shall be paid within five working days after the Effective Date.

Subject to the occurrence of the Equities Completion, the Loan Consideration shall be paid within 90 days from the Effective Date.

(g) Equities Conditions and effectiveness

Equities Completion is conditional upon the fulfillment (or waiver, where applicable) of the Equities Conditions as set out below:

- (i) there being no material adverse change to any Target Group Member up to the Equities Completion Date;
- (ii) the Company having issued the Circular and the Shareholders having approved the transactions contemplated in the SPA, each in accordance with the Listing Rules; and
- (iii) each Party and the relevant Target Group Members having performed and complied with the relevant obligations, warranties and undertakings on or before the Equities Completion Date in accordance with the SPA.

The Purchaser may waive the Equities Conditions to be fulfilled by the Vendor and/or the Target Group as procured by the Vendor set out in (i) and (iii) above.

The Vendor may waive the Equities Condition to be fulfilled by the Purchaser set out in (iii) above.

If the Equities Conditions cannot be fulfilled (or waived, where applicable) on or before 31 December 2019, the SPA shall be terminated automatically unless the Parties agree to an extension.

As at the Announcement Date, none of the Equities Conditions has been fulfilled.

The SPA shall only come into effect upon the fulfillment of the Equities Condition set out in section 2.1(g)(ii) above. As advised by the Company's PRC legal counsel, the SPA has been constituted after it has been signed by the authorized representatives of the Parties and sealed. Notwithstanding that the SPA has not yet come into effect as at the Announcement Date, the Parties are obliged not to take any action that may or actually constitute a breach of the SPA or is contrary to the objectives of the SPA. If a Party breaches the SPA and the objectives of the SPA cannot be achieved as a result, the innocent Party may make a claim against the defaulting Party.

(h) Equities Completion

Subject to the fulfillment (or waiver, where applicable) of the Equities Conditions, the Equities Completion will take place within three working days after the Effective Date.

Upon the Equities Completion, the Company will indirectly own 100% of the equity interests in YXHB, 100% of the equity interests in Andi, 90% of the equity interests in ASN, 67% of the equity interests in Hancai and 100% of the equity interests in Han'e and the Purchaser will replace the Vendor as the holding company of the Target Group. Accordingly, all the Target Group Members will become the indirect subsidiaries of the Company and their financial results will be consolidated in the financial statements of the Group.

(i) Loan Transfer Agreement

Concurrent with the entry into the SPA, the Parties and YXHB entered into the Loan Transfer Agreement for the transfer of the Target Shareholder's Loan contemplated in the SPA.

(j) Loan Completion

After the occurrence of the Equities Completion, the Parties must proceed to complete the transfer of the Target Shareholder's Loan. Loan Completion shall take place on the date on which the Loan Consideration is paid to the Vendor (i.e. a date falling within 90 days from the Effective Date).

3. INFORMATION ON THE TARGET GROUP

3.1 Principal business

Each Target Group Member is a company established in the PRC whose principal business is set out below:

Target Group Member	Principal business
YXHB	Investment holding in Andi and the Project Companies
Andi	Investment holding in ASN
ASN	Owns the Concession Right in respect of, and operates, Daguangan Expressway
Hancai	Owns the Concession Right in respect of, and operates, Hancai Expressway
Han'e	Owns the Concession Right in respect of, and operates, Han'e Expressway

Please refer to section 4 below for the information on the Target Expressways.

3.2 Financial information

Set out below is the unaudited financial information on the Target Group in relation to the two financial years ended 31 December 2017 and 2018 respectively and the six months ended 30 June 2019 which were prepared in accordance with the HKFRS:

	For the year ended 31 December 2017 (unaudited) RMB ('000)	For the year ended 31 December 2018 (unaudited) RMB ('000)	For the six months ended 30 June 2019 (unaudited) RMB ('000)
Loss before income tax	(211,394)	(61,076)	(97,453)
Loss and total comprehensive loss for the year/period	(215,857)	(50,624)	(104,529)
Revenue	782,444	847,241	373,396

	As at 31 December 2017 <i>(unaudited)</i> <i>RMB ('000)</i>	As at 31 December 2018 <i>(unaudited)</i> <i>RMB ('000)</i>	As at 30 June 2019 <i>(unaudited)</i> <i>RMB ('000)</i>
Total equity	(1,866,014)	(1,916,638)	(2,021,167)
Total assets	11,162,533	10,893,209	10,521,926

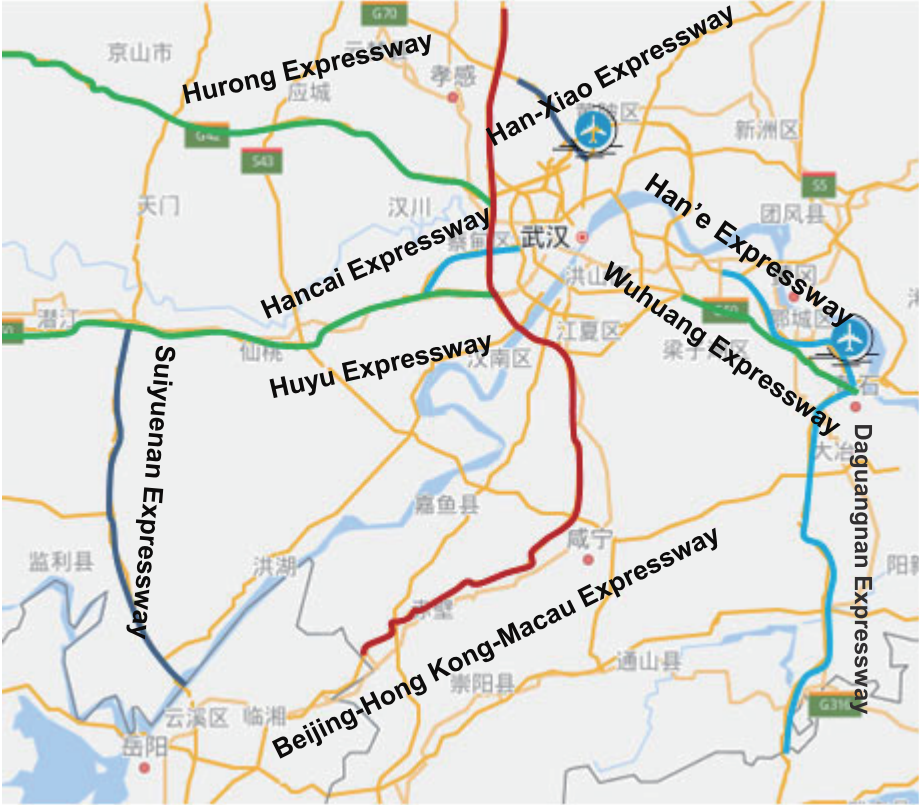
4. INFORMATION ON THE TARGET EXPRESSWAYS

4.1 Introduction

The Target Expressways, the information of which is set out in sections 4.2 to 4.4 below respectively, are all located in Hubei Province. Located in the mid-stream of the Yangtze River in Central China where the east meets the west, Hubei Province is situated at a core location as it connects to Central China, which then connects to the whole country. It is a intersection for north-bound westward (北上西進) in the core of the PRC economy that links the east, the west, the south and the north. Situated at the intersection of the Yangtze River golden waterway and the core section of the Beijing-Guangzhou railway network, Wuhan, the provincial capital, is the largest sea, land and air transportation hub in inner land of the PRC. It is approximately 1,000 km from the large cities in the PRC, such as Beijing, Shanghai, Guangzhou, Chengdu and Xi'an, and is the heart of the PRC economically and geographically, and it serves to connect every direction in the PRC. Wuhan has long been known as the "Thoroughfare to Nine Provinces" (九省通衢) as it can be connected to nine provinces, namely Sichuan, Shaanxi, Henan, Hunan, Guizhou, Jiangxi, Anhui, Jiangsu and Hubei whether through land or sea transport.

The transportation and logistics industry is known as the pioneer in socio-economic development. In the past few decades, as Hubei Province has vigorously developed an integrated transportation and logistic system and has been committed to becoming the overpass of the country (祖國立交橋), its transportation infrastructure has developed rapidly. Wuhan was also listed by the PRC as the experimental city for research in integrated transportation hubs in June 2009, which emphasizes the superiority of its transportation system and further enhances the city's overall competitiveness. As of 2018, Wuhan's freight transport volume was 625 million tons, of which the freight transport volume for expressways made up more than 60% thereof at 386 million tons. The year-on-year growth rates were 9.2% and 10.4% respectively.

With the benefit of a unique geographical location and an advanced integrated transportation and logistics network, Hubei Province is able to grasp the opportunities arising from the nation’s “Rise of Central China” (中部崛起) strategic plan. Wuhan is expected to further welcome major development opportunities and will develop as a core city in the PRC, and a crucial industrial base and a core transportation hub in the PRC. For reference purposes, a map showing the locations of Wuhan and the Target Expressways is depicted below:



4.2 Daguangnan Expressway

Daguangnan Expressway is an important component of the Daguang Expressway (大廣高速), which is a part of the national “71118” expressway network of the PRC. Daguangnan Expressway starts at the Huahu interchange (花湖樞紐互通) in Huahu Town (花湖鎮) of E’zhou, where it intersects with the Huyu Expressway (滬渝高速). It then passes through, among others, Xialu (下陸), Fushui (富水), Longgang (龍港) and ends in Tongshan County (通山縣). A section of Daguangnan Expressway is part of the Wuhan Metropolitan Area Expressway (武漢城市圈環綫高速). For reference purposes, a map showing the location of Daguangnan Expressway is depicted below:



Daguangnan Expressway is situated in the Wuhan Metropolitan Area and connects E’zhou, Huangshi (黃石) and Huanggang (黃岡) which forms a “city belt” in Hubei Province that is under concentrated development pursuant to the cities and towns development plan of Hubei Province. E’zhou is an excellent tourist city in the PRC and a famous historical and cultural site in Hubei Province. Huangshi is an important raw materials manufacturing base in central PRC and is a city along the Yangtze River which have been approved to open to foreign businesses by the State Council of the PRC* (中國國務院). Huanggang is rich in mineral resources and is the largest base for yellow sand in the mid to downstream area of the Yangtze River. In addition, the traffic volume of Daguangnan Expressway may benefit from the Shunfeng E’zhou Airport which is expected to open for service in September 2021. At the same time, Daguangnan Expressway, being part of the national “71118” expressway network of the PRC, is part of the expressway that runs from Daqing (大慶) to Guangzhou and which connects the north and the south over Central China.

Further information on Daguangnan Expressway is set out below:

Toll mileage	:	Approximately 107.1 km
Design speed	:	100 km per hour
Number of lanes	:	Dual two lanes
Number of toll collection stations	:	Seven
Completion examination and acceptance	:	Not yet occurred. The Group anticipates that the determination of the total investment in construction in relation to Daguangnan Expressway would be completed within one year after the Equities Completion and the completion examination and acceptance of Daguangnan Expressway would occur in one year thereafter.
Concession period	:	30 years which will expire in April 2042

The toll level of Daguangnan Expressway is subject to the approval of provincial governmental authorities responsible for transport and prices. The toll level of Daguangnan Expressway is primarily based on the classification of vehicles by reference to the number of seats (in the case of passenger vehicles) and weight (in the case of trucks). Details of the approved toll rates of Daguangnan Expressway as at the Announcement Date are set out in Table 4.2A and Table 4.2B below respectively.

Table 4.2A (applicable to passenger vehicles and, if the weight measuring system is out of order, also applicable to trucks)

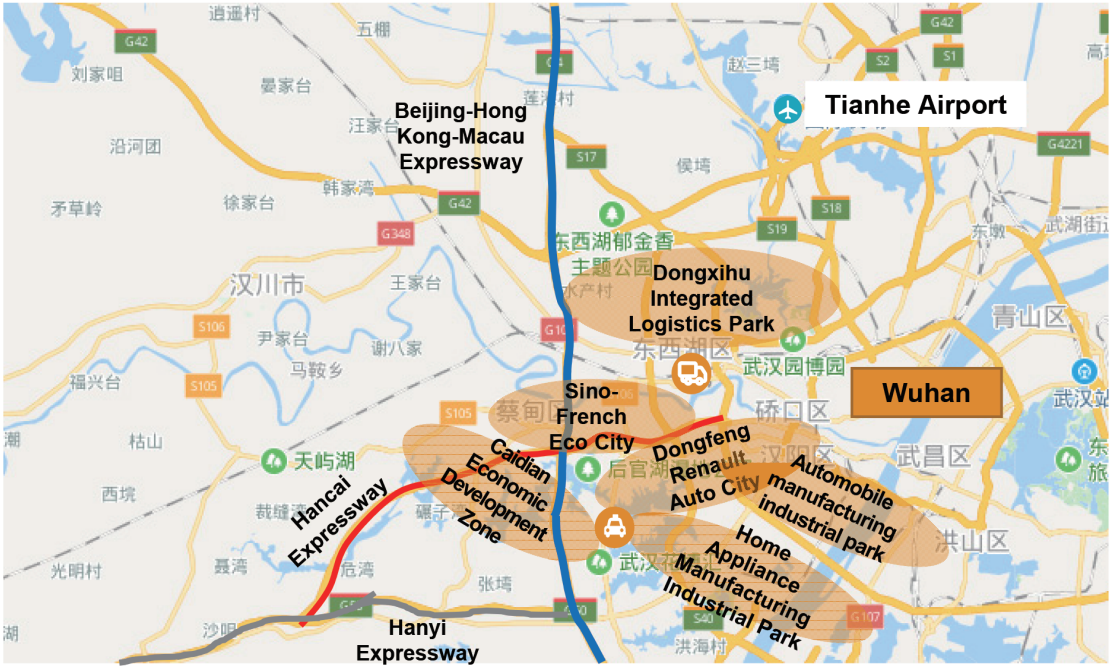
Vehicle class		Classification Standard	Toll Rate (RMB /km)
Passenger vehicles	1	≤ 7 seats	0.55
	2	8 to 19 seats (19 seats inclusive)	0.825
	3	20 to 39 seats (39 seats inclusive)	1.1
	4	≥ 40 seats (40 seats inclusive)	1.375
Trucks	1	≤ 2 tons	0.55
	2	2 tons to 5 tons (5 tons inclusive)	0.825
	3	5 tons to 10 tons (10 tons inclusive)	1.1
	4	10 tons to 15 tons (15 tons inclusive); 20-foot container	1.375
	5	> 15 tons; 40-foot container	1.65

Table 4.2B (Applicable to trucks)

Normal Loading Vehicles	Basic Toll Rate	RMB0.10 /ton per km
	Normal Loading Part \leq 20 tons	Calculated by using basic toll rate
	20 tons<Normal Loading Part \leq 40 tons	The part less than and equal to 20 tons is calculated by using the basic toll rate; the part that is over 20 tons is calculated by linear declines from the basic toll rate to 50% of the basic toll rate
	Normal Loading Part $>$ 40 tons	The part less than and equal to 20 tons is calculated by using the basic toll rate; the part that is over 20 tons and less than (or equals to) 40 tons is calculated by linear declines from the basic toll rate to 50% of the basic toll rate; the part that is more than 40 tons is calculated at 50% of the basic toll rate
Overweight Vehicles	Overweight Rate \leq 30%	The toll charge for the normal loading part and the overweight part below 30% (30% inclusive) is calculated by using the basic toll rate
	30%<Overweight Rate \leq 100%	The toll charge for the normal loading part and the overweight part below 30% (30% inclusive) is calculated by using the basic toll rate; the other part is calculated by linear increases from 3 to 6 times of the basic toll rate
	Overweight Rate $>$ 100%	The toll charge for the normal loading part and the overweight part below 30% (30% inclusive) is calculated by using the basic toll rate; the overweight part from 30% to 100% (100% inclusive) is calculated by linear increases from 3 to 6 times of the basic toll rate; the other part is calculated by using 6 times of the basic toll rate

4.3 Hancai Expressway

Hancai Expressway starts at Miliangshan (米糧山), which is located at the Wuhan Middle Ring Road (武漢中環線) and ends at the Yongan section (永安段) of the Hanyi Expressway (漢宜高速) in the Caidian District (蔡甸區). It is one of the seven fast urban exit roads under Wuhan’s planning. It is an important western expressway exit corridor connecting the Middle Ring Route (中環線) and the Outer Ring Route (外環線) of Wuhan, and extends to the Huyu Expressway (滬渝高速). Hancai Expressway has four interchanges. For reference purposes, a map showing the location of Hancai Expressway is depicted below:



Hancai Expressway passes by the Caidian Economic Development Zone (蔡甸經濟開發區), the Sino-French Wuhan Ecological Demonstration City (中法武漢生態示範城) and Dongfeng Renault Auto City (東風雷諾汽車城). The economic activities of the surrounding industrial parks are expected to support the increase in the traffic volume for Hancai Expressway.

Further information on Hancai Expressway is set out below:

Toll mileage	:	Approximately 35.98 km
Design speed	:	100 km per hour
Number of lanes	:	Dual two lanes, except that the section from Miliangshan to the Outer Ring Route (外環線) is dual three lanes
Number of toll collection stations	:	Two
Completion examination and acceptance	:	Completed
Concession period	:	30 years which will expire in August 2038

The toll level of Hancai Expressway is subject to the approval of provincial governmental authorities responsible for transport and prices. The toll level of Hancai Expressway is primarily based on the classification of vehicles by reference to the number of seats (in the case of passenger vehicles) and weight (in the case of trucks). Details of the approved toll rates of Hancai Expressway as at the Announcement Date are set out in Table 4.3A and Table 4.3B below respectively:

Table 4.3A (applicable to passenger vehicles and, if the weight measuring system is out of order, also applicable to trucks)

Vehicle class		Classification Standard	Toll Rate (RMB /km)
Passenger vehicles	1	≤ 7 seats	0.76
	2	8 to 19 seats (19 seats inclusive)	1.14
	3	20 to 39 seats (39 seats inclusive)	1.52
	4	≥ 40 seats (40 seats inclusive)	1.90
Trucks	1	≤ 2 tons	0.76
	2	2 tons to 5 tons (5 tons inclusive)	1.14
	3	5 tons to 10 tons (10 tons inclusive)	1.52
	4	10 tons to 15 tons (15 tons inclusive); 20-foot container	1.90
	5	> 15 tons; 40-foot container	2.28

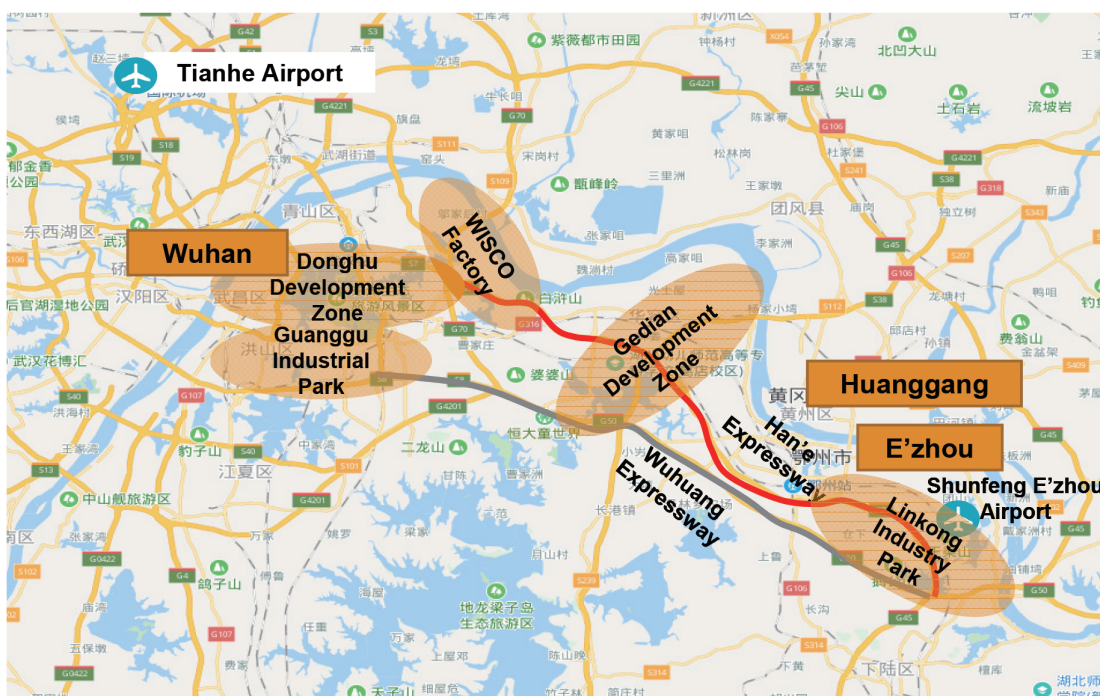
Table 4.3B (Applicable to trucks)

Normal Loading Vehicles	Basic Toll Rate	RMB0.12 /ton per km
	Normal Loading Part \leq 20 tons	Calculated by using basic toll rate
	20 tons < Normal Loading Part \leq 40 tons	The part less than and equal to 20 tons is calculated by using the basic toll rate; the part that is over 20 tons is calculated by linear declines from the basic toll rate to 50% of the basic toll rate
	Normal Loading Part > 40 tons	The part less than and equal to 20 tons is calculated by using the basic toll rate; the part that is over 20 tons and less than (or equal to) 40 tons is calculated by linear declines from basic toll rate to 50% of the basic toll rate; the part that is more than 40 tons is calculated at 50% of the basic toll rate
Overweight Vehicles	Overweight Rate \leq 30%	The toll charge for the normal loading part and the overweight part below 30% (30% inclusive) is calculated by using the basic toll rate
	30% < Overweight Rate \leq 100%	The toll charge for the normal loading part and the overweight part below 30% (30% inclusive) is calculated by using the basic toll rate; the other part is calculated by linear increases from 3 to 6 times of the basic toll rate.
	Overweight Rate >100%	The toll charge for the normal loading part and the overweight part below 30% (30% inclusive) is calculated by using the basic toll rate; the overweight part from 30% to 100% (100% inclusive) is calculated by linear increases from 3 to 6 times of the basic toll rate; the other part is by calculated using 6 times of the basic toll rate.

4.4 Han'e Expressway

Han'e Expressway starts in Xinqiao Village (新橋村) of Zuoling Town (左嶺鎮) in Wuhan. It connects with the Hezuo Expressway (和左高速), which leads to Heping (和平) in Wuhan and Zuoling (左嶺), and then turns to the east where it passes through, among others, the Economic and Technological Development Zone of Gedian (葛店) in E'zhou, Huarong Town (華容鎮) in Huarong District (華容區) in E'zhou, Zelin Town (澤林鎮), Huahu Town (花湖鎮) and ends at the Huahu interchange (花湖互通), which is the southern route of the E'Dong Changjiang Bridge (鄂東長江大橋) of the Daguang Expressway (大廣高速). It then connects with the Huyu Expressway (滬渝高速) and the Daguang Expressway (大廣高速).

Han'e Expressway is an important component of the expressway network of Hubei Province and is one of the seven fast urban exit roads under Wuhan's planning and is also the port highway of the Yangtze River ports in the east of Wuhan. It also has the function of connecting Wuhan with three cities located in the east of Hubei, namely E'zhou, Huanggang (黃岡) and Huangshi (黃石). For reference purposes, a map showing the location of Han'e Expressway is depicted below:



Han'e Expressway is a major expressway leading to Shunfeng E'zhou Airport. Shunfeng E'zhou Airport is positioned to become a national logistics hub and air cargo freight transshipment airport. After its completion, Shunfeng E'zhou Airport will become the fourth cargo airport in the world and the first cargo airport in Asia. As such, it may drive the development of surrounding service areas and demand for transportation. The airport's surrounding ancillary industries and facilities, such as the planning for an international airport logistics base (國際空港物流基地), an airport industry park (臨空產業園), Yanji Airpark* (燕磯航空小鎮), and Tingzu Aviation Logistics Industrial Park* (汀祖航空物流產業園) are expected to improve and expand over time. As such, it is expected that there will be a considerable demand for road transportation, and it may bring a continued and steady increase in the traffic volume for Han'e Expressway.

Further information on Han'e Expressway is set out below:

Toll mileage	: Approximately 54.75 km
Design speed	: 100 km per hour
Number of lanes	: Dual two lanes
Number of toll collection stations	: Five
Completion examination and acceptance	: Not yet occurred. The Group anticipates that the determination of the total investment in construction in relation to Han'e Expressway would be completed within one year after the Equities Completion and the completion examination and acceptance of Han'e Expressway would occur in one year thereafter.
Concession period	: 29.5 years which will expire in June 2042

The toll level of Han'e Expressway is subject to the approval of provincial governmental authorities responsible for transport and prices. The toll level of Han'e Expressway is primarily based on the classification of vehicles by reference to the number of seats (in the case of passenger vehicles) and weight (in the case of trucks). Details of the approved toll rates of Han'e Expressway as at the Announcement Date are set out in Table 4.4A and Table 4.4B below respectively:

Table 4.4A (applicable to passenger vehicles and, if the weight measuring system is out of order, also applicable to trucks)

Vehicle class	Classification Standard	Toll Rate (RMB /km)
Passenger vehicles	1 ≤ 7 seats	0.4
	2 8 to 19 seats (19 seats inclusive)	0.6
	3 20 to 39 seats (39 seats inclusive)	0.8
	4 ≥ 40 seats (40 seats inclusive)	1
Trucks	1 ≤ 2 tons	0.4
	2 2 tons to 5 tons (5 tons inclusive)	0.6
	3 5 tons to 10 tons (10 tons inclusive)	0.8
	4 10 tons to 15 tons (15 tons inclusive); 20-foot container	1
	5 > 15 tons; 40-foot container	1.2

Table 4.4B (Applicable to trucks)

Normal Loading Vehicles	Basic Toll Rate	RMB0.08 /ton per km
	Normal Loading Part ≤20 tons	Calculated by using basic toll rate
	20 tons < Normal Loading Part ≤40 tons	The part less than and equal to 20 tons is calculated by using the basic toll rate; the part that is over 20 tons is calculated by linear declines from the basic toll rate to 50% of the basic toll rate.
	Normal Loading Part > 40 tons	The part less than and equal to 20 tons is calculated by using the basic toll rate; the part that is over 20 tons and less than (or equal to) 40 tons is calculated by linear declines from the basic toll rate to 50% of the basic toll rate; the part that is more than 40 tons is calculated at 50% of the basic toll rate.

Overweight Vehicles	Overweight Rate \leq 30%	The toll charge for the normal loading part and the overweight part below 30% (30% inclusive) is calculated by using the basic toll rate.
	$30\% <$ Overweight Rate \leq 100%	The toll charge for the normal loading part and the overweight part below 30% (30% inclusive) is calculated by using the basic toll rate; the other part is calculated by linear increases from 3 to 6 times of the basic toll rate.
	Overweight Rate $>$ 100%	The toll charge for the normal loading part and the over-weight part below 30% (30% is inclusive) is calculated by using the basic toll rate; the overweight part from 30% to 100% (100% inclusive) is calculated by linear increases from 3 to 6 times of the basic toll rate; the other part is calculated by using 6 times of the basic toll rate.

5. MARKET VALUE OF THE TARGET EQUITIES AS APPRAISED BY THE VALUER

5.1 Principal assumptions

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

(a) Specific assumptions

- (i) The future financial performance of the Project Companies will be in line with the traffic and maintenance cost projections provided by Jie Cheng with the effort of the management of the Company at the required rate of return.
- (ii) The toll rate and charging mechanism will remain unchanged over the remaining concession period for the Target Expressways as forecasted by Jie Cheng.
- (iii) The financial and operational information provided and confirmed by the Company are accurate. The Project Companies, Andi and YXHB will have sufficient financial support as required to remain operating as a going concern.
- (iv) ASN will be able to refinance its loans as contemplated at the specific time, amount and interest rate according to the forecast by the Company.

- (v) The capital expenditure and maintenance cost forecast are sufficient for maintaining the Target Expressways at satisfactory conditions for the forecast traffic and the regulatory requirement, there are no hidden or unexpected conditions associated with the assets of the Project Companies, Andi and YXHB that might adversely affect the reported value.
- (vi) As the equity of the Project Companies are not publicly listed and not readily marketable (i.e. illiquid) as at the Valuation Date, Savills has added a 0.7% premium to the discount rate to reflect the applicable Discount for Lack of Marketability (“**DLOM**”) to the equity value of the Project Companies as at the Valuation Date with reference to the circumstances of the Project Companies, market factors and the DLOM adopted in other acquisitions of private toll road companies in China.
- (vii) Since all stakes involving the Project Companies, Andi and YXHB are controlling stakes, discount for lack of control is not necessary.

In relation to paragraph (i) above, please refer to sections 5.2 to 5.4 below for certain information on the traffic forecast projection on each of the Target Expressways based on the Traffic Study Reports.

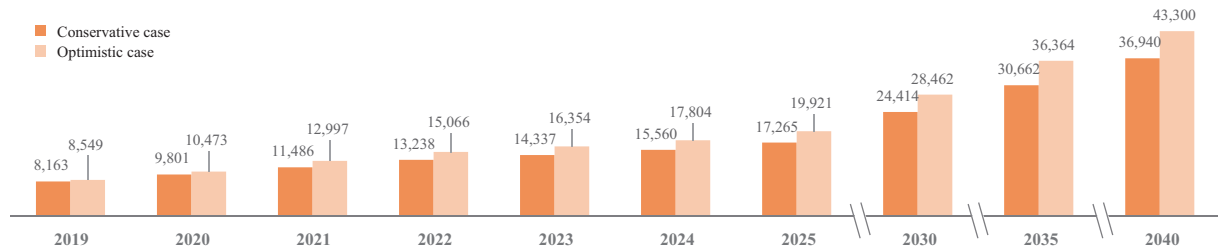
(b) General assumptions

- (i) There will be no major changes in existing political, legal, technological, tax, fiscal or economic conditions in the country or district where the business is in operation.
- (ii) The long term inflation rate, interest rates and currency exchange rate will not differ materially from those presently prevailing.
- (iii) The Project Companies will retain sufficient management and technical personnel to maintain their ongoing operations.
- (iv) There will be no major business disruptions through international crisis, industrial disputes, industrial accidents or severe weather conditions that will significantly affect the existing business.

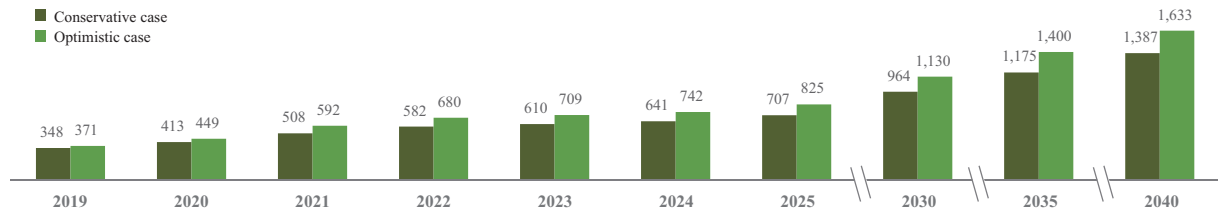
- (v) The Project Companies’ businesses are unaffected by any statutory notice and the operation of the business gives, or will give, no rise to a contravention of any statutory requirements. All applicable laws and regulations have been and will be complied with.
- (vi) The business is not and will not be subject to any unusual or onerous restrictions or encumbrances which may render the Project Companies’ default against their outstanding commitment or obligations.
- (vii) Any potential bad debt of the Project Companies will not materially or significantly affect the value of the Project Companies.

5.2 Traffic and revenue forecast projection in relation to Daguangnan Expressway

Traffic Forecast Projections on AADT (Vehicle/day) extracted from the Traffic Study Report on Daguangnan Expressway



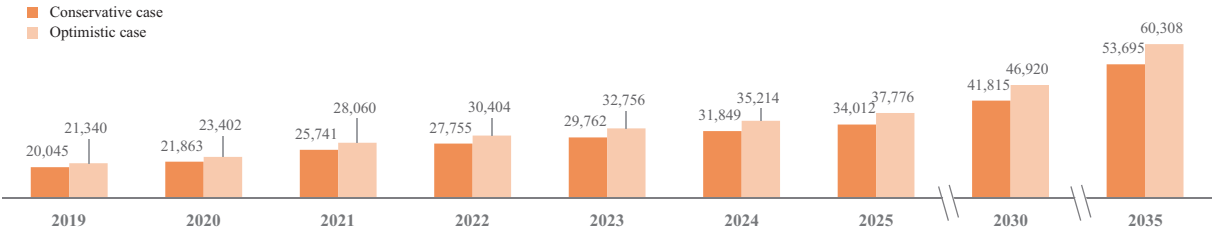
Traffic Forecast Projections in Annual Revenue (RMB in million) extracted from the Traffic Study Report on Daguangnan Expressway



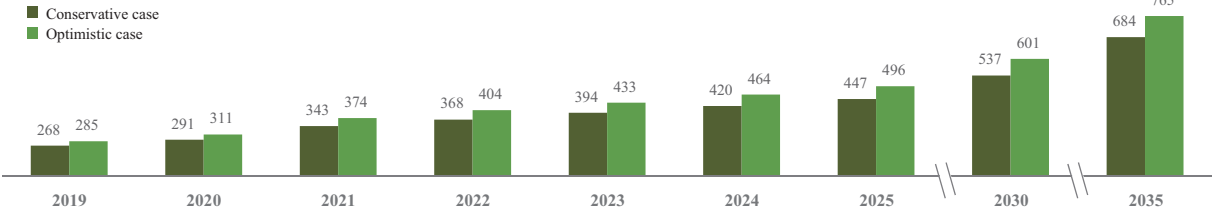
Note: According to the Traffic Study Report on Daguangnan Expressway, it is expected that the northern Hubei section of the Beijing-Hong Kong-Macau Expressway (京港澳高速) will undergo expansion construction work from December 2019 to June 2023. Jie Cheng is of the view that some vehicles will be diverted to Daguangnan Expressway from 2021 when the expansion construction work will be conducted in full-scale. Those vehicles previously diverted to Daguangnan Expressway will return to the Beijing-Hong Kong-Macau Expressway after completion of the expansion construction work in July 2023.

5.3 Traffic and revenue forecast projection in relation to Hancai Expressway

Traffic Forecast Projections on AADT (Vehicle/day) extracted from the Traffic Study Report on Hancai Expressway



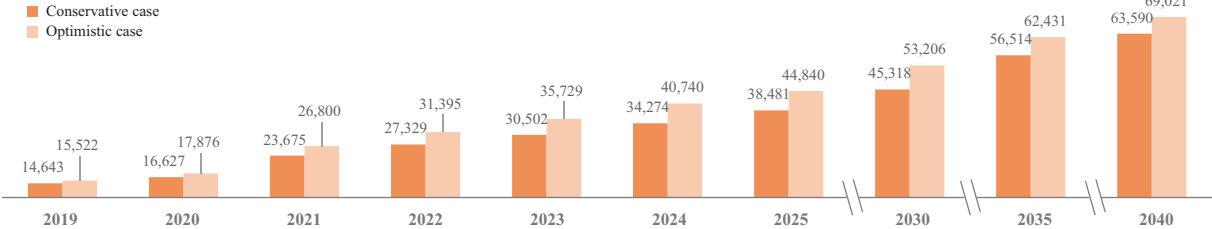
Traffic Forecast Projections in Annual Revenue (RMB in million) extracted from the Traffic Study Report on Hancai Expressway



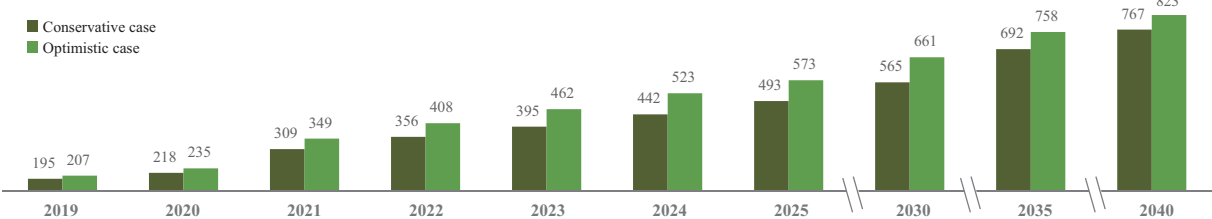
Note: According to the Traffic Study Report on Hancai Expressway, it is expected that the Hanyi Expressway (汉宜高速) will undergo expansion construction work from 2020 to 2025. Jie Cheng is of the view that some vehicles will be diverted to Hancai Expressway from 2021 when the expansion construction work will be conducted in full-scale. Those vehicles previously diverted to Hancai Expressway will return to the Hanyi Expressway after completion of the expansion construction work in 2026.

5.4 Traffic and revenue forecast projection in relation to Han'e Expressway

Traffic Forecast Projections on AADT (Vehicle/day) extracted from the Traffic Study Report on Han'e Expressway



Traffic Forecast Projections in Annual Revenue (RMB in million) extracted from the Traffic Study Report on Han'e Expressway



Note: According to the Traffic Study Report on Han'e Expressway, it is expected that the Wuhuang Expressway (武黄高速) will undergo expansion construction work from 2020 to 2025. Jie Cheng is of the view that some vehicles will be diverted to Han'e Expressway from 2021 when the expansion construction work will be conducted in full-scale. Those vehicles previously diverted to Han'e Expressway will return to the Wuhuang Expressway after completion of the expansion construction work in 2026.

5.5 Reports from the Financial Advisers and the Reporting Accountant

The Financial Advisers have issued a report confirming they are satisfied that the Profit Forecast has been made by the Directors after due and careful enquiry. Please refer to Appendix I to this announcement for the said report of the Financial Advisers.

PricewaterhouseCoopers, the Reporting Accountant, has reviewed the arithmetical calculations and the compilation of the discounted future estimated cash flows upon which the valuation prepared by Savills was based. Please refer to Appendix II to this announcement for the said report from PricewaterhouseCoopers for the purpose of Rule 14.62 of the Listing Rules.

6. INFORMATION ON THE PARTIES

6.1 The Group and the Purchaser

The Group is principally engaged in investment, operation and management of toll expressways and bridges in Guangdong Province and other high growth provinces in the PRC.

The Purchaser is a wholly-owned subsidiary of the Company whose scope of business is commercial services.

6.2 The Vendor

The Vendor is a company established in the PRC whose scope of business includes, among other things, retail, provisions of consultancy services in respect of trade and investment, import and export of goods and management of assets. The Vendor is a wholly-owned subsidiary of Guangzhou Yue Xiu Holdings. Guangzhou Yue Xiu Holdings is the controlling shareholder of the Company holding approximately 44.20% of the issued share capital of the Company as at the Announcement Date and therefore is a connected person of the Company. Accordingly, the Vendor is also a connected person of the Company by virtue of it being an associate of Guangzhou Yue Xiu Holdings.

7. REASONS FOR AND BENEFITS OF THE ACQUISITION

All the Target Expressways are situated at the heart of the PRC. The Board considers that the Acquisition is in line with the Group's manifest strategy to expand into Central China.

Presently, Hancai Expressway and Han'e Expressway are two of the seven expressways radiating out of Wuhan, the capital city of Hubei Province, and connecting Wuhan to the outlying districts, development zones and industrial parks in the Greater Wuhan circle. Together with Hanxiao Expressway, the Group will hold concession rights over three out of seven such expressways. Wuhan is one of the major traffic hubs of the PRC and is renowned as the "Thoroughfare to Nine Provinces" (九省通衢). In recent years, Hubei Province and Wuhan have shown substantial growth in both economy and traffic. In 2018, Hubei Province's freight traffic volume was amongst the top 10 of all provinces in the PRC. Given the promulgated 13th Five-Year Plan of Wuhan and the PRC government's "Rise of Central China" (中部崛起) policy, it is expected that the future growth of Hubei and Wuhan would be further enhanced and continue to be strong and attractive.

Daguangnan Expressway connects Hubei and Jiangxi Provinces vertically, and forms the southern part of the Daguang Expressway (running from Daqing in the north and ends at Guangzhou in the south, being one of the 11 national trunk lines running north to south in the PRC expressway network) in Hubei Province. It has a toll mileage of approximately 107.1 km and will be the longest toll expressway compared to other expressways in the Group's current portfolio, surpassing Suiyuanan Expressway. Combined with Suiyuanan Expressway, the Group will hold concession rights to two out of six south-to-north running national trunk lines that pass through Hubei Province, the heart of the PRC. These two expressways are well positioned to the east (Daguangnan Expressway) and west (Suiyuanan Expressway) of Wuhan with the Beijing-Hong Kong-Macau Expressway running parallel in between. Suiyuanan Expressway, which is a duplicate trunk line of Beijing-Hong Kong-Macau Expressway, has demonstrated satisfactory growth in traffic and revenue following the Group's acquisition in 2015. It is expected that Daguangnan Expressway would enjoy promising prospects in terms of mid to long term growth in traffic volume and revenue.

The Board also expects that the Acquisition will enhance the income and asset base of the Group. On completion of the Acquisition, the toll mileage of controlled expressways will significantly increase from 337.1 km to 534.9 km, representing an increment of approximately 58.7%. The concession rights of both Daguangnan Expressway and Han'e Expressway will expire in 2042 (which are two years longer than the rest of the Group's portfolio) while that of Hancai Expressway will expire in 2038. After completion of the Acquisition, the weighted average remaining concession period of the controlled expressways held and operated by the Group will enjoy a favourable extension from approximately 17.2 years to approximately 19.1 years. In addition, it is expected that the Target Expressways will contribute to the Group's cash inflows upon completion of the Acquisition given their established track record.

Despite the Target Group having been operating at a net loss since toll collection started, based on the traffic forecast projections in the Traffic Study Reports and the Target Expressways' strategic geographical locations within or near one of the key traffic hubs and growth areas of the PRC, the Board believes that the Target Expressways are approaching the end of their incubation phases and are going to become one of the key drivers to fuel the Group's income and cash flow growth in the near mid to long term.

Taking into account the reasons and benefits described above, the Board considers that the terms of the Acquisition and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole, provided that the view of the Independent Directors is subject to the advice of the IFA and the opinion of the Independent Board Committee will be set forth in the Circular.

8. OTHER TRANSACTIONS CONTEMPLATED UNDER THE ACQUISITION

8.1 Possible continuing connected transaction constituted by the Target Shareholder's Loan

Under the terms of the SPA, it is possible that the Equities Completion and the Loan Completion will not occur on the same date. If the Equities Completion occurs earlier than the Loan Completion, the Target Shareholder's Loan, being a loan owed by YXHB (which would become a subsidiary of the Company as a result of the Equities Completion) to the Vendor, a connected person of the Company, will constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules during the period from the Equities Completion up to the occurrence of the Loan Completion.

8.2 Possible continuing connected transaction constituted by the Bridging Loan Facility

On 12 September 2019, the Vendor and YXHB entered into a new loan agreement (“**New Shareholder’s Loan Agreement**”) on the following principal terms:

Principal amount	:	A maximum of RMB850,000,000.00
Interest rate	:	6.5% per annum
Repayment date	:	Loan Completion Date or a date falling within one year from the first drawdown date, whichever is earlier
Early repayment	:	YXHB may repay all or any of the outstanding amount at any time before the repayment date set out above by giving three working days’ advanced notice to the Vendor
Prepayment penalty	:	Nil
Security/Guarantee	:	Nil

The New Shareholder’s Loan Agreement was entered into by the Vendor after consultation with the Purchaser. The Bridging Loan Facility was provided principally for ASN to refinance at a lower interest rate a debt owing to the Asset Management Creditor, an independent third party, which ASN may elect to repay in late September 2019. The relevant repayment will comprise a principal amount of RMB800,000,000.00 with accrued interest of approximately RMB20,000,000.00. The balance of the Bridging Loan Facility of approximately RMB30,000,000.00 will be used as the general working capital of YXHB. It is expected that the Purchaser will provide a shareholder’s loan equal to the amount of the Borrowed Bridging Loan (plus the accrued interest) to YXHB not later than the Loan Completion so that the Borrowed Bridging Loan can be repaid on or about the Loan Completion Date. As the said debt owing to the Asset Management Creditor bears interest at a rate higher than 6.5% per annum, being the interest rate chargeable under the New Shareholder’s Loan Agreement, it is beneficial for the Group to refinance the said debts owing to the Asset Management Creditor by the Bridging Loan Facility.

If the Equities Completion occurs earlier than the discharge of YXHB from its obligations under the New Shareholder’s Loan Agreement, the New Shareholder’s Loan Agreement, being a transaction between YXHB (which would become a subsidiary of the Company as a result of the Equities Completion) and the Vendor, a connected person of the Company, will constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules during the period from the Equities Completion up to the discharge of YXHB from its obligations under the New Shareholder’s Loan Agreement.

8.3 Possible continuing connected transaction constituted by the Guarantee Fee Arrangement

- (a) In consideration of Guangzhou Yue Xiu Holdings providing a back-to-back guarantee (“**YX Back-to-Back Guarantee**”) in favour of a former ultimate shareholder of ASN who provided a guarantee in favour of the Asset Management Creditor, ASN agreed to pay Guangzhou Yue Xiu Holdings a daily guarantee fee calculated at 0.2% of the principal amount of the debt owed by ASN to the Asset Management Creditor from time to time divided by 365 days (“**Guarantee Fee Arrangement**”).
- (b) On the basis of the amount under the YX Back-to-Back Guarantee being RMB1,500,000,000.00 billion as at the Announcement Date, the daily guarantee fee payable by ASN is approximately RMB8,200.00. If ASN repays the debts owing to the Asset Management Creditor in late September 2019 as disclosed in section 8.2 above, the daily guarantee fee payable by ASN will then be reduced to approximately RMB3,800.00.
- (c) As Guangzhou Yue Xiu Holdings is a connected person of the Company, the Guarantee Fee Arrangement, being an arrangement in consideration of the financial assistance (namely the YX Back-to-Back Guarantee) received by ASN (which would become a subsidiary of the Company as a result of the Equities Completion) from a connected person, will constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules upon the Equities Completion.

Each of the transactions contemplated under the Acquisition as disclosed in sections 8.1 to 8.3 of this announcement is a financial assistance received by a subsidiary of the Company (assuming occurrence of the completion of the Equities Acquisition) from a connected person of the Company. As such financial assistance is conducted on normal commercial terms or better and is not secured by the assets of the Group, it is fully exempt pursuant to Rule 14A.90 of the Listing Rules.

9. IMPLICATIONS OF THE ACQUISITION UNDER THE LISTING RULES

9.1 Major and connected transaction

As the highest applicable percentage ratios in respect of the Acquisition exceed 25% but are less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and shareholders’ approval requirements under the Listing Rules.

Further, as the Vendor is a connected person of the Company as disclosed in section 6.2 above, the Acquisition also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest percentage ratio (other than the profits ratio) in respect of the Acquisition is 5% or above, the Acquisition constitutes a non-exempt connected transaction of the Company under Chapter 14A of the Listing Rules. Accordingly, the Acquisition is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

None of the Directors has a material interest in the Acquisition.

9.2 SGM and Circular

As additional time is required to prepare the information to be included in the Circular containing, among other things, (i) further details of the Acquisition; (ii) a letter from the Independent Board Committee containing its recommendations to the Independent Shareholders; (iii) a letter from the IFA containing its advice to the Independent Board Committee and the Independent Shareholders; (iv) the Valuation Report; and (v) summaries of the Traffic Study Reports, the Circular is expected to be dispatched to the Shareholders on or before 17 October 2019.

9.3 Shareholders required to abstain from voting at the SGM

By virtue of the Vendor being materially interested in the SPA, it and its associates will be required to abstain from voting on the resolution(s) to be proposed at the SGM to approve the Acquisition. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, no Shareholder would be required to abstain from voting on the shareholders' resolution(s) to approve the Acquisition except for the Vendor and its associates.

9.4 Formation of the Independent Board Committee

The Independent Board Committee, comprising only of all the Independent Directors, has been formed and will, after taking into account the advice of the IFA, provide its advice to the Independent Shareholders on the matters referred to in Rule 14A.40 of the Listing Rules, including but not limited to whether the terms of the Acquisition are fair and reasonable and how to vote on the resolution(s) in relation to the Acquisition and the transactions contemplated thereunder. The advice of the Independent Board Committee to the Independent Shareholders will be included in the Circular.

9.5 Appointment of the independent financial adviser

In accordance with the Listing Rules, Somerley has been appointed as the IFA to advise the Independent Board Committee and the Independent Shareholders on the matters referred to in Rules 14A.45(1) to (4) of the Listing Rules, including but not limited to whether the terms of the Acquisition and the transactions contemplated thereunder are fair and reasonable and whether the Independent Shareholders should vote in favour of the resolution(s) in relation to the Acquisition and the transactions contemplated thereunder. The advice of the IFA to the Independent Board Committee and the Independent Shareholders will be included in the Circular.

Somerley is a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO.

10. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given opinions or advice contained in this announcement:

Name	Qualification
CLSA Capital Markets Limited	A corporation licensed to conduct Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
DBS Bank Ltd.	A company incorporated in Singapore with limited liability and an authorized financial institution (as defined under the SFO) registered for Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Jie Cheng Consultants Limited	Independent professional traffic consultant
PricewaterhouseCoopers	Certified Public Accountants
Savills Valuation and Professional Services Limited	Independent professional business valuer

As at 10 September 2019 (being the latest practicable date for ascertaining the statements below), none of the above experts has any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Each of the above experts has given and has not withdrawn its written consent to the issue of this announcement, with the inclusion herein of its letter(s), report(s), opinion and/or the references to its name in the form and context in which they are included.

The Acquisition is subject to certain conditions being satisfied (or waived, if applicable), and therefore completion of the Acquisition may or may not proceed. This announcement contains certain information which has been derived from various governmental and other publicly available documents or other sources and such information has not been independently verified by the Company, the Directors or its advisors. Any estimates, projections, targets, forecasts, timelines and other forward-looking statements made or proposed by the Company or the Directors in this announcement are based on its or their current expectations and assumptions. These statements are subject to uncertainties and are not guarantees of future performance or development. Accordingly, Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

11. DEFINITIONS

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

“AADT”	Annual Average Daily Traffic
“Acquisition”	collectively, the Equities Acquisition and the Loan Acquisition
“Andi”	Wuhan Andi Technology Industry Development Company Limited* (武漢安帝科技產業發展有限公司)
“Announcement Date”	the date of this announcement, being 12 September 2019
“ASN”	Hubei A’shennan Expressway Development Company Limited* (湖北阿深南高速公路發展有限公司)
“ASN Minority Shareholder”	the shareholder holding 10% of the equity interest in ASN as at the Announcement Date

“Asset Management Creditor”	an asset management company who made a debt investment of RMB1.5 billion in ASN
“associate”	has the meaning ascribed to it under Listing Rules
“Board”	the board of Directors
”Borrowed Bridging Loan”	the loan borrowed by YXHB under the Bridging Loan Facility, if any
“Bridging Loan Facility”	the loan facility granted by the Vendor to YXHB under the New Shareholder’s Loan Agreement
“Central China”	Hubei Province, Hunan Province, Anhui Province, Henan Province, Jiangxi Province and Shanxi Province
“Circular”	the circular of the Company in relation to the SPA to be dispatched to the Shareholders
“CLSA”	CLSA Capital Markets Limited, a financial adviser of the Group in relation to the Acquisition
“Company”	Yuexiu Transport Infrastructure Limited, an exempted company incorporated in Bermuda
“Concession Right”	the concession right over a Target Expressway, including the toll collection right, advertising operation right and facilities operation right
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Daguangnan Expressway”	the expressway operated by ASN as described in more detail in section 4.2 of this announcement
“DBS”	DBS Bank Ltd. (incorporated in Singapore with limited liability), a financial adviser of the Group in relation to the Acquisition
“Director”	a director of the Company
“E’zhou”	E’zhou City in Hubei Province
“Effective Date”	the date on which the Equities Condition set out in section 2.1(g)(ii) of this announcement is fulfilled

“Equities Acquisition”	the acquisition of the Target Equities
“Equities Completion”	the completion of the sale and purchase of the Equities Acquisition in accordance with the SPA
“Equities Completion Date”	the date on which the Equities Completion occurs
“Equities Conditions	the conditions precedent for the Equities Completion
“Equities Consideration”	the total consideration for the acquisition of the Target Equities pursuant to the SPA, being RMB1,107,000,000.00
“Financial Advisers”	collectively, CLSA and DBS
“Group”	the Company and its subsidiaries
“Guangzhou Yue Xiu Holdings”	Guangzhou Yue Xiu Holdings Limited* (廣州越秀集團有限公司), a company established in the PRC
“Guarantee Fee Arrangement”	as defined in section 8.3(a) of this announcement
“Hancai”	Hancai Expressway Company Limited of Hubei Province* (湖北省漢蔡高速公路有限公司)
“Hancai Expressway”	the expressway operated by Hancai as described in more detail in section 4.3 of this announcement
“Hancai Minority Shareholder A”	the shareholder holding 26% of the equity interest in Hancai as at the Announcement Date
“Hancai Minority Shareholder B”	the shareholder holding 7% of the equity interest in Hancai as at the Announcement Date
“Han’e”	Hubei Yue Xiu Han’e Expressway Company Limited* (湖北越秀漢鄂高速公路有限公司)
“Han’e Expressway”	the expressway operated by Han’e as described in more detail in section 4.4 of this announcement
“HKFRS”	Hong Kong Financial Reporting Standards
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“IFA”	the independent financial adviser appointed by the Company in accordance with the Listing Rules for the purposes of advising and making recommendations to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition and the transactions contemplated thereunder
“Independent Board Committee”	the independent board committee of the Company established in accordance with the Listing Rules to advise and to make recommendations to the Independent Shareholders on the Acquisition and the transactions contemplated thereunder
“Independent Director”	an independent non-executive Director
“Independent Shareholders”	Shareholders other than those who (i) have a material interest in the Acquisition and therefore are, together with their associates, required to abstain from voting on the resolution(s) to approve the Acquisition under the Listing Rules; or (ii) are otherwise required to abstain from voting on (or voting in favour of) the resolution(s) to approve the Acquisition under other applicable laws, rules or regulations
“Jie Cheng”	Jie Cheng Consultants Limited, the traffic consultant of the Group in relation to the Acquisition
“km”	kilometre
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Loan Acquisition”	the acquisition of the Target Shareholder’s Loan
“Loan Completion”	the completion of the sale and purchase of the Target Shareholder’s Loan in accordance with the SPA
“Loan Completion Date”	the date on which the Loan Completion occurs
“Loan Consideration”	as defined in section 2.1(d)(iii) of this announcement

“Loan Transfer Agreement”	the conditional loan transfer agreement dated the date of the SPA and entered into among the Vendor, the Purchaser and YXHB in relation to the transfer of the Target Shareholder’s Loan
“New Shareholder’s Loan Agreement”	as defined in section 8.2 of the announcement
“Party”	a party to the SPA
“percentage ratios”	has the meaning ascribed to it under Rule 14.04(9) of the Listing Rules
“PRC”	the People’s Republic of China
“Previous Loan Facility”	the unsecured 5-year loan facility up to RMB4,654,503,531.78 at 6.5% per annum granted by the Vendor to YXHB prior to the New Shareholder’s Loan Agreement
“Profit Forecast”	as defined in section 2.1(e) of this announcement
“Project Companies”	collectively, ASN, Hancai and Han’e
“Purchaser”	Guangzhou Yueda Investment Company Limited* (廣州越達投資有限責任公司)
“Reporting Accountant”	PricewaterhouseCoopers, the reporting accountant of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Savills”	Savills Valuation and Professional Services Limited, the business valuer appointed by the Group in relation to the Acquisition
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened for the Independent Shareholders to consider and, if thought fit, to approve the Acquisition (including any adjournment thereof)
“Shareholder”	a holder of the Shares
“Shares”	ordinary shares of nominal value of HK\$0.10 each in the capital of the Company
“Sommerley”	Sommerley Capital Limited

“SPA”	the conditional sale and purchase agreement in relation to the transfer of the Target Assets entered into between the Vendor and the Purchaser on 12 September 2019
“Target Assets”	collectively, the Target Equities and the Target Shareholder’s Loan
“Target Equities”	collectively, 100% of the equity interest in YXHB and 38.5% of the equity interest in Hancai
“Target Expressways”	collectively, Daguangnan Expressway, Hancai Expressway and Han’e Expressway
“Target Group”	the group of companies comprising YXHB, Andi, ASN, Hancai and Han’e
“Target Group Member”	a member of the Target Group
“Target Shareholder’s Loan”	the entire amount of the outstanding shareholder’s loan in the principal amount of RMB4,654,503,531.78 owed by YXHB to the Vendor as at the date of the SPA together with the interest accrued thereon at the interest rate of 6.5% per annum calculated from 20 March 2019 under the Previous Loan Facility
“Total Consideration”	as defined in section 2.1(d) of this announcement
“Traffic Study Reports”	collectively, the traffic consultancy and evaluation reports prepared by Jie Cheng in respect of Daguangnan Expressway, Hancai Expressway and Han’e Expressway respectively
“Valuation Date”	30 June 2019
“Valuation Report”	the valuation report prepared by Savills in relation to the valuation of the Target Equities as at the Valuation Date
“Vendor”	Guangzhou Yue Xiu Enterprises (Holding) Limited* (廣州越秀企業集團有限公司)
“YX Back-to-Back Guarantee”	as defined in section 8.3(a) of this announcement

“YXHB”

Yuexiu (Hubei) Expressway Company Limited*
(越秀(湖北)高速公路有限公司), formerly known
as Guangsheng Expressway Group Company
Limited of Hubei Province* (湖北省廣晟高速公路
集團有限公司)

By order of the Board
Yuexiu Transport Infrastructure Limited
LI Feng
Chairman

Hong Kong, 12 September 2019

As at the Announcement Date, the Board comprises:

Executive Directors : LI Feng (Chairman), HE Baiqing and CHEN Jing

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

* *For ease of reference, the names of the PRC established companies or entities (if any) and the PRC laws and regulations (if any) have generally been included in this announcement in both Chinese and English languages and in the event of inconsistency, the Chinese language shall prevail.*

^ *Where the context so permits or requires, words importing the singular number include the plural and vice versa and words importing the masculine gender include the feminine and neuter genders and vice versa.*

The following is the full text of the letter from the Financial Advisers in respect of the Profit Forecast for incorporation in this announcement.



The Directors
Yuexiu Transport Infrastructure Limited
17A Yue Xiu Building, 160 Lockhart Road, Wanchai
Hong Kong

12 September 2019

Dear Sirs,

We refer to the announcement of Yuexiu Transport Infrastructure Limited (the “Company”), dated 12 September 2019 (the “Announcement”), in relation to the Company’s proposed transaction (the “Transaction”) which involves the acquisition of (i) 100% of the equity interest in Yuexiu (Hubei) Expressway Company Limited* (越秀(湖北)高速公路有限公司) (“YXHB”); (ii) 38.5% of the equity interest in Hancai Expressway Company Limited of Hubei Province* (湖北省漢蔡高速公路有限公司) (“Hancai”); and (iii) the Target Shareholder’s Loan (as defined in the Announcement) by Guangzhou Yueda Investment Company Limited* (廣州越達投資有限責任公司), a wholly-owned subsidiary of the Company, from Guangzhou Yue Xiu Enterprises (Holding) Limited* (廣州越秀企業集團有限公司).

The Announcement refers to respective valuations of the YXHB and Hancai (the “Targets”) by Savills Valuation and Professional Services Limited (the “Valuer”) which are contained in a valuation report dated 12 September 2019 (the “Valuation Report”) prepared by the Valuer for the purpose of the Transaction. We understand that the Valuation Report and certain other documents relevant to the Transaction have been provided to you as directors of the Company (the “Directors”) in connection with your consideration of the Transaction.

Financial forecasts of the Targets form part of the bases for the valuations referenced to in the Announcement. We have reviewed the forecasts of the Targets included in the Valuation Report, for which you as the Directors are solely responsible. We have attended discussions of the forecasts of the Targets involving the management of the Company, the respective management of the Targets and the Valuer. In these discussions, the participants discussed the historical performance of the Targets, the valuation methods, qualifications, bases and assumptions upon which the forecasts have been made, and other information considered relevant by the Valuer and the

Company to the forecasts. We have also reviewed the report to the Directors from PricewaterhouseCoopers (the “Reporting Accountant”), dated 12 September 2019, as set forth in Appendix II to the Announcement regarding the arithmetical calculations and the compilation of the discounted future estimated cash flows.

With regards to the Valuer’s qualifications and experience, we have conducted reasonable checks to assess the relevant qualification, experience and expertise of the Valuer, including reviewing the supporting documents on the qualification of the Valuer and discussion with the Company and the Valuer on their qualifications and experience and are satisfied that reliance could fairly be placed on the work of the Valuer.

The financial forecasts have been prepared using a set of assumptions that include hypothetical assumptions about future events and other assumptions that may or may not necessarily be expected to occur and, as such, the financial forecasts may not be appropriate for purposes other than for deriving the Valuation. Even if the events anticipated under the hypothetical assumptions occur, actual results are still likely to differ from the financial forecasts since such anticipated events frequently may or may not occur as expected and the variation may be material.

We have not independently verified the computations leading to the Valuer’s determination of the market value of the Targets. We have had no role or involvement and have not provided and will not provide any assessment of the market value of the Targets and, accordingly, we take no responsibility and express no views therefor. The assessment, review and discussions carried out by us as described in this letter are based on financial, economic, market and other conditions in effect, and the information made available to us, as of the date of this letter and we have, in arriving at our views, relied on information and materials supplied to us by the Company, the Valuer and the Reporting Accountant and opinions expressed by, and representations of, the employees and/or management of the Company, the Valuer and the Reporting Accountant. We have assumed, without independent verification, that all information, materials and representations so supplied, including all information, materials and representations referred to or contained in the Announcement, for which you as directors of the Company are wholly responsible, were true, accurate, complete and not misleading at the time they were supplied or made and that no material fact or information has been omitted from the information and materials supplied. No representation or warranty, expressed or implied, is made by us on the accuracy, truth or completeness of such information, materials, opinions and/or representations referred to or contained in the Announcement, and we have not assumed any responsibility or liability therefor. Circumstances could have developed or could develop in the future that, if known to us at the time of this letter, would have altered our assessment and review.

On the basis of the foregoing and being satisfied that the qualifications, bases and assumptions in the Valuation Report have been made with due care and objectivity, and on a reasonable basis but without giving any opinion on the reasonableness of the valuation methods selected by the Valuer, for which the Valuer and the Company are responsible, we are satisfied that the forecasts disclosed in the Announcement, for which you as the Directors are responsible, have been made after due and careful enquiry by you. For the avoidance of doubt, this letter does not constitute an independent valuation or fairness opinion and is expressly limited to the matters described herein.

The work undertaken by us in giving the above opinion has been undertaken for the purpose of reporting solely to you under Rule 14.62(3) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and for no other purpose. This letter may not be used or disclosed, referred or communicated (in whole or in part) to any party for any other purpose whatsoever, except with our prior written approval. We accept no responsibility to any other person in respect of, arising out of or in connection with our work. For the purpose of this letter, CLSA Capital Markets Limited and DBS Bank Ltd. have conducted the work severally and not jointly and neither of them shall be responsible for the work conducted or statements made by the other described above.

Yours faithfully,

For and on behalf of

CLSA Capital Markets Limited

Edmund Chan
Managing Director,
Head of M&A

DBS Bank Ltd.
(incorporated in Singapore with
limited liability)

Wei Mun Yip
Managing Director,
Strategic Advisory

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

**INDEPENDENT REPORTING ACCOUNTANT’S ASSURANCE REPORT ON
THE CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH
FLOWS IN CONNECTION WITH THE BUSINESS VALUATION OF (I) 越秀
(湖北)高速公路有限公司 AND (II) 湖北省漢蔡高速公路有限公司**

**TO THE BOARD OF DIRECTORS OF YUEXIU TRANSPORT
INFRASTRUCTURE LIMITED**

We have completed our assurance engagement to report on the calculations of the discounted future estimated cash flows on which the business valuation (the “Valuation”) dated 12 September 2019 prepared by Savills Valuation and Professional Services Limited in respect of the appraisal of the fair value of the 100% equity interests in 越秀(湖北)高速公路有限公司 (Yuexiu (Hubei) Expressway Company Limited*), and the 38.5% equity interests in 湖北省漢蔡高速公路有限公司 (Hancai Expressway Company Limited of Hubei Province*) (collectively the “Target Equities”) is based. The Valuation is set out in the announcement of Yuexiu Transport Infrastructure Limited (the “Company”) dated 12 September 2019 (the “Announcement”) in connection with the acquisition of the Target Equities by 廣州越達投資有限責任公司 (Guangzhou Yueda 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 "Market Value of the Target Equities as Appraised by the Valuer" of the Announcement. 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.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

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 Equities.

We conducted our work in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the HKICPA. This standard requires that we 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 "Market Value of the Target Equities as Appraised by the Valuer" of the Announcement. 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

In our opinion, based on the foregoing, so far as the calculations are concerned, the discounted future estimated cash flows, has been properly compiled in all material respects in accordance with the bases and assumptions made by the directors of the Company as set out in the section headed “Market Value of the Target Equities as Appraised by the Valuer” of the Announcement.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 12 September 2019

** For identification purpose only*