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越 秀 交 通 有 限 公 司

GZI Transport Limited

(Incorporated in Bermuda with limited liability)

(Stock code: 1052)

**ACQUISITION OF A 90% EQUITY INTEREST IN
蒼梧桂海蒼郁高速公路有限公司
(CANGWU GUIHAI CANGYU EXPRESSWAY CO., LTD.) ***

The Board is pleased to announce that Grand Speed, a wholly-owned subsidiary of the Company, has entered into the Equity Transfer Agreement and the Joint Venture Contract with independent third parties in connection with the acquisition of a 90% equity interest in Cangyu Expressway Co., Ltd., the principal asset of which is the operating right of Cangyu Expressway.

1. THE ACQUISITION

On 10 December 2008, Grand Speed, a wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with the Vendors in respect of the acquisition of a 90% equity interest in Cangyu Expressway Co., Ltd., and the Joint Venture Contract with Mr. Peng Jianxiong in respect of the operation of Cangyu Expressway Co., Ltd. after the Acquisition.

2. TERMS AND CONDITIONS OF THE ACQUISITION

The following is a summary of the key terms and conditions of the Acquisition as set out in the Equity Transfer Agreement:

Date

10 December 2008

Parties

- (1) Grand Speed
- (2) The Vendors
- (3) Cangyu Expressway Co., Ltd.

The Directors confirm that to the best of their knowledge, information and belief, having made all reasonable enquiries, each of the Vendors and Cangyu Expressway Co., Ltd. and their respective ultimate beneficial owners are Independent Third Parties.

Consideration

The Consideration payable for the Acquisition, which has been determined with reference to the net asset value of Cangyu Expressway Co., Ltd. as at 30 September 2008, is RMB128,059,367 (i.e., approximately HK\$144,947,161) (subject to adjustments as described below). 70% of the Consideration will be payable on Completion while the remaining balance will be payable on the tenth Business Day after the Vendors provide Guarantee Assets (as defined in the Equity Transfer Agreement) in accordance with the terms of the Equity Transfer Agreement (save in the situation where Grand Speed and the Vendors are unable to agree on the adjustment to the Consideration, in which case the balance will be payable on the fifth Business Day after such agreement has been reached).

The Consideration shall be adjusted by deducting therefrom, amongst others, an amount equal to 90% of the increase in the total liability of Cangyu Expressway Co., Ltd. from 30 September 2008 to the Completion Date.

In addition to the payment of the Consideration, Grand Speed and Mr. Peng Jianxiong will contribute RMB19,390,500 (i.e., approximately HK\$21,947,617) and RMB2,154,500 (i.e., approximately HK\$2,438,624), respectively, to the registered capital of Cangyu Expressway Co., Ltd. The Company will use internal resources (namely, part of the proceeds from the Open Offer) to fund the Consideration and Grand Speed's contribution to the registered capital of Cangyu Expressway Co., Ltd.

Conditions

Completion is subject to and conditional upon the satisfaction or (as the case may be) waiver by Grand Speed of certain conditions precedent, including but not limited to:

- (1) the Vendors and Cangyu Expressway Co., Ltd. having obtained all necessary governmental approvals, permits and consents for the Acquisition; and
- (2) no creditor has the right to sell Cangyu Expressway Co., Ltd.'s assets or its toll collection right,

within 6 months after the date of the Equity Transfer Agreement (or such other date as Grand Speed may specify in writing).

Termination

The Equity Transfer Agreement may (among other things) be terminated:

- (1) by Grand Speed if any of the Vendors breaches any warranty or any other term of the Equity Transfer Agreement and such breach cannot be rectified within a period specified by Grand Speed in the written notice given by Grand Speed to the Vendors in respect of the same, which has a Material Adverse Effect (as defined in the Equity Transfer Agreement); or
- (2) by Guihai Enterprise Development if Grand Speed does not pay a security deposit equal to 30% of the Consideration into the designated bank account within 3 months of signing of the Equity Transfer Agreement.

Penalty

A daily penalty of 0.05% will be payable by Grand Speed on: (1) the security deposit referred to in the paragraph headed “Termination” above, if it is not paid in full into the designated bank account within ten Business Days of the opening of the same (Grand Speed has the obligation to open such a bank account within five Business Days of signing of the Equity Transfer Agreement); and (2) the Consideration (to the extent that it is not paid in accordance with the terms of the Equity Transfer Agreement). A daily penalty equal to 0.05% of the security deposit amount will be payable by the Vendors if they fail to comply with certain pre-Completion obligations under the Equity Transfer Agreement.

Completion

Completion shall take place on the tenth Business Day after all of the conditions precedents have been satisfied or waived (as the case may be).

3. INFORMATION ON CANGYU EXPRESSWAY CO., LTD.

Cangyu Expressway Co., Ltd. is a limited liability company established in the PRC, which is currently owned as to 67.18% by Guihai Enterprise Development, as to 32.79% by Mr. Peng Jianxiong and as to 0.03% by Mr. Peng Weixiong. As at the date of this announcement, the principal asset of Cangyu Expressway Co., Ltd. is the operating right of Cangyu Expressway.

Cangyu Expressway is located in Cangwu County of Wuzhou City in Guangxi Province, linking the Cangwu County of Guangxi Province with the Yunan County of Guangdong Province. It also forms a part of the GuangWu Expressway (from Guangzhou to Wuzhou). The total length of the route is 23.334 km with 1 toll station. The highway route has been constructed in accordance with the

expressway standards of a fully closed, all viaducts and complete control of entrances and exits system. The road bed is 24.5 metres in width with four-lane dual direction carriageways. The planned speed limit is 100 km per hour. Cangyu Expressway is an important road section in the implementation of the national plan for the Great West Development. It also forms an important part of the main framework for the Guangxi Highway Network. Cangyu Expressway commenced construction in 2002. It was completed and commenced operation in November 2005. The term of the right to operate Cangyu Expressway by Cangyu Expressway Co., Ltd. is 25 years after Cangyu Expressway commences operation.

4. REASONS FOR, AND BENEFITS OF, ENTERING INTO THE ACQUISITION

The reasons for, and benefits of, entering into the Acquisition are as follows:

The Company has been engaging in the business of investing and operating toll roads and bridges.

Cangyu Expressway is a part of the expressway from Guangzhou to Wuzhou, which links the Pearl River Delta to the southwest region. Considering Cangyu Expressway's relatively low construction cost and the Company's ample cashflows, the Directors believe that the Acquisition is beneficial for increasing the proportion of expressway projects in the Company's assets, and helps to improve the Company's business structure. At the same time, the Acquisition would strengthen the Company's competitiveness and sustainability of growth in its core business, and achieve the long-term target of continued enhancement of the Company's profitability.

The Directors consider that the terms of the Acquisition are fair and reasonable and in the interests of the shareholders of the Company as a whole.

DEFINITIONS

“Acquisition”	means the acquisition by Grand Speed of a 90% equity interest in Cangyu Expressway Co., Ltd. from the Vendors;
“Business Day”	means a day on which commercial banks are open for business in both the PRC and Hong Kong (excluding Saturdays, Sundays and public holidays);

“Cangyu Expressway”	means Cangyu Expressway which runs from Cangwu County of Wuzhou City in Guangxi Province to the Yunan County of Guangdong Province;
“Cangyu Expressway Co., Ltd.”	means 蒼梧桂海蒼郁高速公路有限公司 (Cangwu Guihai Cangyu Expressway Co., Ltd.)*;
“Company”	means GZI Transport Limited (越秀交通有限公司), a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited;
“Completion”	means completion of the Acquisition pursuant to the terms of the Equity Transfer Agreement;
“Completion Date”	means the tenth Business Day after all conditions precedents are either satisfied or waived by Grand Speed;
“Consideration”	means the consideration of RMB128,059,367 (i.e., approximately HK\$144,947,161), subject to adjustments;
“Equity Transfer Agreement”	means the equity transfer agreement entered into among Grand Speed, the Vendors and Cangyu Expressway Co., Ltd. on 10 December 2008 in respect of the transfer of a 90% equity interest in Cangyu Expressway Co., Ltd.;
“Grand Speed”	means Grand Speed Limited, a limited liability company incorporated in Hong Kong and a wholly-owned subsidiary of the Company;
“Guihai Enterprise Development”	means 廣西梧州桂海企業發展有限公司 (Guangxi Wuzhou Guihai Enterprise Development Co., Ltd.)*, one of the Vendors holding an equity interest of 67.18% in Cangyu Expressway Co., Ltd.;
“Independent Third Party(ies)”	means third party(ies) who is (are) independent of the Company and the connected person of the Company as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

“Joint Venture Contract”	means the Sino-foreign Equity Joint Venture Contract entered into between Grand Speed and Mr. Peng Jianxiong on 10 December 2008 in respect of the operation of Cangyu Expressway Co., Ltd. after the Acquisition;
“Open Offer”	means the open offer of Shares made by the Company, which was closed on 27 August 2007;
“PRC”	means the People’s Republic of China;
“RMB”	means Renminbi, the lawful currency of the PRC;
“subsidiary”	has the same meaning as in section 2 of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as at the date hereof and “subsidiaries” shall be construed accordingly;
“Vendors”	means Guihai Enterprise Development, Mr. Peng Jianxiong and Mr. Peng Weixiong.

In this announcement, unless otherwise specified, amounts in RMB are converted to HK\$ at a conversion rate of HK\$1.00 = RMB0.88349 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.

** For identification purposes only.*

By order of the board of
GZI Transport Limited
ZHANG Zhaoxing
Chairman

Hong Kong, 10 December 2008

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

Executive Directors: ZHANG Zhaoxing (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