THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect about this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Yuexiu Transport Infrastructure Limited, you should at once hand this circular to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

越秀交通基建有限公司

Yuexiu Transport Infrastructure Limited

(Incorporated in Bermuda with limited liability)

(Stock code: 01052)

MAJOR TRANSACTION
ACQUISITION OF 100% EQUITY INTEREST IN A PRC COMPANY WHICH OPERATES THE WEIXU EXPRESSWAY

A letter from the Board is set out on page 5 to 21 of this circular.

28 November 2011

CONTENTS

In this circular, unless the context otherwise requires, the following terms have the following meaning:

"Acquisition"	means the acquisition of the Equity Interest by the Purchaser pursuant to the Agreement;
"Agreement"	means the equity interest transfer agreement dated 29 October 2011 entered into between the Vendors and the Purchaser in relation to the sale and purchase of the Equity Interest;
"Board"	means the board of Directors;
"Company"	means Yuexiu Transport Infrastructure Limited (越秀交通基建有限公司), an exempted company incorporated in Bermuda, the shares of which are listed on the Stock Exchange;
"Completion"	means completion of the sale and purchase of the Equity Interest;
"Completion Accounts"	means the audited accounts to be prepared in accordance with PRC accounting standards on the Target Group as at 30 September 2011 and the amounts of the Deducted Amounts as at the Completion Date to be issued within 20 business days after the Completion Date by the auditor jointly appointed by the Vendors and the Purchaser;
"Completion Date"	means (subject to the fulfilment (or waiver) of the Condition(s)) the date on which completion of the Agreement takes place, being the date on which the relevant registration authority issued the new business licence to the Target Company;
"Concession Agreement"	means the concession agreement dated 16 May 2005 entered into between the Transport Bureau of Xuchang City* (許昌市交通局) and the Target Company pursuant to which, among other things, the Target Company was granted the concession to operate the Weixu Expressway for a period of 30 years commenced from 16 May 2005;
"Conditions"	means the conditions precedent to Completion;
"connected persons"	has the meaning ascribed to it under the Listing Rules;
"Consideration"	means the consideration payable for the acquisition of the Equity Interest pursuant to the Agreement;

"Deducted Amounts"	means such amounts (if any) to be deducted from the Consideration in accordance with the Completion Accounts;
"Directors"	means the directors of the Company;
"Enlarged Group"	means the Group as enlarged by the Acquisition;
"Equity Interest"	means an aggregate of 100% equity interest in the Target Company owned by the Vendors of which 95% is owned by Ruibeika and the remaining 5% is owned by Mr. Zheng;
"Final Audited Liabilities"	means the audited total liabilities of the Target Company as at 30 September 2011 in accordance with PRC accounting standards;
"GCA"	means Greater China Appraisal Limited, an independent qualified valuer appointed by the Group;
"Group"	means the Company and its subsidiaries;
"Hong Kong"	means the Hong Kong Special Administrative Region of the PRC;
"Internal Rate of Return"	means the discount rate at which the sum of the present value of cash flows of an investment or set of investments equals the cost of that investment;
"Jie Cheng"	Jie Cheng Consultants Limited, professional traffic consultant;
"km"	means kilometre(s);
"Latest Practicable Date"	means 23 November 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular;
"Listing Rules"	means the Rules Governing the Listing of Securities on the Stock Exchange;
"Long Stop Date"	means the date which falls on the expiry of 6 months (or such longer period as determined by the Purchaser) of the Signing Date;
"Mr. Zheng"	means 鄭有志 (Zheng Youzhi*), a PRC citizen who owns 5% of the Equity Interest;

"Pledge on Toll Collection Right"	means the pledge created over the toll collection right of the Weixu Expressway in favour of Industrial and Commercial Bank of China Joint Stock Company Limited, Xuchang Branch* (中國工商銀行許昌分行) ("**ICBC**") to secure loans up to RMB1.3 billion granted by ICBC to the Target Company during the period from 11 June 2008 to 26 September 2019 (both days inclusive) and the pledge to be created over one-third of the toll collection right of the Weixu Expressway in favour of China Merchants Bank within 30 days after the release of the existing pledge on the toll collection right of Weixu Expressway in favour of ICBC;
"PRC"	means the People's Republic of China and, for the purposes of this circular only, excludes Hong Kong, Macau Special Administrative Region and Taiwan;
"Purchaser"	means 越秀(中國)交通基建投資有限公司 (Yuexiu (China) Transport Infrastructure Investment Company Limited*), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company;
"PwC"	means PricewaterhouseCoopers, certified public accountants;
"RMB"	means Renminbi, the lawful currency of the PRC;
"Ruibeika"	means 河南瑞貝卡控股有限責任公司 (Henan Ruibeika Holdings Company Limited*), a company established in the PRC which owns 95% of the Equity Interest;
"SFO"	means Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);
"Shareholders"	means the shareholders of the Company;
"Shares"	means shares of nominal value of HK$0.1 in the capital of the Company;
"Signing Date"	means 29 October 2011, being the date on which the Agreement was signed;
"Stock Exchange"	means The Stock Exchange of Hong Kong Limited;
"Target Company"	means 河南瑞貝卡實業有限公司 (Henan Ruibeika Industrial Company Limited*), a company established in the PRC;
"Target Group"	means the Target Company together with the Target Subsidiary;

"Target Subsidiary"	means 鄢陵瑞貝卡高速公路服務有限公司 (Yanling Ruibeika Expressway Services Limited*), a company established in the PRC on 15 March 2011 and a wholly-owned subsidiary of the Target Company;
"Vendors"	means Ruibeika and Mr. Zheng;
"Weixu Expressway"	means the expressway which connects Weishi (尉氏) and Xuchang (許昌) in Henan Province, the PRC; and
"%"	means percentage.

For ease of reference, the names of the PRC established companies or entities, have generally been included in this circular in both Chinese and English languages and in the event of inconsistency, the Chinese language shall prevail.

** For identification purposes only*

越秀交通基建有限公司
Yuexiu Transport Infrastructure Limited

(Incorporated in Bermuda with limited liability)

(Stock code: 01052)

Executive Directors:
Zhang Zhaoxing *(Chairman)*
Liang Youpan
Li Xinmin
Liang Ningguang
Wang Shuhui
Qian Shangning

Independent Non-Executive Directors:
Fung Ka Pun
Lau Hon Chuen Ambrose
Cheung Doi Shu

Registered office:
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Head office and principal place of business:
23rd Floor, Yue Xiu Building
160 Lockhart Road
Wanchai
Hong Kong

28 November 2011

To the Shareholders

Dear Sir or Madam,

Yuexiu Transport Infrastructure Limited

MAJOR TRANSACTION

ACQUISITION OF 100% EQUITY INTEREST IN A PRC COMPANY WHICH OPERATES THE WEIXU EXPRESSWAY

INTRODUCTION

Reference is made to the announcement of the Company dated 29 October 2011 pursuant to which, among other things, it was announced that the Purchaser has entered into the Agreement and the Acquisition constituted a major transaction for the Company under the Listing Rules.

THE AGREEMENT

The Board announced that on 29 October 2011, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendors. Pursuant to the Agreement, the Purchaser has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell, the Equity Interest. The principal terms of the Agreement are summarised below:

1. **Date**

   29 October 2011.

2. **Parties**

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

   (ii) Ruibeika; and

   (iii) Mr. Zheng.

   To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Ruibeika, its ultimate beneficial owners and Mr. Zheng are third parties independent of, and not connected with, the Company and its connected persons.

3. **Assets to be acquired by the Group**

   An aggregate of 100% of the equity interest in the Target Company of which 95% is owned by Ruibeika and the remaining 5% is owned by Mr. Zheng. Upon completion of the Acquisition, the Company will, through the Purchaser, own the Equity Interest and the Target Company together with the Target Subsidiary will become the indirect wholly-owned subsidiaries of the Company.

   As at the date of this circular, 95% of the Equity Interest owned by Ruibeika was subject to (i) an equity pledge in favour of Citic Bank Joint Stock Company Limited, Zhengzhou Branch* (中信銀行股份有限公司鄭州分行) ("**Citic Bank**") to secure the loans granted by Citic Bank to the Target Company and (ii) an equity pledge in favour of China Merchants Bank Joint Stock Company Limited, Shenzhen Cuizhu Branch* (招商銀行股份有限公司深圳翠竹支行) ("**China Merchants Bank**") to secure the loan granted by China Merchants Bank to the Target Company. As at 31 July 2011, the respective debts owed by the Target Company to Citic Bank and China Merchants Bank which were secured by the aforesaid equity pledges were RMB80 million and RMB499 million. It is one of the Conditions to Completion that the Vendors having obtained the written consents of, among others, Citic Bank and China Merchants Bank consenting the Vendors' transfer of the Equity Interest to the Purchaser. In this regard, please refer to the section headed "Conditions precedent" for further details. Subject to the final agreements between the Purchaser and Citic Bank or China Merchants Bank (as the case may be), it is currently expected that after Completion, the Purchaser will replace Ruibeika as the party pledging the Equity Interest (or part thereof) to Citic Bank and China Merchants Bank to secure the loans referred to above.

4. **Coming into effect of the Agreement**

The Agreement will become effective upon the approval(s) granted by the relevant PRC governmental authorities.

5. **Consideration**

The amount of the final Consideration will be determined by a formula described in paragraph (b) below taking into account the Final Audited Liabilities. As the Final Audited Liabilities cannot be ascertained as at the Signing Date, the Vendors and the Purchaser agreed an amount as the Initial Consideration as described in paragraph (a) below.

(a) *Initial Consideration*

The initial consideration ("**Initial Consideration**") is RMB1,061,549,933.47 calculated as follows:

RMB2.73 billion — RMB1,668,450,066.53 = RMB1,061,549,933.47

The amount of RMB2.73 billion represents the estimated value of the Weixu Expressway through arm's length negotiations between the Vendors and the Purchaser with reference to the average acquisition cost of approximately RMB42.5 million per km and the length of the Weixu Expressway chargeable with toll being 64.284 km.

The amount of RMB 1,668,450,066.53 represents the total liabilities of the Target Company as at 31 July 2011 based on the unaudited accounts of the Target Company prepared in accordance with PRC accounting standards.

(b) *Consideration*

Subject to the adjustment pursuant to the Completion Accounts as described in paragraph (c) below, if applicable, the amount of the final Consideration will be calculated as follows:

RMB2.73 billion — the Final Audited Liabilities

(c) *Adjustment of the Consideration*

If applicable, the amounts representing the following items will be deducted from the Consideration pursuant to the Completion Accounts:

(i) the liabilities of the Target Group and other payables which have not been disclosed in the list of liabilities attached to the Agreement; and

(ii) the extent that the assets of the Target Group as at the Completion Date are inadequate, damaged or the value of which is otherwise lost as compared with the assets of the Target Group set out in the list of assets attached to the Agreement.

(d) *Assumption of Shareholder's Debt*

As at 31 July 2011, Ruibeika owed a debt in the amount of RMB421,329,973.30 to the Target Company ("**Shareholder's Debt**"), such debt will be assumed by the Purchaser.

The Consideration was determined through arm's length negotiations between the Vendors and the Purchaser and on a commercial basis. Compared to the fair value of the Equity Interest in the amount of RMB1,728,000,000 as at 30 September 2011, as appraised by GCA, an independent valuer engaged by the Company, using the income approach with discounted cash flow method (which constitutes a profit forecast under Rule 14.61 of the Listing Rules ("**Profit Forecast**")), the sum of RMB1,482,879,906.77 (being the aggregate amounts of the Initial Consideration and Shareholder's Debt) represents a discount of approximately 14.2% to the appraised value of the Equity Interest. Please refer to the section headed "Fair Value of the Equity Interest" below for the principal assumptions on which the Profit Forecast was based. It is currently expected that the Consideration will be funded by the Group's internal resources and/or banking facilities.

6. **Payment of the Consideration**

(a) The Consideration will be payable in cash by the Purchaser in RMB or equivalent Hong Kong dollars in three instalments as follows:

(i) the first instalment, being 80% of the Initial Consideration ("**First Instalment**");

(ii) the second instalment to be determined by the formula set out below:

Consideration x 90% — Deducted Amounts (if any) — the First Instalment ("**Second Instalment**"); and

(iii) the third instalment to be determined by the formula set out below:

Consideration x 10% — additional Deducted Amounts (if any) ("**Third Instalment**").

(b) The timing for the payment of the Consideration is set out below:

Consideration		**Timelines**
First Instalment	:	Within 3 business days from the Completion Date
Second Instalment	:	Within 15 business days from the issue of the Completion Accounts
Third Instalment	:	Within 1 year after the Target Company has obtained the new business licence referred to in the Agreement

7. **Conditions precedent**

Completion of the Agreement is conditional upon fulfilment (or waiver, if applicable) of the following Conditions on or before the Long Stop Date:

(a) the representations, warranties and undertakings given by the Vendors and the Purchaser in the Agreement remain true, accurate and not misleading as at the Completion Date;

(b) since the Signing Date, there has been no event the occurrence of which has material adverse effect on the Vendors or the Target Company;

(c) the Vendors having procured the Target Company to complete, and the Target Company having duly completed, each of the following:

(i) the People's Government of Henan Province having approved the establishment of the toll collection stations and the toll collection period for the Weixu Expressway, and the toll collection period is the same as the concession period agreed under the Concession Agreement (i.e. 30 years commenced from 16 May 2005);

(ii) the Vendors having obtained the written consents of the creditors of the Target Company including (A) ICBC; (B) China Merchants Bank; and (C) Citic Bank consenting the Vendors transfer of the Equity Interest to the Purchaser;

(iii) the guarantee given by the Target Company in favour of ICBC in relation to the loans granted by ICBC to Wei Du Li Da Wig Products Factory of Xuchang City* (許昌市魏都利達髮製品廠) having been discharged;

(iv) other than (A) the Shareholder's Debt and (B) the receivables from the Expressway Management Office of the Transport Department of Henan Province* (河南省交通廳高速公路管理局), the Target Company not having any receivables (whether individually or in aggregate) the amount of which exceeds RMB500,000;

(v) other than bank loans, the Target Company having settled all the payables (whether individually or in aggregate) the amounts of which exceed RMB500,000 and other payables;

(vi) all written consents of third parties (including but not limited to the People's Government of Xuchang City and the Transport Bureau of Xuchang City (許昌市交通局) as authorised by the People's Government of Xuchang City) consenting the Acquisition having been obtained by the Purchaser in such forms satisfactory to the Purchaser;

(vii) the land use right certificate in respect of the construction land with an area of 140.1564 hectares situated in Weishi County under the name of the Target Company having been obtained;

(viii) the application for the approvals of the construction of the buildings of the Weixu Expressway including the office for the Yanling West station (鄢陵西站), the office for the Yanling North station (鄢陵北站) and the buildings of the service area having completed and the relevant approvals under the name of the Target Company having been granted; and

(ix) the approval procedures in relation to the installation of the outdoor advertising board at the Weixu Expressway under the name of the Target Company having been completed;

(d) the Vendors and the Target Company having fully performed and complied with their respective obligations, warranties and undertakings on or prior to Completion in accordance with the Agreement;

(e) each of the Vendors and the Purchaser having obtained all the internal approvals in respect of the Acquisition which are necessary under applicable laws (including the shareholders' approvals granted by the Vendors and execution of waiver of pre-emptive rights by other shareholders) and having complied with the relevant procedures (including satisfaction of the disclosure and other requirements under the Listing Rules on the part of the holding company of the Purchaser);

(f) the Target Company having obtained all approvals or registration necessary for the Acquisition including but not limited to:

(i) the governmental authorities which have jurisdictions over the Acquisition (other than the relevant Department of Commerce but including the People's Government of Henan Province, the Transport Department of Henan Province (河南省交通廳)) having approved the transfer of the Equity Interest;

(ii) the relevant Department of Commerce having approved the terms of the Agreement, the transfer of the Equity Interest and the articles of association and issued the certificate of approval for the Target Company which specified that the Purchaser owns 100% of the equity interest of the Target Company;

(g) there being (i) no challenges, claim for damages or other remedies in relation to the Acquisition or (ii) no procedures which may prevent or delay or cause the Acquisition to become illegal or otherwise interfere the Acquisition;

(h) there being no adverse consequences due to breach (directly or indirectly) of laws, documents issued by any governmental authorities or any material contracts of the Target Company as a result of Completion and performance of the sale and purchase of the Equity Interest; and

(i) there being no circumstances under which any creditors (including but not limited to ICBC, China Merchants Bank, Citic Bank or Xuchang Bank Joint Stock Company Limited* (許昌銀行股份有限公司)) may deal with the assets of the Target Company or the toll collection rights of the Target Company.

All or any of the Conditions may be unilaterally waived by the Purchaser with or without conditions.

If any of the Conditions are not fulfilled (or waived) on or before the Long Stop Date, and the Purchaser refuses to waive any of the Conditions, the Purchaser may extend the period within which the Conditions must be fulfilled. If the Conditions cannot be fulfilled within the extended period, then the Agreement shall be terminated forthwith and ceased to be binding on the Vendors and the Purchaser. Further, the party who is responsible for the non-fulfilment of the relevant Condition shall indemnify the non-defaulting party. As of the Latest Practicable Date, item 7(c)(vii) of the Conditions has been fulfilled. As to the other Conditions, the Purchaser has no intention to waive all or any of them as of the date of this circular.

8. **Completion**

Completion of the Agreement will take place on the Completion Date, which shall be the date on which the new business licence of the Target Company is issued by the relevant registration authority, provided that all the Conditions have been fulfilled or waived (as the case may be). The expiry date for the operating term of the Target Company specified on such business licence must be consistent with the expiry date of concession period for the Weixu Expressway.

9. **Other principal terms**

(a) After Completion Date, if the Target Company receives the receivables as of 30 September 2011 from the Expressway Management Office of the Transport Department of Henan Province* (河南省交通廳高速公路管理局), the Purchaser shall, after the relevant amounts having been verified by the Purchaser and the Vendors, procure the Target Company to pay those amounts to the Vendors.

(b) The Vendors shall be responsible for all taxation liabilities of the Target Group on or before the Completion Date and shall indemnify the Target Group in full if the Target Group shall suffer any economic loss from such liabilities.

FAIR VALUE OF THE EQUITY INTEREST

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

(1) there will be no material changes in the existing political, legal, fiscal, foreign trade and economic conditions in the PRC where the Target Company is located;

(2) there will be no major changes in the current taxation law in the PRC, that the rates of tax payable remain unchanged and that all applicable laws and regulations will be complied with;

(3) there will be no material changes in interest rates or foreign currency exchange rates from those currently prevailing;

(4) traffic growth for the Target Company will conform to the average of the conservative and optimistic scenarios as projected in the traffic report prepared by Jie Cheng dated 29 October 2011 ("**Traffic Report**") (Please refer to Tables 1 to 3 below for summaries of certain information on the traffic forecast projection on the Weixu Expressway, respectively);

(5) operating expenses and capital expenditure will conform to the projection made by Jie Cheng in the Traffic Report;

(6) depreciation policy assumption of the Target Company for the purpose of adjusting back non-cash item to the model;

(7) credit terms and repayment schedules of bank loans are provided by the management of the Target Company; and

(8) the Target Company will retain competent management, key personnel, and technical staff to support the ongoing operation of the Weixu Expressway.

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

Year	Optimistic case (Vehicle/day)	Conservative case (Vehicle/day)
2011	6,339	5,648
2012	7,747	6,643
2013	10,012	8,251
2014	11,599	9,425
2015	12,227	9,680
2016	13,758	10,820
2021	21,426	16,384
2026	31,194	22,826
2031	39,056	29,983

Table 2 — Summary of Traffic Forecast Projections On Growth of ADTT

Year	Optimistic case	Conservative case
2011	—	—
2012	22.2%	17.6%
2013	29.2%	24.2%
2014	15.9%	14.2%
2015	5.4%	2.7%
2016	12.5%	11.8%
2021	8.7%	7.8%
2026	7.2%	6.3%
2031	40.5%	14.0%

Table 3 — Summary of Traffic Forecast Projections In Annual Revenue

Year	Optimistic case (RMB in million)	Conservative case (RMB in million)
2011	202	178
2012	251	212
2013	331	268
2014	382	306
2015	396	307
2016	444	343
2021	680	512
2026	975	707
2031	1,220	921

Please refer to (i) Appendix VI to this circular for the valuation report of the Target Company prepared by GCA and (ii) Appendix VII to this circular for more details of the traffic study report on the Weixu Expressway prepared by Jie Cheng.

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

PricewaterhouseCoopers, the reporting accountant of the Company, has also issued a report on the calculations for the discounted future estimated cash flows on which the valuation prepared by GCA was based.

A letter from the Board and a report from PricewaterhouseCoopers are included in Appendix I and Appendix II to this circular respectively for the purpose of Rule 14.62 of the Listing Rules.

INFORMATION ON THE TARGET GROUP AND THE WEIXU EXPRESSWAY

The Target Company is a company established in the PRC with limited liability and is principally engaged in the investment, operation and management of the Weixu Expressway. The registered capital of the Target Company is RMB495 million which has been fully paid up. The current operating term of the Target Company is 10 years commenced on 1 July 2003 and ending on 1 July 2013, which is inconsistent with the concession period of the Weixu Expressway, being 30 years from 16 May 2005. Pursuant to the Agreement, the expiry date for the operating term of the Target Company specified on the new business licence to be issued to the Target Company must be consistent with the expiry date of the concession period for the Weixu Expressway. Please refer to the section headed “Completion” above for further details. As at the date of this circular, the toll collection right of the Weixu Expressway is subject to the Pledge on Toll Collection Rights. As at 31 July 2011, the debts owed by the Target Company to ICBC which is secured by the Pledge on Toll Collection Right is approximately RMB1.048 billion. It is the intended arrangement of the Company as at the date of this circular that the Pledge on Toll Collection Rights will continue to exist after Completion.

As at the date of this circular, the Target Company has one subsidiary, namely Yanling Ruibeika Expressway Services Limited* (鄢陵瑞貝卡高速公路服務有限公司) which is wholly-owned by it. The Target Subsidiary is a PRC company principally engaged in retail of pre-packaged food, catering and accommodation. It has a registered capital of RMB100,000 which has been fully paid up.

The Weixu Expressway is located at Xuchang County (許昌縣) and Yanling County (鄢陵縣) of Xuchang City (許昌市) which is located in the middle of Henan Province and Weishi County (尉氏縣) of Kaifeng City (開封市), Henan Province, the PRC and is the middle section of Lannan Expressway (蘭南高速). Weixu Expressway starts from Zhangzhuangxi (張莊西), which is at the northeast of Weishi County at Weishi interchange in the Lankao-Weishi Expressway (蘭考至尉氏高速公路).

The Weixu Expressway extends to the southwest and ends at the Sunliuzhao (孫劉趙) interchange in the Xu-Ping-Nan Expressway (許平南高速公路), through which it also intersects with the G4 Expressway (京港澳高速). To the northeast direction the Weixu Expressway connects with the expressway network of Shandong Province through the Lankao-Weishi Expressway and to the southwest it connects with Xiangfan City (襄樊市), Hubei Province through the Erguang Expressway (二廣高速). The toll length of the Weixu Expressway is 64.284 km. The design speed is 120km/h. The Weixu Expressway is a dual 3-lane expressway without hard shoulder but is equipped with emergency parking bay along the length of the expressway. The construction of the Weixu Expressway commenced in November 2003 and was completed for operation in November 2005, with a final project cost of RMB2.005 billion (i.e. RMB31.19 million per km). Two toll stations are located at the north and west of Yanling County.

Set out below is the audited financial information of the Target Group for the years ended 31 December 2009 and 2010 and the six months ended 30 June 2011 respectively which were prepared in accordance with the Hong Kong Financial Reporting Standards ("**HKFRSs**"):

	Year ended 31 December 2009 *(RMB'000)*	**Year ended 31 December 2010** *(RMB'000)*	**Six months ended 30 June 2011** *(RMB'000)*
Revenue	135,199	155,657	88,450
Profit before tax and extraordinary items	14,078	15,532	18,169
Profit after tax and extraordinary items	10,365	11,596	13,598

INFORMATION ON THE GROUP AND RUIBEIKA

The Group is principally engaged in investment in, operation and management of expressways and bridges in Guangdong Province and other high-growth provinces in the PRC. The Group has also invested in a terminal project located in the Chishuixu operation area of the Wuzhou port, Guangxi Zhuang Autonomous Region, the PRC. The Purchaser is a wholly-owned subsidiary of the Company and is an investment holding company.

Ruibeika is a company established in the PRC. Ruibeika together with its subsidiaries are principally engaged in the sale and manufacture of wig products, operation of expressways, real properties development, investment management, water resources, education, hotel and mining.

FINANCIAL AND TRADING PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2011

The Group

For the year ended 31 December 2010, the Group recorded a satisfactory growth in revenue of RMB1,252,665,000, representing an increase of 25.2% compared with a revenue of RMB1,000,746,000 for the year ended 31 December 2009. Gross profit was RMB771,772,000 for the year ended 31 December 2010, representing an increase of 27.2% from RMB606,672,000 for the year ended 31 December 2009. The remarkable increase was due to the continuous steady growth of the PRC economy and the resumption of the growth momentum of the economic development in the PRC after implementation of a series of macro-economic policies. The profit attributable to the Shareholders was RMB534,544,000 for the year ended 31 December 2010, representing an increase of 39.8% compared with RMB382,350,000 for the year ended 31 December 2009.

The Enlarged Group

Upon Completion, the Target Company and the Target Subsidiary will become indirect wholly-owned subsidiaries of the Company and the financial information of the Target Group will be consolidated into the consolidated financial statements of the Group.

Looking forward in 2011, after Completion, the Enlarged Group will continue with the existing principal business of the Group in investment in, operation and management of expressways and bridges in Guangdong Province and other high-growth provinces in the PRC. In addition, after Completion, the Enlarged Group will own 12 toll road projects with a total attributable length of approximately 352.2 km with growing exposure in central and western regions which is in line with the Group's strategic development plan.

The Directors consider that the Acquisition will enhance the income and assets base of the Group. In addition, the Directors consider that the Acquisition will create attractive business opportunities for the Group and will broaden its revenue base.

SIGNIFICANT FINANCIAL EFFECTS OF THE ACQUISITION

The Directors have considered the "Unaudited Pro Forma Financial Information on the Enlarged Group" set out in Appendix V to this circular and noted the following significant financial effects of the Acquisition (assuming that completion of the Acquisition has occurred on 30 June 2011 ("**Pro Forma Completion Date**")) to the Enlarged Group as compared to the financial position of the Group as at 30 June 2011:

	Before the Acquisition	**Upon completion of the Acquisition (pro forma Enlarged Group)**	**Change**	
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	%
Total assets	15,746,982	18,080,239	+2,333,257	+14.8
Net assets	9,822,066	9,819,066	-3,000	-0.03
Borrowings	3,679,280	5,591,280	+1,912,000	+52.0
Cash and bank balances	934,790	128,855	-805,935	-86.2

Impacts on assets and liabilities

On the Pro Forma Completion Date, all the identifiable assets and liabilities of the Target Group would be stated at fair value and consolidated into the account of the Company.

On the assets side, the Acquisition would have material impacts on "intangible operating rights", "goodwill" and "bank balances and cash" in the Enlarged Group level. Based on the "Unaudited Pro Forma Financial Information on the Enlarged Group" set out in Appendix V to this circular, "intangible operating rights" would have increased from RMB10,408,268,000 to RMB13,380,343,000 after consolidating the "intangible operating rights" of the Target Group stated at fair value; "goodwill" of RMB56,031,000 was created from the recognition of deferred income tax liabilities on fair value gain arising from the Acquisition and "bank balances and cash" would decline from RMB934,790,000 to RMB128,855,000 as the Company intended to finance approximately 75% of the Initial Consideration by internal resources.

On the liabilities side, the major impacts would be on "borrowings". On the Pro Forma Completion Date, the borrowings of the Group would have increased by the existing borrowings of the Target Group as shown in the "Accountant's Report on the Target Group" set out in Appendix IV to this circular of approximately RMB1,657,000,000 and US$40,000,000 (equivalent to approximately RMB255,000,000) new unsecured term loan obtained in November 2011 before the date of this circular to finance approximately 25.0% of the Initial Consideration.

Upon Completion, the fair value of the net identifiable assets, liabilities and contingent liabilities of the Target Group will have to be reassessed. As a result of such reassessment, the assets and liabilities of the Target Group upon Completion may be different from the estimations based on the basis stated for the purpose of preparation of the unaudited pro forma statement of assets and liabilities of the Enlarged Group.

Impacts on net assets

On the Pro Forma Completion Date, all the identifiable assets and liabilities of the Target Group would be stated at fair value. After provision of the estimated transaction costs of approximately RMB3,000,000 as stated under "Unaudited Pro Forma Financial Information on the Enlarged Group" set out in Appendix V to this circular, the pro forma net assets of the Enlarged Group will be reduced to RMB9,819,066,000.

Impacts on earnings

As set out in the 2010 annual report and 2011 interim report of the Company, the audited profit attributable to Shareholders was RMB534,544,000 for the year ended 31 December 2010 and the unaudited profit attributable to the Shareholders for the six months ended 30 June 2011 was RMB254,460,000. As set out in the "Accountant's Report on the Target Group" in Appendix IV to this circular, the unaudited profit after tax and extraordinary items of the Target Group for the year ended 31 December 2010 and for the six months ended 30 June 2011 amounted to RMB11,596,000 and RMB13,598,000 respectively, representing approximately 2.2% and 5.3% of the profit attributable to the Shareholders for the year ended 31 December 2010 and for the six months ended 30 June 2011 respectively.

It is currently expected that the Acquisition will affect the earnings of the Group as described below:

(1) increase contributions from the operations of the Target Group given (a) the historical financial information of the Target Group, as set out in the "Accountant's Report on the Target Group" in Appendix IV to this circular, indicated that the Target Company has passed the usual "incubation" phase of a toll expressway and started to record profit after tax (under the HKFRSs) in 2009 and (b) the Target Company's projected revenue growth shown in the "Traffic Study Report" in Appendix VII to this circular;

(2) decrease in earnings due to amortization of the fair value adjustments of RMB1,204,605,000 recognized at the Pro Forma Completion Date as shown in the "Unaudited Pro Forma Financial Information on the Enlarged Group" in Appendix V to this circular; and

(3) decrease in earnings due to increased finance costs as a result of increase in borrowings upon Completion as mentioned in the section headed "Impact on assets and liabilities" above.

The Group will review the remuneration payable to and benefits in kind receivable by the directors of the Target Group after Completion and will consider whether there will be any variation in consequence of the Acquisition. Despite the anticipated finance costs that will incur from the increased borrowings upon Completion and the amortization of fair value adjustments in the coming years, but taking into account the historical earnings growth of the Target Group and that it is expected that its toll revenue will continue to increase in the coming years as projected in the Traffic Study Report, the Directors believe that the Acquisition would become one of the key drivers of the Group in terms of profit and cash flow contribution in the mid to long term operation.

Gearing and working capital position

As shown in the 2011 interim report of the Company, the gearing ratio[1] (calculated as net debts to total capitalization (which is equal to the sum of net debts and net assets attributable to the Shareholders)) of the Group was approximately 30.7%.

The Initial Consideration is RMB1,061,549,933.47 of which approximately 75.0% is intended to be financed by internal resources (which include the net compensation received or to be received by the Group in respect of the closure of the Class 1 toll highways in October 2010 details of which were disclosed in the Company's announcement dated 28 October 2010) and approximately 25.0% by bank loan. The Group has obtained an unsecured term loan in November 2011 before the date of this circular for an amount up to US$40,000,000 (equivalent to approximately RMB255,000,000).

According to the "Accountant's Report on the Target Group" set out in Appendix IV to this circular, borrowings of the Target Group as at 30 June 2011 amounted to RMB1,657,000,000. The said borrowings are secured floating rate project loans in RMB. Approximately 8.0% of the said loans will mature within one year and approximately 92.0% is long term. The effective interest rate per annum of the said loans is 6.38%. The net assets of the Target Group as at 30 June 2011 amounted to RMB523,395,000. Gearing ratio of the Target Group using the same calculation method used by the Group would be approximately 77.0%.

On the Pro Forma Completion Date, the financial statements of the Target Group will be consolidated into the Group. As shown in the "Unaudited Pro Forma Financial Information on the Enlarged Group" in Appendix V to this circular, given the unaudited pro forma total borrowings of the Enlarged Group would be increased to RMB5,591,280,000 and the unaudited pro forma bank balances and cash of the Enlarged Group would be reduced to RMB128,855,000, by applying the same calculation method used by the Group, the unaudited pro forma gearing ratio of the Enlarged Group will be approximately 42%.

Despite the temporary decrease in the cash position and the expected increase in gearing ratio of the Enlarged Group due to the Acquisition, but taking into account the expected strong future cash inflows of the Target Group as projected in the valuation report of the Target Company set out in Appendix VI to this circular, the Directors consider that the Acquisition would significantly strengthen the overall cash position of the Enlarged Group over time and optimize the leverage level of the Enlarged Group to create an accretive effect on shareholder's return on equity.

For the period ending twelve months from the date of this circular, the Directors, after due and careful consideration on the financial resources available to the Enlarged Group, including internally generated funds, the net compensation received or to be received by the Group in respect of the closure of Class 1 toll highways in October 2010 and the unsecured term loan obtained in November 2011 before the date of this Circular, are of the opinion that, in the absence of any unforeseen circumstances, the Group has sufficient working capital for its present requirements.

[1] Please refer to the section headed "Management and Discussion Analysis - Capital Structure on page 31 of the Company's 2011 interim report" for computation of the gearing ratio.

REASONS AND BENEFITS FOR THE ACQUISITION

The Weixu Expressway is an important part of the expressway connecting Rizhao City (日照市) in Shandong Province and Nanyang City (南陽市) in Henan Province, which is part of the "7918 Network" of the national expressways plan. The Weixu Expressway is also an important part of the expressway connecting Lankao County (蘭考縣) and Nanyang City (南陽市), which is one of the six expressways in the expressway networks plan of Henan Province.

The Weixu Expressway is strategically located in the middle of Henan Province. Henan is a province experiencing fast economic growth, and it has well-developed expressways. The domestic economy of Henan offers an optimistic prospect for traffic and logistics, so it is expected that the Weixu Expressway will benefit from the growth potentials of traffic flow.

The concession period of the Weixu Expressway has a remaining term of over 23 years before its expiry in May 2035. The Acquisition can improve the quality and broaden the base of the expressways of the Group and contribute to the continuing growth of the Group.

The length of the Weixu Expressway which is chargeable with toll is approximately 64.284 km, and is in-line with the Group's strategic development plan to invest in expressways that are over 50 km. According to the information on chinahighway.com, which is operated by China Highway and Transportation Society* (中國公路學會) and China Highway Magazine* (中國公路雜誌社), the construction cost of Hehui Expressway (鶴輝高速公路) located in Henan Province, which commenced its construction in 2011 and is the similar type of toll road as Weixu Expressway, was RMB62.0 million per km; and the construction cost of Luoyang to Luoning Expressway (洛陽至洛寧高速公路) located in Henan Province, which commenced its construction in 2010, was RMB54.2 million per km. Therefore, the average acquisition cost of the Weixu Expressway, which is approximately RMB42.5 million per km, is generally lower than the cost of construction of similar types of toll roads recently built in Henan Province. In addition, due to the high quality of construction, it is expected that the future maintenance cost of the Weixu Expressway will be lower.

The Initial Consideration will be partly funded by the net compensation received or to be received by the Group in respect of the closure of its Class 1 toll highways in October 2010. Having considered that the acquisition of the Weixu Expressway will replenish the loss in the length of toll road which may otherwise generate revenue for the Group, the Board believes the Acquisition is in the interests of the Group and will provide the Group with a toll expressway of better quality and longer life span than the Class 1 toll highways mentioned above.

The Weixu Expressway had started its trial toll collection on 18 November 2005. As set out in the unaudited financial information of Target Group above, the revenue for the two years ended 31 December 2009 and 2010 and for the six months ended 30 June 2011 amounted to approximately RMB135.2 million, RMB155.7 million and RMB88.5 million respectively, representing an annual growth rate of approximately 14.3% and 15.1% for 2009 and 2010 respectively. Since its commencement of toll collection in 2005 and after the usual "incubation" phase of a toll expressway, the Target Group started to record profit after tax (under the HKFRSs) in the amounts of approximately RMB10.4 million, RMB11.6 million and RMB13.6 million for the years ended 31

December 2009 and 2010 and the six months ended 30 June 2011 respectively. The Board believes it will become one of key drivers of the Group in terms of profit and cash flow contribution in the mid to long term operation. The Board is also confident that the PRC economy will sustain a stable growth despite the debt crisis of the Euro zone and the weak US economy.

The total equity of the Target Group as at 30 June 2011 according to the "Accountant's Report on the Target Group" prepared in accordance with HKFRSs was approximately RMB523.4 million. The fair value of the Equity Interest as at 30 September 2011 (as appraised by GCA by adopting the income approach of discounted cash flow method) was approximately RMB1.728 billion. The sum of RMB 1,482,879,906.77 (being the aggregate amounts of the Initial Consideration and Shareholder's Debt) represents a discount of approximately 14.2% to the said appraised value. The Internal Rate of Return of the Target Company as derived from the discounted cash flow method of GCA was approximately 14.78% compared to that of Hanxiao Project (漢孝項目) and Changzhu Project (長株項目) of the Group which was approximately 12.2% and approximately 12.92%, respectively. As the Group's target investment return is set at 10%, the Board considers that Internal Rate of Return of Target Group is in line with the Group's target investment return.

Having taken into account the above reasons and benefits, the Board considers that the terms of the Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER LISTING RULES

As the applicable percentage ratio exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the approval of the Shareholders at a general meeting. However, as no Shareholder is required to abstain from voting if the Company were to convene a general meeting for approving the Acquisition and a closely allied group of shareholders, who are interested in an aggregate of 1,014,796,050 Shares representing approximately 60.65% of the issued share capital of the Company as at the date of this circular having the right to attend and vote at any general meeting of the Company, has given its written approval of the Acquisition, the written approval of the aforementioned group of shareholders will be accepted in lieu of holding a general meeting pursuant Rule 14.60(5) of the Listing Rules. The aforesaid shareholders are (i) Yue Xiu Enterprises (Holdings) Limited (holding 8,653 Shares representing approximately 0.001% of the issued share capital in the Company); (ii) Grace Lord Group Limited (holding 578,428,937 Shares representing approximately 34.571% of the issued share capital in the Company); (iii) Housemaster Holdings Limited (holding 367,500,000 Shares representing approximately 21.964% of the issued share capital in the Company); (iv) Yue Xiu Finance Company Limited (holding 54,443,000 Shares representing approximately 3.254% of the issued share capital in the Company); (v) Greenwood Pacific Limited (holding 13,761,460 Shares representing approximately 0.822% of the issued share capital in the Company); and (vi) Dragon Year Industries Limited (holding 654,000 Shares representing approximately 0.039% of the issued share capital in the Company), all being subsidiaries of Guangzhou Yuexiu Holdings Limited.

VOTING RECOMMENDATION

Should a general meeting of the Company is required to be held for the Shareholders to consider and, if thought fit, approve the Acquisition, the Directors are of the opinion that, having considered the factors and reasons set out in the section headed "Reasons for, and Benefits of, Entering into the Acquisition", the Acquisition is in the interests of the Group and the Shareholders as a whole and that the terms of the Acquisition are fair and reasonable so far as the Group and the Shareholders are concerned. The Board would recommend the Shareholders to vote in favour of the resolution approving the Acquisition should a general meeting of the Company is required to be held to approve the Acquisition.

ADDITIONAL INFORMATION

Your attention is drawn to the information as set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the board of directors of
Yuexiu Transport Infrastructure Limited
Zhang Zhaoxing
Chairman

29 October 2011

The Listing Division
The Stock Exchange of Hong Kong Limited
12th Floor, One International Finance Centre
1 Harbour View Street
Central, Hong Kong

Dear Sirs,

Major Transaction

We refer to the valuation report dated 29 October 2011 prepared by Greater China Appraisal Limited ("**Valuer**") in relation to the valuation of the fair value of 100% equity interest in 河南瑞貝卡實業有限公司 (Henan Ruibeika Industrial Company Limited*), a company established in the PRC, as at 30 September 2011 (the "**Valuation**"). The Valuation, which is prepared based on discounted cash flow method, is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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

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

Yours faithfully,
For and on behalf of the board of directors of
Yuexiu Transport Infrastructure Limited
ZHANG Zhaoxing
Chairman

* *For identification purpose only*

The report below is an exact copy of a report dated 29 October 2011 previously issued by PricewaterhouseCoopers, the reporting accountant, on the calculations for the discounted future estimated cash flows on which a business valuation is based, for the purpose of inclusion in the announcement of the Company on the same date pursuant to paragraph 14.62(2) of the Listing Rules. The report contains a reference to the bases and assumptions determined by the directors as set out in the section headed "Fair Value of the Equity Interest" of the Announcement and a business valuation. The information set out under the section "Fair Value of the Equity Interest" of Announcement is reproduced under the section "Fair Value of the Equity Interest" of the letter from the Board in this Circular on pages 11 to 13 and the business valuation is contained on page 8 of this circular.

pwc 羅兵咸永道

REPORT FROM REPORTING ACCOUNTANT ON DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE BUSINESS VALUATION OF 河南瑞貝卡實業有限公司

TO THE BOARD OF DIRECTORS OF YUEXIU TRANSPORT INFRASTRUCTURE LIMITED

We have been engaged to report on the calculations of the discounted future estimated cash flows for the period from October 2011 to May 2035 on which the business valuation (the "**Valuation**") dated 29 October 2011 prepared by Greater China Appraisal Limited in respect of the appraisal of the fair value of the 100% equity interests in 河南瑞貝卡實業有限公司 (Henan Ruibeika Industrial Company Limited*) (the "**Target Company**") is based. The Valuation is set out in the announcement of Yuexiu Transport Infrastructure Limited (the "**Company**") dated 29 October 2011 (the "**Announcement**") in connection with the acquisition of a 100% equity interest in the Target Company by 越秀(中國)交通基建投資有限公司 (Yuexiu (China) Transport Infrastructure Investment Company Limited*), a wholly-owned subsidiary of the Company. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Directors' Responsibility for the Discounted Future Estimated Cash Flows

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

Reporting Accountant's Responsibility

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

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

pwc 羅兵咸永道

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

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

Opinion

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

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 29 October 2011

* *For identification purpose only*

The Target Group is principally engaged in the investment, operation and management of the Weixu Expressway.

Upon completion of the Agreement, the financial results of the Target Group will be consolidated into the consolidated financial statements of the Company as subsidiaries of the Company.

Operating Results

The financial information of the Target Group for the three years ended 31 December 2008, 2009, 2010 and the six months ended 30 June 2011 prepared in accordance with Hong Kong Financial Reporting Standards are set out in Appendix IV.

The following table sets forth, for the periods indicated, the Target Group's key operating results figures:

	Year ended 31 December			**Six months ended 30 June**	
	2008	**2009**	**2010**	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Continuing operations					
Revenue	118,247	135,199	155,657	75,149	88,450
Cost of services	(28,132)	(29,151)	(34,931)	(13,523)	(17,368)
Construction income under service concession upgrading services	95,492	—	23	—	1,648
Other gains — net	759	1,385	653	387	476
Construction cost under service concession upgrading services	(95,492)	—	(23)	—	(1,648)
General and administrative expenses	(3,634)	(4,523)	(10,218)	(6,483)	(1,440)
Operating profit	87,240	102,910	111,161	55,530	70,118
Finance income	1,378	276	508	223	155
Finance costs	(119,093)	(89,108)	(96,137)	(46,880)	(52,104)
(Loss)/profit before income tax	(30,475)	14,078	15,532	8,873	18,169
Income tax credit/(expense)	7,571	(3,713)	(3,936)	(2,245)	(4,571)
(Loss)/profit for the year/period from continuing operations	(22,904)	10,365	11,596	6,628	13,598
Discontinued operations					
Profit from discontinued operations	3,358	—	—	—	—
(Loss)/profit and total comprehensive (loss)/income for the year/period	(19,546)	10,365	11,596	6,628	13,598
Attributable to:					
Owners of the Target	(19,100)	10,365	11,596	6,628	13,598
Non-controlling interests	(446)	—	—	—	—
	(19,546)	10,365	11,596	6,628	13,598

Revenue

The Target Group's revenue primarily consists of revenues from toll highway project in the PRC. The Target Group's revenue:

- increased by approximately 17.7% to RMB88.450 million for the six months ended 30 June 2011 compared to RMB75.149 million for the six months ended 30 June 2010 mainly due to an increase of revenue from the growth in traffic volume after completion of Daguang Expressway (大廣高速);

- increased by approximately 15.1% to RMB155.657 million in 2010 compared to RMB135.199 million in 2009 due to an increase of revenue from the growth in traffic volume resulting from the improvement of traffic condition after completion of the widening project carried out in National Highway 311 (311國道) in September 2010; and

- increased by approximately 14.3% to RMB135.199 million in 2009 compared to RMB118.247 million in 2008 due to an increase of the toll rates adjusted by Henan provincial branch of the National Development and Reform Committee（河南省發展和改革委員會）and the Transport Department of Henan Province（河南省交通廳）.

Cost of Services and General and Administrative Expense

The Target Group's cost of services and general and administrative expenses primarily include business tax, amortisation of intangible operating right, depreciation of property, plant and equipment, toll highway maintenance and operating expenses and staff costs. For the three years ended 31 December 2008, 2009, 2010 and the six months ended 30 June 2011, the Target Group's cost of services and general and administrative expenses were RMB31.766 million, RMB33.674 million, RMB45.149 million and RMB18.808 million, respectively.

The Target Group's total cost of services and general administrative expenses:

- decreased by approximately 6.0% to RMB18.808 million for the six months ended 30 June 2011 compared to RMB20.006 million for the six months ended 30 June 2010;

- increased by approximately 34.1% to RMB45.149 million in 2010 compared to RMB33.674 million in 2009; and

- increased by approximately 6.0% to RMB33.674 million in 2009 compared to RMB31.766 million in 2008.

Finance income/costs

The finance income/costs of the Target Group comprise primarily of interest income in relation to the amount due from a fellow subsidiary and bank interest income, and interest expense in relation to the amount due to a fellow subsidiary and bank borrowings. For the three years ended 31 December 2008, 2009, 2010 and the six months ended 30 June 2011, the Target Group's finance income were RMB1.378 million, RMB276,000, RMB508,000 and RMB155,000, respectively while the Target Group's finance costs were RMB119.093 million, RMB89.108 million, RMB96.137 million and RMB52.104 million, respectively for the same periods.

The Target Group's finance costs net of finance income:

- increased by approximately 11.3% to RMB51.949 million for the six months ended 30 June 2011 compared to RMB46.657 million for the six months ended 30 June 2010 primarily due to increase of bank's interest rate as adjusted by the People's Bank of China (the "**PBOC**");

- increased by approximately 7.7% to RMB95.629 million in 2010 compared to RMB88.832 million in 2009 primarily due to increase of bank's interest rate as adjusted by the PBOC; and

- decreased by approximately 24.5% to RMB88.832 million in 2009 compared to RMB117.715 million in 2008 primarily due to a decrease of bank's interest rate as adjusted by the PBOC for long-term borrowings and a decrease in the principals of the Target Group's borrowings.

Profit/loss Before Taxation from Continuing Operations

The Target Group's profit before income tax from continuing operations:

- increased by approximately 104.8% to RMB18.169 million for the six months ended 30 June 2011 compared to RMB8.873 million for the six months ended 30 June 2010;

- increased by approximately 10.3% to RMB15.532 million in 2010 compared to RMB14.078 million in 2009; and

- recorded a profit of RMB14.078 million in 2009 compared to the loss of RMB30.475 million in 2008.

Income tax expense

During the years ended 31 December 2008, 2009, 2010 and six months ended 30 June 2010 and 2011, enterprises income tax was provided on the assessable profits of the Target Group in accordance with the Income Tax Law of China.

The Target Group's income tax expense:

- increased by approximately 103.6% to RMB4.571 million for the six months ended 30 June 2011 compared to RMB2.245 million for the six months ended 30 June 2010;

- increased by approximately 6.0% to RMB3.936 million in 2010 compared to RMB3.713 million in 2009; and

- recorded a credit of RMB7.571 million in 2008 compared to the expense of RMB3.713 million in 2009.

Profit/Loss for the Year from Continuing and Discontinued operations

The Target Group's profit/loss (including continuing and discontinued operations):

- increased by approximately 105.2% to RMB13.598 million for the six months ended 30 June 2011 compared to RMB6.628 million for the six months ended 30 June 2010;

- increased by approximately 11.9% to RMB11.596 million in 2010 compared to RMB10.365 million in 2009; and

- recorded a profit of RMB10.365 million in 2009 compared to the loss of RMB19.546 million in 2008.

Capital Resources and Liquidity

Cash and cash equivalents

The Target Group finances its working capital requirements through a combination of cash at bank and in hand and short-term bank deposits. As at 31 December 2008, 2009 and 2010 and 30 June 2011, the Target Group had cash and cash equivalents amounted to RMB561,000, RMB1.933 million, RMB25.197 million and RMB615,000, respectively. All the cash and cash equivalents held by the Target Group were denominated in Renminbi.

Borrowings

The Target Group had total long-term borrowings less amounts due within one year shown under current liabilities of RMB1,192.99 million, RMB1,118.75 million, RMB1,524.88 million and RMB1,523.88 million as at 31 December 2008, 2009 and 2010 and 30 June 2011, respectively. The borrowings were denominated in RMB. The effective interest rates of bank borrowings for the years ended 31 December 2008, 2009 and 2010 and for the six months ended 30 June 2011 were 7.83%, 6.77%, 6.03% and 6.38% respectively. The exposure of the Target Group's borrowings to interest rate changes and the contractual repricing dates at the balance sheet dates are within one year.

As at the Latest Practicable Date, the toll collection right of the Weixu Expressway is subject to a pledge in favour of ICBC to secure the loans not exceeding RMB1.3 billion granted by ICBC to the Target Company for the period from 11 June 2008 to 26 September 2019 (both days inclusive). ICBC granted the Target Company two loans in the amount of RMB650 million and RMB600 million respectively. The purpose of both loans is to finance the construction of Weixu Expressway project of the Target Group. The interest rate of the loans is 6.12% and 5.76% per annum respectively for the first year; and both should be adjusted according to the statutory interest rate from the second year. Subject to the satisfaction of all condition precedents contained in the relevant loan agreement, the Target Company may drawdown the full amount of the loans in a lump-sum. As at the Latest Practicable Date, an aggregate of RMB650 million and RMB600 million have been drawn. The expected annual interest expenses in relation to the loans granted by ICBC are RMB73.88million for the year ended 31 December 2011. It is expected that the Enlarged Group will finance the repayment of the principal and interest of the loans primarily by its revenue from Weixu Expressway.

Gearing ratio

Consistent with others in the industry, the Target Group monitors the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet contained in the Accountant's Report on the Target Group set out in Appendix IV to this circular) less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated balance sheet contained in the Accountant's Report on the Target Group set out in Appendix IV to this circular, plus net debt. As at 31 December 2008, 2009 and 2010 and 30 June 2011, the gearing ratio of the Target Group was 75%, 74%, 77% and 77%, respectively.

Foreign exchange risk

The Target Group conducts its business in the PRC and all transactions are denominated in RMB, therefore, it has no foreign exchange risk exposure.

Contingent Liabilities

As at 31 December 2008, 2009 and 2010 and 30 June 2011, respectively, the Target Group had no material contingent liabilities.

Employee and Remuneration Policies

As at 30 June 2011, the Target Group had approximately 224 employees based in the PRC. Staff costs for the three years ended 31 December 2008, 31 December 2009 and 2010 and the six months ended 30 June 2011 were RMB4.742 million, RMB5.077 million, RMB5.585 million and RMB3.032 million, respectively, which comprised of wages and salaries, pension costs and staff welfare.

The Target Group is required to participate in defined contribution retirement plans organised by the Provincial or Municipal People's Government, and makes monthly contributions to the retirement plans equivalent to 20% of the monthly salaries of the employees in the preceding year or three times the preceding year's local annual average wage, whichever is lower.

The remuneration policy of the Target Group is reviewed every year and appropriate adjustments are made to employee remuneration with reference to their performance, the conditions of the human resources market and the general economy.

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

Other than the Target Group's disposal of its subsidiary which was principally engaged in management and operation of a hotel located in Henan on 19 October 2008 (the "Hotel Disposal"), there were no other major acquisition or disposal by the Target Group during the years ended 31 December 2008, 2009 and 2010 and the six months ended 30 June 2011.

Segment Information

After the Hotel Disposal, toll highway segment was the sole operating segment of the Target Group.

Significant Investment

There were no significant investment by the Target Group during the years ended 31 December 2008, 2009 and 2010 and the six months ended 30 June 2011.

Future plans for Material Investments

As of the Latest Practicable Date, the Target Group did not have any future plans for material investments or capital assets and their expected sources of funding in the coming year.

Note: unless otherwise specified, figures in respect of the 6 months ended 30 June 2010 contained in this Appendix were made on an unaudited basis

The following is the text of a report received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

羅兵咸永道

28 November 2011

The Directors
Yuexiu Transport Infrastructure Limited

Dear Sirs,

We report on the financial information of 河南瑞貝卡實業有限公司 (Henan Ruibeika Industrial Company Limited[1], the "**Target**") and its subsidiary (together, the "**Target Group**"), which comprises the consolidated and company balance sheets of the Target as at 31 December 2008, 2009 and 2010 and 30 June 2011, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Target for each of the years ended 31 December 2008, 2009 and 2010 and the six months ended 30 June 2011 (the "**Relevant Periods**") and a summary of significant accounting policies and other explanatory information. This financial information has been prepared by the directors of Yuexiu Transport Infrastructure Limited (the "**Company**") and is set out in Sections I to II below for inclusion in Appendix IV to the circular of the Company dated 28 November 2011 (the "**Circular**") in connection with the proposed acquisition of the Target by the Company.

The Target was incorporated in the People's Republic of China (the "**PRC**") on 1 July 2003 as a company with limited liability under the Companies Law of the PRC.

As at the date of this report, the Target has direct interest in a subsidiary as set out in Note 13 of Section I below.

The directors of the Target have prepared the consolidated financial statements of the Target for the Relevant Periods, in accordance with the Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") (the "**Underlying Financial Statements**"). We have audited the Underlying Financial Statements in accordance with the Hong Kong Standards on Auditing (the "**HKSA**") issued by the HKICPA pursuant to separate terms of engagement with the Target.

The directors of the Target are responsible for the preparation of the Underlying Financial Statements that give a true and fair view in accordance with HKFRSs, and for such internal control as the directors determine is necessary to enable the preparation of the Underlying Financial Statements that are free from material misstatement, whether due to fraud or error.

The financial information has been prepared based on the Underlying Financial Statements, with no adjustment made thereon.

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pwc 羅兵咸永道

Directors' Responsibility for the Financial Information

The directors of the Company are responsible for the preparation of the financial information that gives a true and fair view in accordance with HKFRSs and accounting policies adopted by the Company and its subsidiaries (together, the "**Group**") as set out in the interim report of the Company for the period ended 30 June 2011.

Reporting Accountant's Responsibility

Our responsibility is to express an opinion on the financial information and to report our opinion to you. We carried out our procedures in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

Opinion

In our opinion, the financial information gives, for the purpose of this report, a true and fair view of the state of affairs of the Target and of the Target Group as at 31 December 2008, 2009 and 2010 and 30 June 2011 and of the Target Group's results and cash flows for the Relevant Periods then ended.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information set out in Sections I to II below included in Appendix IV to the Circular which comprises the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statements of cash flows of the Target for the six months ended 30 June 2010 and a summary of significant accounting policies and other explanatory information (the "**Stub Period Comparative Financial Information**").

The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the accounting policies adopted by the Group as set out in the interim report of the Company for the period ended 30 June 2011.

Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of Stub Period Comparative Financial Information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purpose of this report, is not prepared, in all material respects, in accordance with the accounting policies set out in Note 2 of Section I below.

[1] *For identification purpose only*

I. FINANCIAL INFORMATION OF THE TARGET GROUP

The following is the financial information of the Target Group prepared by the directors of the Company as at 31 December 2008, 2009 and 2010 and 30 June 2011 and for each of the years ended 31 December 2008, 2009 and 2010 and the six months ended 30 June 2010 and 2011 (the "Financial Information"):

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Year ended 31 December			Six months ended 30 June	
	Note	**2008**	**2009**	**2010**	**2010**	**2011**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)	
Continuing operations						
Revenue	5	118,247	135,199	155,657	75,149	88,450
Cost of services	7	(28,132)	(29,151)	(34,931)	(13,523)	(17,368)
Construction income under service concession upgrading services	8	95,492	—	23	—	1,648
Other gains — net	6	759	1,385	653	387	476
Construction cost under service concession upgrading services	8	(95,492)	—	(23)	—	(1,648)
General and administrative expenses	7	(3,634)	(4,523)	(10,218)	(6,483)	(1,440)
Operating profit		87,240	102,910	111,161	55,530	70,118
Finance income	9	1,378	276	508	223	155
Finance costs	9	(119,093)	(89,108)	(96,137)	(46,880)	(52,104)
(Loss)/profit before income tax		(30,475)	14,078	15,532	8,873	18,169
Income tax credit/(expense)	10	7,571	(3,713)	(3,936)	(2,245)	(4,571)
(Loss)/profit for the year/period from continuing operations		(22,904)	10,365	11,596	6,628	13,598
Discontinued operations						
Profit from discontinued operations	21	3,358	—	—	—	—
(Loss)/profit and total comprehensive (loss)/income for the year/period		(19,546)	10,365	11,596	6,628	13,598
Attributable to:						
Owners of the Target		(19,100)	10,365	11,596	6,628	13,598
Non-controlling interests		(446)	—	—	—	—
		(19,546)	10,365	11,596	6,628	13,598

CONSOLIDATED BALANCE SHEETS

		As at 31 December			As at 30 June
	Note	**2008**	**2009**	**2010**	**2011**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS					
Non-current assets					
Intangible operating right	11	1,805,796	1,791,766	1,775,958	1,767,470
Property, plant and equipment	12	8,914	7,817	1,799	1,999
Deferred income tax assets	19	13,194	9,481	5,545	974
		1,827,904	1,809,064	1,783,302	1,770,443
Current assets					
Inventories		—	—	—	54
Amount due from ultimate holding company	15	264,240	160,436	450,725	522,177
Amounts due from fellow subsidiaries	15	4,190	—	—	—
Other receivables, deposits and prepayments	14	17,203	9,556	6,777	6,976
Trade receivables	14	4,463	8,732	9,101	1,210
Cash and cash equivalents	16	561	1,933	25,197	615
		290,657	180,657	491,800	531,032
Total assets		2,118,561	1,989,721	2,275,102	2,301,475
EQUITY					
Equity attributable to the owners of the Target					
Paid-in capital	17	495,000	495,000	495,000	495,000
(Accumulated losses)/retained profits		(7,164)	3,201	14,797	28,395
Total equity		487,836	498,201	509,797	523,395

	Note	As at 31 December 2008 RMB'000	As at 31 December 2009 RMB'000	As at 31 December 2010 RMB'000	As at 30 June 2011 RMB'000
LIABILITIES					
Non-current liability					
Borrowings	18	1,192,990	1,118,750	1,524,880	1,523,880
Current liabilities					
Borrowings due within one year	18	162,010	189,250	107,620	133,120
Amounts due to fellow subsidiaries	15	143,185	103,785	88,785	85,599
Trade and other payables and accrued charges	20	123,980	71,175	35,469	26,930
Current income tax liabilities		8,560	8,560	8,551	8,551
		437,735	372,770	240,425	254,200
Total liabilities		1,630,725	1,491,520	1,765,305	1,778,080
Total equity and liabilities		2,118,561	1,989,721	2,275,102	2,301,475
Net current (liabilities)/assets		(147,078)	(192,113)	251,375	276,832
Total assets less current liabilities		1,680,826	1,616,951	2,034,677	2,047,275

BALANCE SHEETS

					As at
		As at 31 December			30 June
	Note	**2008**	**2009**	**2010**	**2011**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS					
Non-current assets					
Intangible operating right	11	1,805,796	1,791,766	1,775,958	1,767,470
Property, plant and equipment	12	8,914	7,817	1,799	1,874
Deferred income tax assets	19	13,194	9,481	5,545	974
Investment in a subsidiary	13	—	—	—	100
		1,827,904	1,809,064	1,783,302	1,770,418
Current assets					
Amount due from ultimate holding company	15	264,240	160,436	450,725	522,177
Amounts due from fellow subsidiaries	15	4,190	—	—	—
Amount due from a subsidiary	13	—	—	—	204
Other receivables, deposits and prepayments	14	17,203	9,556	6,777	6,976
Trade receivables	14	4,463	8,732	9,101	1,210
Cash and cash equivalents	16	561	1,933	25,197	391
		290,657	180,657	491,800	530,958
Total assets		2,118,561	1,989,721	2,275,102	2,301,376
EQUITY					
Equity attributable to the owners of the Target					
Paid-in capital	17	495,000	495,000	495,000	495,000
(Accumulated losses)/retained profits		(7,164)	3,201	14,797	28,404
Total equity		487,836	498,201	509,797	523,404

	Note	As at 31 December 2008 RMB'000	As at 31 December 2009 RMB'000	As at 31 December 2010 RMB'000	As at 30 June 2011 RMB'000
LIABILITIES					
Non-current liability					
Borrowings	18	1,192,990	1,118,750	1,524,880	1,523,880
Current liabilities					
Borrowings due within one year	18	162,010	189,250	107,620	133,120
Amounts due to fellow subsidiaries	15	143,185	103,785	88,785	85,584
Trade and other payables and accrued charges	20	123,980	71,175	35,469	26,837
Current income tax liabilities		8,560	8,560	8,551	8,551
		437,735	372,770	240,425	254,092
Total liabilities		1,630,725	1,491,520	1,765,305	1,777,972
Total equity and liabilities		2,118,561	1,989,721	2,275,102	2,301,376
Net current (liabilities)/assets		(147,078)	(192,113)	251,375	276,866
Total assets less current liabilities		1,680,826	1,616,951	2,034,677	2,047,284

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Year ended 31 December 2008 RMB'000	2009 RMB'000	2010 RMB'000	Six months ended 30 June 2010 RMB'000 (Unaudited)	2011 RMB'000
Cash flows from operating activities						
Cash generated from operations	22	152,358	68,969	99,910	68,589	79,818
Interest paid		(119,093)	(89,108)	(96,137)	(46,880)	(52,104)
China enterprise income tax paid/(refund)		24	—	(9)	—	(1)
Net cash generated from/(used in) operating activities (continuing operations)		33,289	(20,139)	3,764	21,709	27,713
Net cash generated from operating activities (discontinued operations)	21	10,532	—	—	—	—
Cash flows from investing activities						
Net cash outflow on disposal of subsidiary	21	(1,763)	—	—	—	—
Payments for construction costs under service concession upgrading services		(95,492)	—	(23)	—	(1,648)
Proceeds from /(repayment to) ultimate holding company		116,500	103,804	(290,289)	(271,039)	(71,452)
Purchase of property, plant and equipment		(826)	(359)	(196)	(46)	(610)
Interests received		1,378	276	508	223	155
Net cash generated from/(used in) investing activities (continuing operations)		19,797	103,721	(290,000)	(270,862)	(73,555)
Net cash used in investing activities (discontinued operations)	21	(9,389)	—	—	—	—

	Note	Year ended 31 December 2008 RMB'000	2009 RMB'000	2010 RMB'000	Six months ended 30 June 2010 RMB'000 (Unaudited)	2011 RMB'000
Cash flows from financing activities						
Proceeds from/(repayment to) a fellow subsidiary		22,845	(35,210)	(15,000)	(51,149)	(3,240)
Proceeds from bank borrowings		20,000	10,000	553,000	429,250	25,500
Repayment of bank loans		(98,200)	(57,000)	(228,500)	(104,250)	(1,000)
Net cash (used in)/generated from financing activities (continuing operations)		(55,355)	(82,210)	309,500	273,851	21,260
Net cash used in financing activities (discontinued operations)	21	(821)	—	—	—	—
Net (decrease)/increase in cash and cash equivalents (continuing operations)		(2,269)	1,372	23,264	24,698	(24,582)
Net increase in cash and cash equivalents (discontinued operations)		322	—	—	—	—
Cash and cash equivalents at beginning of the year/period		2,508	561	1,933	1,933	25,197
Cash and cash equivalents at end of the year/period		561	1,933	25,197	26,631	615
Analysis of cash and cash equivalents						
Bank balances and cash		561	1,933	25,197	26,631	615

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Target			
	Paid-in capital	**Retained profits/ (accumulated losses)**	**Non-controlling interests**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2008	495,000	11,936	6,235	513,171
Loss and total comprehensive loss for the year	—	(19,100)	(446)	(19,546)
Disposal of subsidiaries	—	—	(5,789)	(5,789)
Balance at 31 December 2008 and 1 January 2009	495,000	(7,164)	—	487,836
Profit and total comprehensive income for the year	—	10,365	—	10,365
Balance at 31 December 2009 and 1 January 2010	495,000	3,201	—	498,201
Profit and total comprehensive income for the year	—	11,596	—	11,596
Balance at 31 December 2010 and 1 January 2011	495,000	14,797	—	509,797
Profit and total comprehensive income for the period	—	13,598	—	13,598
Balance at 30 June 2011	495,000	28,395	—	523,395

NOTES TO THE FINANCIAL INFORMATION

1 General information

Henan Ruibeika Industrial Company Limited (the "Target") and its subsidiary (together the "Target Group") are principally engaged in investment in and development, operation and management of Henan Weixu Expressway in Henan Province in the People's Republic of China (the "PRC").

The Target was incorporated under the laws of the PRC. The address of its registered office and its principal place of business in the PRC is 中華人民共和國河南省許昌市西大辦事處建設路中段許昌瑞貝卡大酒店16層 (16th Floor, Xuchang Rebecca Hotel, Middle Section, Jianshe Road, Xida Office, Xuchang City, Henan Province, the PRC). The Target is a 95% owned subsidiary of 河南瑞貝卡控股有限責任公司 and the remaining interests are owned by an individual. The Target's Directors regard 河南瑞貝卡控股有限責任公司 as its ultimate holding company.

The financial information is presented in Renminbi ("RMB") thousand dollars, unless otherwise stated. The financial information has been approved for issue by the Board of Directors on 28 November 2011.

2 Summary of significant accounting policies

The significant accounting policies applied in the preparation of these financial information are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) *Basis of preparation*

The financial information of the Target Group has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants. It has prepared under the historical cost convention.

The preparation of financial information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Target Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial information, are disclosed in note 4.

As at 31 December 2008 and 2009, the Target Group and the Target had net current liabilities of RMB147,078,000 and RMB192,113,000 respectively. The ultimate holding company, 河南瑞貝卡控股有限責任公司 has confirmed that it is its intention to provide continuing financial support to the Target Group and the Target in 2009 and 2010 to enable it to meet its liabilities when they fall due and to continue its business for the foreseeable future. The directors believe that the Target Group and Target will continue as a going concern. Consequently, the financial information has been prepared on a going concern basis.

New standards and amendments

The following new standards and amendments relevant to the Target Group's operations have been issued and are effective for the financial year beginning 1 January 2012 or after and have not been early adopted:

		Effective for accounting periods beginning on or after
HKAS 1 (amendment)	Presentation of Financial Statements	1 July 2012
HKAS 12 (amendment)	Income Taxes	1 January 2012
HKAS 19 (2011)	Employee Benefits	1 January 2013
HKAS 27 (2011)	Separate Financial Statements	1 January 2013
HKAS 28 (2011)	Investments in Associates and Joint Ventures	1 January 2013
HKFRS 9	Financial Instruments	1 January 2013
HKFRS 10	Consolidated Financial Statements	1 January 2013
HKFRS 11	Joint Arrangements	1 January 2013
HKFRS 12	Disclosure of Interests in Other Entities	1 January 2013
HKFRS 13	Fair Value Measurement	1 January 2013

Management is in the process of making an assessment of the impact of these new standards and amendments and is not yet in a position to state whether they would have a significant impact on the Target Group's results of operations and financial position.

(b) ***Subsidiaries***

Subsidiaries are all entities (including special purpose entities) over which the Target Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Target Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Target Group. They are de-consolidated from the date that control ceases.

The Target Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Target Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Target Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportional share of the acquiree's net assets.

Investment in a subsidiary is accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. The results of a subsidiary are accounted for by the Target on the basis of dividends received and receivable.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Target Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statements of comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between companies of Target Group are eliminated. Unrealised losses are also eliminated. Accounting policies of a subsidiary have been changed where necessary to ensure consistency with the policies adopted by the Target Group.

(c) ***Segment reporting***

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Target that makes strategic decisions.

(d) ***Foreign currency translation***

(i) *Functional and presentation currency*

Items included in the financial information of each of the Target Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

The financial information is presented in RMB, which is the Target's functional and presentation currency.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. All foreign exchange gains and losses are presented in the statements of comprehensive income within 'Other gains - net'.

(e) ***Intangible operating right***

The Target has been granted by the relevant local government authority the rights to operate the toll highway for periods of 30 years. According to the approval documents of the relevant government and the relevant regulations, the Target is responsible for the construction of the toll highway and the acquisition of the related facilities and equipment and it is also responsible for the operation and management, maintenance and overhaul of the toll highway during the approved operating period. The toll fees collected during the operating periods are attributable to the Target. The relevant toll highway assets are required to be returned to the local government authority upon the expiry of the operating right without any compensation to the Target. According to the relevant regulations, the operating right is not renewable and the Target does not have any termination options.

The Target applies the intangible asset model to account for the toll highway infrastructure where they are paid by the users of the toll highways. The concession grantors (the respective local governments) have not provided any contractual guarantees for the recovery of the amounts of construction costs incurred. The intangible asset correspond to the right granted by the respective concession grantor to the Target to charge users of the toll road services and are recorded in the balance sheet as "Intangible operating right".

The Target group recognises an intangible asset arising from the arrangement to the extent that it receives a right to charge for the usage of the infrastructure. The intangible asset is measured at cost less accumulated amortisation and impairment losses.

Amortisation of intangible operating right is calculated to write off their costs on a units-of-usage basis based on the traffic volume for a particular period over the projected total traffic volume throughout the life of the asset. The Target reviews regularly the projected total traffic volume throughout the life of the asset, and if it is considered appropriate, independent professional traffic studies will be obtained. Appropriate adjustment will be made should there be a material change.

(f) ***Property, plant and equipment***

Buildings comprise offices. All property, plant and equipment are stated at cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Target Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged in the statement of comprehensive income during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

	Before 1 March 2010	**After 1 March 2010**
Plant & machinery	10% to 33%	10% to 33%
Buildings	4% to 33%	4% to 33%
Furniture, fixtures and equipment	10% to 33%	10% to 33%
Motor vehicles	10% to 25%	25%
Computer equipment & software	10% to 33%	10% to 33%

On 1 March 2010, the Target Group changed the estimated useful lives of motor vehicles from the range of 4 to 10 years to 4 years and the effect on this change of accounting estimate has been applied prospectively.

The effect of the change of this accounting estimate is as follows:

	Year ended 31 December	**Six months ended 30 June**	
	2010	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*
Increase/(decrease) in depreciation expense	4,737	4,465	(346)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2(g)).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other gains - net' in the statement of comprehensive income.

(g) ***Impairment of investment in a subsidiary and non-financial assets***

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment testing of the investment in a subsidiary is required upon receiving dividends from the investment if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial information exceeds the carrying amount in the financial information of the investee's net assets including goodwill.

(h) ***Financial assets***

The Target Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. Loans and receivables are carried at amortised cost using the effective interest method.

(i) ***Impairment of financial assets***

Assets carried at amortised cost

The Target Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Target Group uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the Target Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or

- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

  (i) adverse changes in the payment status of borrowers in the portfolio;

  (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Target Group first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Target Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

(j) ***Trade and other receivables***

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. If collection of trade and other receivables is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

(k) ***Cash and cash equivalents***

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand and deposits held at call with banks and short-term bank deposits with original maturities of three months or less.

(l) ***Paid-in capital***

Paid-in capital is classified as equity.

(m) ***Trade and other payables***

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Trade and other receivable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

(n) ***Borrowings***

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Fee paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all the facility will be drawn down. In this case, the fee is deferred until the drawn-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowing costs are capitalised when funds are borrowed to finance the construction of highways and bridges up to the commencement of economic operations of the toll highways and bridges.

All other borrowing costs are charged to the statement of comprehensive income in the period in which they are incurred.

Borrowings are classified as current liabilities unless the Target Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(o) ***Current and deferred income tax***

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries operate and generated taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial information. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investment in a subsidiary, except where the timing of the reversal of the temporary difference is controlled by the Target Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities related to income tax levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(p) ***Provisions***

Provisions are recognised when the Target Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(q) ***Leases***

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

(r) ***Retirement benefit costs***

The Target Group participates in the municipal retirement schemes which are organised by the local government authorities in the PRC. The schemes are defined contribution plans, under which the Target Group pays fixed contributions to the local social security administration bureaus and the Target Group has no legal or constructive obligations to pay further contributions if the bureaus do not have sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions to the schemes by the Target Group are calculated as a percentage of employees' basic salaries, subject to a certain ceiling.

The Target Group pays contributions to the schemes on a mandatory basis and the contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(s) ***Revenue recognition***

(i) Toll revenue is recognised on a receipt basis.

(ii) Construction income under service concession upgrade services is recognised under the percentage of completion method. The stage of completion is measured on the basis of contract costs incurred up to the balance sheet date as a percentage to the total estimated cost to be incurred for each contract.

(iii) Interest income is recognised on a time-proportion basis using the effective interest method.

(iv) Rental income from service area and advertisement are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease.

3 **Financial risk management**

3.1 ***Financial risk factors***

The Target Group's activities expose it to a variety of financial risks: market risk (including cash flow interest rate risk), credit risk and liquidity risk. The Target Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Target Group's financial performance. The Target Group regularly monitors its exposure and currently considers not necessary to hedge any of these financial risks.

(a) *Market risk*

Cash flow and fair value interest rate risk

The Target Group's interest rate risk arises from long-term borrowings and amount due from a fellow subsidiary.

Amount due from a fellow subsidiary is subject to interest at a floating rate. Long-term bank borrowings issued at variable rates expose the Target Group to cash flow interest-rate risk. Long-term bank borrowings issued at fixed rates expose the Target Group to fair value interest-rate risk.

At 31 December 2008, if interest rates on borrowings had been 50 basis points higher/lower with all other variables held constant, loss for the year would have been increased/decreased by approximately RMB6,233,000.

At 31 December 2009 and 2010 and 30 June 2011, if interest rates on borrowings had been 50 basis points higher/lower with all other variables held constant, profit for the year/period would have been decreased/increased by approximately RMB6,240,000, RMB7,863,000 and RMB8,135,000 respectively.

(b) *Credit risk*

The carrying amounts of cash and cash equivalents, trade and other receivables and amount due from ultimate holding company/fellow subsidiaries included in the consolidated balance sheet represent the Target Group's maximum exposure to credit risk in relation to its financial assets. The credit risk for bank deposits and bank balances is minimal as such balances are placed with state-owned banks or listed banks, management considers these balances are subject to low credit risk. Amounts due from ultimate holding company/fellow subsidiaries are continuously monitored by assessing the credit quality of the counterparty, taking into account their financial positions, past experience and other factors. Where necessary, impairment loss will be made for estimated irrecoverable amounts. The amounts due from these related companies have no history of default. Therefore, management perceives that the credit risk of receivables from group entities is low. The credit risk for trade and other receivables is minimal as the Target Group's revenue is generally settled in cash and it usually does not maintain material accounts receivable balances.

(c) *Liquidity risk*

Due to the capital intensive nature of the Target Group's business, the Target Group ensures that it maintains sufficient cash and credit lines to meet its liquidity requirements.

The table below analyses the Target Group's and Target's financial liabilities based on the remaining period at the balance sheet to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Target Group and Target

	On demand	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2008					
Borrowings	—	268,169	167,706	590,118	915,614
Amounts due to fellow subsidiaries	143,185	—	—	—	—
Trade and other payables	123,707	—	—	—	—
	266,892	268,169	167,706	590,118	915,614
As at 31 December 2009					
Borrowings	—	277,775	167,586	581,886	741,946
Amounts due to fellow subsidiaries	103,785	—	—	—	—
Trade and other payables	69,537	—	—	—	—
	173,322	277,775	167,586	581,886	741,946
As at 31 December 2010					
Borrowings	—	206,065	204,225	709,725	1,074,034
Amounts due to fellow subsidiaries	88,785	—	—	—	—
Trade and other payables	34,427	—	—	—	—
	123,212	206,065	204,225	709,725	1,074,034

Target Group

	On demand	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 30 June 2011					
Borrowings	—	238,879	209,532	853,489	934,157
Amounts due to fellow subsidiaries	85,599	—	—	—	—
Trade and other payables	25,587	—	—	—	—
	111,186	238,879	209,532	853,489	934,157

Target

	On demand	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 30 June 2011					
Borrowings	—	238,879	209,532	853,489	934,157
Amounts due to fellow subsidiaries	85,584	—	—	—	—
Trade and other payables	25,494	—	—	—	—
	111,078	238,879	209,532	853,489	934,157

3.2 ***Capital risk management***

The Target Group's objectives when managing capital are to safeguard the Target Group's ability to continue as a going concern in order to provide returns for owners and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Target Group may adjust the amount of dividends paid to owners, issue new shares or sell assets to reduce debt. The Target has obtained its financial support from fellow subsidiaries.

Consistent with others in the industry, the Target Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated balance sheet, plus net debt.

The gearing ratio is calculated as follows:

	As at 31 December			As at 30 June
	2008	**2009**	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Borrowings	1,355,000	1,308,000	1,632,500	1,657,000
Amounts due to fellow subsidiaries	143,185	103,785	88,785	85,599
Less: cash and cash equivalents	(561)	(1,933)	(25,197)	(615)
Net debts	1,497,624	1,409,852	1,696,088	1,741,984
Equity attributable to the owners of the Target	487,836	498,201	509,797	523,395
Total capital	1,985,460	1,908,053	2,205,885	2,265,379
Gearing ratio	75%	74%	77%	77%

3.3 ***Fair value estimation***

The carrying values of the Target Group's financial assets and liabilities are a reasonable approximation of their fair values due to their short-term maturities. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Target Group for similar financial instruments.

The fair values of long-term borrowings are estimated using the expected future contractual payments discounted at current market interest rates.

4 **Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Target Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets or liabilities within the next financial year are discussed below.

(a) ***Amortisation of intangible operating right***

Amortisation of intangible operating right is calculated to write off their costs on a units-of-usage basis based on the traffic volume for a particular period over the projected total traffic volume throughout the life of the assets.

The Target Group reviews regularly the projected total traffic volume throughout the life of the respective assets, and if it is considered appropriate, independent professional traffic studies will be obtained. Appropriate adjustment will be made in the future period should there be a material change.

(b) ***Impairment of intangible operating right***

The Target Group tests whether intangible operating right has suffered any impairment if such indicator exists. The recoverable amounts of cash generating units have been determined based on value-in-use calculations. The value in use calculation requires the Target Group to estimate the future cash flows expected to arise from the cash-generating unit to which the intangible operating right belongs and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, impairment loss may arise.

(c) ***Current income tax and deferred income tax***

The Target Group is subject to income tax in the PRC. Significant judgement is required in determining the amount of the provision for income tax and the timing of payment of the related income tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the periods in which such determination are made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and income tax in the periods in which such estimate is changed.

5 **Revenue**

The Target Group is principally engaged in the operation and management of toll highway in the PRC. Revenue recognised is as follows:

	Year ended 31 December			Six months ended 30 June	
	2008	**2009**	**2010**	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Toll revenue	117,910	134,693	155,158	74,907	87,750
Rental income	182	232	282	141	141
Others	155	274	217	101	559
Total	118,247	135,199	155,657	75,149	88,450

The chief operating decision-maker has been identified as the Board of Directors of the Target. The Board of Directors reviews the Target Group's internal reporting in order to assess performance of the Target Group's operating segments — Toll highway project and hotel operations in the PRC.

Internal reporting provided to the Target Group's Board of Directors is measured in a manner consistent with that in the financial information.

On 19 October 2008, the Target Group disposed of its subsidiary which is principally engaged in management and operation of a hotel located in Henan. The hotel segment's financial result before disposal has been separately disclosed as "Profit from discontinued operations" in note 21. Toll highway segment become the sole operating segment following the disposal of hotel operations.

6 **Other gains - net**

	Year ended 31 December			Six months ended 30 June	
	2008	**2009**	**2010**	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Compensation for expressway	829	1,175	445	207	302
Others	(70)	210	208	180	174
	759	1,385	653	387	476

7 Expense by nature

Expenses included in cost of services and general and administrative expenses are analysed as follows:

	Year ended 31 December			Six months ended 30 June	
	2008	**2009**	**2010**	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Business tax	3,847	4,404	5,043	2,438	2,855
Amortisation of intangible operating right (note 11)	12,283	14,030	15,831	7,916	10,136
Depreciation of property, plant and equipment (note 12)	1,477	1,454	6,214	5,117	410
Toll highway maintenance expenses	6,238	4,988	8,552	146	484
Toll highway operating expenses	1,838	1,621	2,242	1,282	1,546
Staff costs (note)					
- Wages and salaries	3,972	4,205	4,736	2,304	2,930
- Pension costs — defined contribution plans	672	590	641	240	93
- Staff welfare	98	282	208	131	9
Auditor's remuneration	4	13	11	11	11
Others	1,337	2,087	1,671	421	334
Total cost of services and general and administrative expenses	31,766	33,674	45,149	20,006	18,808

Note:

The Target Group is required to participate in defined contribution retirement plans organised by the Provincial or Municipal People's Government, and make monthly contributions to the retirement plans equivalent to 20% of the monthly salaries of the employees in the preceding year or three times the preceding year's local annual average wage, whichever is lower.

8 Construction income/cost under service concession upgrading services

The construction income/cost associated with the construction and upgrade services provided under the service concession recognised for the year/period are as follows:

	Year ended 31 December			Six months ended 30 June	
	2008	**2009**	**2010**	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Construction income of toll under service concession upgrading services	95,492	—	23	—	1,648
Construction cost of toll under service concession upgrading services	(95,492)	—	(23)	—	(1,648)
	—	—	—	—	—

9 Finance income/costs

	Year ended 31 December			Six months ended 30 June	
	2008	**2009**	**2010**	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Interest incomes:					
- Amount due from a fellow subsidiary	1,281	10	—	—	—
- Bank interest income	97	266	508	223	155
Finance income	1,378	276	508	223	155
Interest expenses:					
- Amount due to a fellow subsidiary	5,267	—	—	—	—
- Bank borrowings	113,820	89,098	96,127	46,874	52,101
- Others	6	10	10	6	3
Finance costs	119,093	89,108	96,137	46,880	52,104

10 **Income tax credit/(expense)**

(a) During the year/period ended 31 December 2008, 2009, 2010 and six months ended 30 June 2010 and 2011, enterprises income tax was provided on the assessable profits of the Target Group in accordance with the Income Tax Law of China.

(b) The amount of income tax (credited)/charged to the consolidated statement of comprehensive income represents:

	Year ended 31 December			**Six months ended 30 June**	
	2008	**2009**	**2010**	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Deferred income tax (note 19)	(7,571)	3,713	3,936	2,245	4,571

The tax on the Target Group's (loss)/profit before income tax differs from the theoretical amount that would arise using the principal applicable tax rate as follows:

	Year ended 31 December			**Six months ended 30 June**	
	2008	**2009**	**2010**	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
(Loss)/profit before income tax	(30,475)	14,078	15,532	8,873	18,169
Calculated at a tax rate of 25%	(7,619)	3,520	3,883	2,218	4,542
Expenses not deductible for tax purposes	48	193	53	27	29
Income tax (credit)/expense	(7,571)	3,713	3,936	2,245	4,571

11 **Intangible operating right**

Target Group and Target

	As at 31 December			As at 30 June
	2008	**2009**	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Opening net book amount	1,722,587	1,805,796	1,791,766	1,775,958
Additions	95,492	—	23	1,648
Amortisation	(12,283)	(14,030)	(15,831)	(10,136)
Closing net book amount	1,805,796	1,791,766	1,775,958	1,767,470
Cost	1,834,600	1,834,600	1,834,623	1,836,271
Accumulated amortisation	(28,804)	(42,834)	(58,665)	(68,801)
Net book amount	1,805,796	1,791,766	1,775,958	1,767,470

The toll highways operating right has been pledged to secure the Target Group's bank borrowings.

12 **Property, plant and equipment**

Target Group and Target

	Plant and machinery	Buildings	Furniture, fixtures and equipment	Motor vehicles	Computer equipment & software	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2008						
Opening net book amount	8	—	272	8,745	544	9,569
Additions	32	—	31	745	18	826
Disposals	—	—	—	—	(4)	(4)
Depreciation	(3)	—	(36)	(1,220)	(218)	(1,477)
Closing net book amount	37	—	267	8,270	340	8,914
At 31 December 2008						
Cost	41	—	354	13,306	1,246	14,947
Accumulated depreciation	(4)	—	(87)	(5,036)	(906)	(6,033)
Net book amount	37	—	267	8,270	340	8,914
Year ended 31 December 2009						
Opening net book amount	37	—	267	8,270	340	8,914
Additions	—	61	—	248	50	359
Disposals	—	—	—	—	(2)	(2)
Depreciation	(4)	—	(38)	(1,283)	(129)	(1,454)
Closing net book amount	33	61	229	7,235	259	7,817
At 31 December 2009						
Cost	41	61	354	13,554	1,289	15,299
Accumulated depreciation	(8)	—	(125)	(6,319)	(1,030)	(7,482)
Net book amount	33	61	229	7,235	259	7,817

Target Group and Target

	Plant and machinery	Buildings	Furniture, fixtures and equipment	Motor vehicles	Computer equipment & software	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2010						
Opening net book amount	33	61	229	7,235	259	7,817
Additions	4	2	16	—	174	196
Depreciation	(4)	(7)	(40)	(6,027)	(136)	(6,214)
Closing net book amount	33	56	205	1,208	297	1,799
At 31 December 2010						
Cost	45	63	370	13,554	1,463	15,495
Accumulated depreciation	(12)	(7)	(165)	(12,346)	(1,166)	(13,696)
Net book amount	33	56	205	1,208	297	1,799

Target Group

	Plant and machinery	Buildings	Furniture, fixtures and equipment	Motor vehicles	Computer equipment & software	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Six months ended 30 June 2011						
Opening net book amount	33	56	205	1,208	297	1,799
Additions	9	—	—	545	56	610
Depreciation	(2)	(1)	(14)	(331)	(62)	(410)
Closing net book amount	40	55	191	1,422	291	1,999
At 30 June 2011						
Cost	54	63	370	14,099	1,520	16,106
Accumulated depreciation	(14)	(8)	(179)	(12,677)	(1,229)	(14,107)
Net book amount	40	55	191	1,422	291	1,999

Target

	Plant and machinery	Buildings	Furniture, fixtures and equipment	Motor vehicles	Computer equipment & software	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Six months ended 30 June 2011						
Opening net book amount	33	56	205	1,208	297	1,799
Additions	9	—	—	545	49	603
Disposals	(2)	(9)	(77)	—	(30)	(118)
Depreciation	(2)	(1)	(14)	(331)	(62)	(410)
Closing net book amount	38	46	114	1,422	254	1,874
At 30 June 2011						
Cost	52	47	221	14,099	1,318	15,737
Accumulated depreciation	(14)	(1)	(107)	(12,677)	(1,064)	(13,863)
Net book amount	38	46	114	1,422	254	1,874

13 **Investments in a subsidiary**

	As at 30 June 2011
	RMB'000
Unlisted shares, at cost	100

The amount due from a subsidiary is unsecured, interest free, repayable on demand and denominated in RMB.

Details of the subsidiary of the Target is stated below.

Name of subsidiary	Place of incorporation	Percentage of attributable interest held by the Target	Principal activity
鄢陵瑞貝卡高速公路服務有限公司	PRC	100	Operates service area of the expressway

14 Trade and other receivables, deposits and prepayments

Target Group and Target

	As at 31 December			As at 30 June
	2008	**2009**	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables (note a)	4,463	8,732	9,101	1,210
Other receivables and deposits (note b)	7,304	6,686	6,477	6,539
Prepayments	9,899	2,870	300	437
	17,203	9,556	6,777	6,976

Note:

(a) As at 31 December 2008, 2009 and 2010 and 30 June 2011, the trade receivables were aged below 30 days and were not past due, no provision for impairment loss has been provided for trade receivables.

(b) As at 31 December 2008, 2009 and 2010 and 30 June 2011, all other receivables and deposits were performing.

The Target Group and the Target does not hold any collateral as security.

The carrying amounts of trade and other receivables and deposits are denominated in RMB.

15 Balances with fellow subsidiaries and ultimate holding company

The amounts are unsecured, interest free, repayable on demand and are mainly denominated in RMB, except for amount due from a fellow subsidiary amounting to RMB3,340,000 as at 31 December 2008 and amount due to a fellow subsidiary amounting to RMB32,200,000 as at 31 December 2008, which were interest bearing at an effective interest rate of 8% and 7.83% respectively.

16 **Cash and cash equivalents**

Target Group

	As at 31 December			As at 30 June
	2008	**2009**	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at bank and in hand	73	14	23	280
Short-term bank deposits	488	1,919	25,174	335
	561	1,933	25,197	615

Target

	As at 31 December			As at 30 June
	2008	**2009**	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at bank and in hand	73	14	23	198
Short-term bank deposits	488	1,919	25,174	193
	561	1,933	25,197	391

All bank balances and cash are denominated in RMB.

17 **Paid-in capital**

	RMB'000
At 31 December 2008, 2009 and 2010 and 30 June 2011	495,000

18 **Borrowings**

Target Group and Target

	As at 31 December			As at 30 June
	2008	**2009**	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Long-term borrowings	1,355,000	1,308,000	1,632,500	1,657,000
Less: Amounts due within one year shown under current liabilities	(162,010)	(189,250)	(107,620)	(133,120)
	1,192,990	1,118,750	1,524,880	1,523,880

(a) The Target Group's and Target's borrowings were repayable as follows:

	As at 31 December			As at 30 June
	2008	**2009**	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	162,010	189,250	107,620	133,120
Between one to two years	74,240	91,870	112,270	112,270
Between two and five years	327,170	373,390	454,270	583,200
Later than five years	791,580	653,490	958,340	828,410
	1,355,000	1,308,000	1,632,500	1,657,000

(b) The bank borrowings are secured by intangible operating right of the Target Group (note 11) and the effective interest rates of bank borrowings for the years ended 31 December 2008, 2009 and 2010 and for the six months ended 30 June 2011 were 7.83%, 6.77%, 6.03% and 6.38% respectively.

(c) The borrowings are denominated in RMB.

The exposure of the Target Group's borrowings to interest rate changes and the contractual repricing dates at the balance sheet dates are within one year.

19 **Deferred income tax assets**

Deferred income tax is calculated in full on temporary differences under the liability method using the applicable income tax rate.

Target Group and Target

	As at 31 December			As at 30 June
	2008	**2009**	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred income tax assets to be recovered after more than 12 months	9,481	5,545	974	—
Deferred income tax assets to be recovered within 12 months	3,713	3,936	4,571	974
	13,194	9,481	5,545	974

The gross movement on the deferred income tax assets generated from unutilized tax losses is as follows:

	Year ended 31 December			Six months ended 30 June
	2008	**2009**	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of the year/period	5,623	13,194	9,481	5,545
Credited/(charged) to consolidated statement of comprehensive income (note 10)	7,571	(3,713)	(3,936)	(4,571)
At end of the year/period	13,194	9,481	5,545	974

Note:

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable.

20 **Trade and other payables and accrued charges**

Target Group

				As at
	As at 31 December			**30 June**
	2008	**2009**	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	102,144	48,392	13,034	4,789
Other payables and accrued charges	21,462	22,371	21,961	21,514
Salary payables	374	412	474	627
	123,980	71,175	35,469	26,930

Target

				As at
	As at 31 December			**30 June**
	2008	**2009**	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	102,144	48,392	13,034	4,789
Other payables and accrued charges	21,462	22,371	21,961	21,514
Salary payables	374	412	474	534
	123,980	71,175	35,469	26,837

Trade payables mainly represent construction costs payable to contractors. Trade and other payables and accrued charges are denominated in RMB.

21 Profit from discontinued operations

On 19 October 2008, the Target Group disposed of its 72.2% interest in 河南瑞貝卡大酒店有限公司 and its subsidiary (the "Disposal Group"), to the Target's ultimate holding company. The transaction was completed on the same date.

Analysis of the results of discontinued operations is as follows:

	Period ended 19 October 2008 *RMB'000*
Revenue	13,418
Expenses	(15,024)
Loss of discontinued operations	(1,606)
Income tax expenses	—
Loss for the period	(1,606)
Gain on disposal	4,964
Profit from discontinued operations	3,358
Profit/(loss) from discontinued operations attributable to:	
- Owners of the Target	3,804
- Non-controlling interest	(446)
Profit from discontinued operations	3,358

		RMB'000
Total consideration satisfied by:		
Amount due from ultimate holding company		20,000
Net assets of 72.2% in Disposal Group		
Cash and cash equivalents	1,763	
Inventory	1,112	
Property, plant and equipment	14,209	
Construction in progress	1,234	
Trade receivables	1,249	
Other receivables, deposits and prepayments	2,249	
Amounts due from fellow subsidiaries	415	
Amount due from ultimate holding company	16,014	
Amounts due to fellow subsidiaries	(6,000)	
Trade and other payables	(3,420)	
Borrowings	(8,000)	
Net assets of Disposal Group	20,825	
72.2% of net assets of Disposal Group		15,036
Gain on disposal of 72.2% interest in Disposal Group (note 24(b))		4,964
Net cash outflow arising from the disposal:		
Cash and cash equivalents disposed with Disposal Group		(1,763)

	Period ended 19 October 2008 RMB'000
Target Group	
Operating cash flows	10,532
Investing cash flows	(9,389)
Financing cash flows	(821)
Total cash inflows	322
Cash and cash equivalents within Disposal Group at beginning of the period	1,441
Cash and cash equivalents within Disposal Group at end of the period	1,763
Cash and cash equivalent disposed by Target	(1,763)
	—

22 **Note to the consolidated statement of cash flows**

Reconciliation of operating profit to cash generated from operations:

	Year ended 31 December			Six months ended 30 June	
	2008	**2009**	**2010**	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Operating profit	87,240	102,910	111,161	55,530	70,118
Amortisation of intangible operating right	12,283	14,030	15,831	7,916	10,136
Depreciation of property, plant and equipment	1,477	1,454	6,214	5,117	410
Loss on disposal of property, plant and equipment	4	2	—	—	—
Operating profit before working capital changes	101,004	118,396	133,206	68,563	80,664
Changes in working capital:					
- trade and other receivables, deposits and prepayments	29,830	3,378	2,410	(10,493)	7,692
- trade and other payables and accrued charges	21,524	(52,805)	(35,706)	10,519	(8,538)
Cash generated from operations	152,358	68,969	99,910	68,589	79,818

23 **Commitments**

(a) ***Lease commitment***

The Target Group and Target's future aggregate minimum lease payments/receipts under non-cancellable operating leases of premises are as follows:

	As at 31 December			As at 30 June
	2008	**2009**	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Lease receipts				
Not later than one year	232	282	282	307
Later than one year and not later than five years	1,063	981	899	833
	1,295	1,263	1,181	1,140

(b) ***Capital commitment***

	As at 30 June 2011
	RMB'000
Contracted but not provided for	
Property, plant and equipment	1,060
	1,060

24 Related party transactions

(a) ***Related parties***

Related parties are those parties which have the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. The table set forth below summarises the names of related parties, with whom the Target Group has significant transaction during the period, and their relationship with the Target as at 30 June 2011:

Significant related party	Relationship with the Company
許昌瑞貝卡投資建設有限公司	Fellow subsidiary
許昌瑞貝卡房地產開發有限公司	Fellow subsidiary
許昌瑞貝卡水業有限公司	Fellow subsidiary
河南瑞貝卡髮製品股份有限公司	Fellow subsidiary
許昌瑞貝卡污水淨化有限公司	Fellow subsidiary
許昌瑞貝卡供水工程有限公司	Fellow subsidiary
河南瑞華大酒店有限公司	Fellow subsidiary
許昌縣第三高級中學	Fellow subsidiary
河南瑞貝卡控股有限責任公司	Ultimate holding company
許昌瑞貝卡大酒店有限公司	Fellow subsidiary
鄢陵瑞貝卡高速公路服務有限公司	Subsidiary (Incorporated on 15 March 2011)
河南恒信投資有限公司	Fellow subsidiary
河南瑞貝卡大酒店有限公司	Fellow subsidiary (Former subsidiary disposed on 19 October 2008)
河南瑞貝卡物業管理有限公司	Fellow subsidiary (Former subsidiary disposed on 19 October 2008)

(b) ***Transactions with related parties***

	Year ended 31 December			Six months ended 30 June	
	2008	**2009**	**2010**	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
(i) Gain on disposal of Disposal Group to ultimate holding company (note 21)	4,964	—	—	—	—
Management fee	330	254	433	78	20
Interest income received from a fellow subsidiary (note 9)	1,281	10	—	—	—
Interest expenses paid to a fellow subsidiary (note 9)	(5,267)	—	—	—	—

(c) ***Key management compensation***

	Year ended 31 December			Six months ended 30 June	
	2008	**2009**	**2010**	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Salaries and other short-term benefits	145	146	186	79	110

25 **Subsequent events**

On 29 October 2011, the owners of the Target Group entered into an agreement with Yuexiu (China) Transport Infrastructure Investment Company Limited, whereby the owners have agreed to dispose 100% of the equity interest in Target Group at a cash consideration of approximately RMB1,061 million. Upon completion of the transaction, Yuexiu Transport Infrastructure Limited will become the ultimate holding company of the Target and the Target and its subsidiary will become wholly owned subsidiaries of Yuexiu (China) Transport Infrastructure Investment Company Limited.

II. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared in accordance with HKFRSs by the Target or its subsidiary in respect of any period subsequent to 30 June 2011 up to the date of this report.

No dividend has been declared or paid by the Target or its subsidiary in respect of any period subsequent to 30 June 2011 up to the date of this report.

Yours faithfully,
PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION ON THE ENLARGED GROUP

The following is an illustrative and pro forma statement of assets and liabilities of the Enlarged Group which has been prepared based on the unaudited condensed consolidated balance sheet of the Group as set out in the published interim report for the six months ended 30 June 2011 after making pro forma adjustments as set out below. This unaudited pro forma statement of assets and liabilities of the Enlarged Group has been prepared to illustrate the effects of the Acquisition, as if both the Acquisition had taken place and the consideration had been settled on 30 June 2011. It has been presented in a manner consistent with both the format and accounting policies adopted by the Group. It has been prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group had the Acquisition been completed as at 30 June 2011 or at any future date.

Unaudited pro forma statement of the assets and liabilities of the Enlarged Group

	The Group as at 30 June 2011	Pro forma adjustments			Unaudited Pro forma Financial Information of the Enlarged Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 1)	*(Note 2 (i))*	*(Note 2 (ii))*	*(Note 2 (iii))*	
ASSETS					
Non-current assets					
Intangible operating rights	10,408,268	1,767,470		1,204,605	13,380,343
Goodwill	371,089			56,031	427,120
Property, plant and equipment	128,886	1,999			130,885
Investment properties	9,918				9,918
Construction in progress	17,243				17,243
Investment in a jointly controlled entity	317,618				317,618
Investments in associates	1,681,784				1,681,784
Available-for-sale financial assets	149,647				149,647
Derivative financial instrument	9,140				9,140
Other non-current receivables	544,870				544,870
Total non-current assets	13,638,463				16,668,568

	The Group as at 30 June 2011	Pro forma adjustments			Unaudited Pro forma Financial Information of the Enlarged Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 1)	*(Note 2 (i))*	*(Note 2 (ii))*	*(Note 2 (iii))*	
Current assets					
Trade receivables	18,773	1,210			19,983
Other receivables, deposits and prepayments	1,152,201	529,207	(421,330)		1,260,078
Amount due from a non-controlling interest of a subsidiary	2,755				2,755
Cash and cash equivalents	934,790	615	(806,550)		128,855
Total current assets	2,108,519				1,411,671
Total assets	15,746,982				18,080,239
LIABILITIES					
Non-current liabilities					
Borrowings	3,466,420	1,523,880	255,000		5,245,300
Deferred income tax liabilities	1,158,168	(974)		301,151	1,458,345
Total non-current liabilities	4,624,588				6,703,645
Current liabilities					
Borrowings due within one year	212,860	133,120			345,980
Amounts due to non-controlling interests of subsidiaries	738,662				738,662
Amounts due to holding companies / fellow subsidiaries	883	85,599			86,482
Trade and other payables and accrued charges	306,953	26,930	3,000		336,883
Current income tax liabilities	40,970	8,551			49,521
Total current liabilities	1,300,328				1,557,528
Total liabilities	5,924,916				8,261,173
Net Assets	9,822,066				9,819,066

Notes:

1. The unadjusted statement of assets and liabilities of the Group is extracted from the unaudited condensed consolidated balance sheet of the Group as at 30 June 2011 set out in the published interim report of the Company for the six months ended 30 June 2011.

2. The adjustments represent the accounting treatment for the Acquisition using the acquisition method of accounting, which is in accordance with the Group's accounting policies and in accordance with Hong Kong Financial Reporting Standard 3 (Revised) "Business Combinations" ("HKFRS 3") issued by the Hong Kong Institute of Certified Public Accountants. Details are as follows:

   i. Recognition of 100% assets and liabilities of Henan Ruibeika Industrial Company Limited and its subsidiary (together, the "Target Group") with net asset value of RMB523,395,000 as at 30 June 2011 as extracted from the Accountant's Report on the Target Group as set out in Appendix IV of this circular and have been reclassified to conform with the presentation format of the Group;

   ii. Payment of the cash consideration of RMB1,061,549,933 as set out in the Equity Transfer Agreement. It is assumed that the payment of the consideration is financed by a new unsecured term loan up to USD40,000,000 (equivalent to approximately RMB255,000,000) and the remaining balance (approximately RMB806,550,000) to be settled by the Group's internal resources. The Group has already signed the Letter of Offer granted by the banker on 1 November 2011. The loan is repayable in three installments with the first installment falling due in the first 24 months from the date of the Letter of Offer, in which case, the loan is classified as long term for the purpose of this pro forma statement. The reduction of other receivables of RMB421,329,973 is due to the assignment of shareholder's debt upon the completion of the Acquisition. The estimated transaction costs of the Acquisition of approximately RMB3,000,000 was provided in this pro forma statement;

   iii. Recognition of fair value adjustment, the corresponding deferred income tax liabilities and goodwill arising from the Acquisition. For the purpose of preparing this unaudited pro forma financial information, the fair value adjustment represents the difference between the business valuation of RMB1,728,000,000 as shown in the business valuation report in Appendix VI of this circular and the net asset value of the Target Group amounting to RMB523,395,000, attributable to the intangible operating right of the Target Group in view of the Target Group did not have other material assets or intangible assets that are eligible for the fair value allocation. The deferred income tax liabilities of RMB301,151,000 are calculated based on the temporary difference arising between the fair value of the assets and liabilities recognized in the Acquisition and the corresponding tax base, and the standard enterprise income tax rate of 25% applicable to the target Group (i.e. RMB1,204,605,000 x 25%). The goodwill of RMB56,031,000 is mainly attributable to the difference of consideration for the Acquisition less the fair value (net of deferred income tax) of the Target Group (i.e. RMB1,482,880,000 - (RMB1,728,000,000 - 301,151,000)). For the purpose of this Unaudited Pro Forma Financial Information, the Company has ensured the steps taken on the assessment of impairment on intangible operating rights and goodwill has been properly performed in accordance with Hong Kong Accounting Standard No. 36 ''Impairment of Assets'' which is consistent with the accounting policy of the Company. On that basis, the Directors concluded that no impairment in the value of intangible operating rights and goodwill is considered necessary.

The Company is in the course of assessing the fair value of assets and liabilities of the Target Group. The final amounts of the fair value of the assets and liabilities of the Target Group, corresponding deferred income tax liabilities and goodwill will be different from those amounts as presented above.

3. No adjustments have been made to reflect any results or transactions of the Group and the Target entered into subsequent to 30 June 2011.

4. For the purpose of this pro forma statement of assets and liabilities, the balances stated in US dollars ("US$") have been translated to Renminbi ("RMB") at an exchange rate of US$1 = RMB6.375.

B. **REPORT FROM ACCOUNTANTS ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP**

The following is the text of a report received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

pwc 羅兵咸永道

ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION TO THE DIRECTORS OF YUEXIU TRANSPORT INFRASTRUCTURE LIMITED

We report on the unaudited pro forma financial information set out on pages V-1 to V-4 under the heading of "Unaudited Pro Forma Financial Information" (the "**Unaudited Pro Forma Financial Information**") in Appendix V of the circular dated 28 November 2011 (the "**Circular**") of Yuexiu Transport Infrastructure Limited (the "Company"), in connection with the proposed acquisition of 河南瑞貝卡實業有限公司 (Henan Ruibeika Industrial Company Limited*) and its subsidiary (the "**Transaction**") by the Company. The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the Transaction might have affected the relevant financial information of the Company and its subsidiaries (hereinafter collectively referred to as the "**Group**"). The basis of preparation of the Unaudited Pro Forma Financial Information is set out on pages V-1 to V-4 of the Circular.

Respective Responsibilities of Directors of the Company and the Reporting Accountant

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

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羅兵咸永道

Basis of Opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unaudited consolidated statement of assets and liabilities as at 30 June 2011 as set out in the "Pro forma Financial Information" section of this circular with the unaudited condensed consolidated financial information of the Company for the six months ended 30 June 2011 as set out in the 2011 interim report of the Company, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 30 June 2011 or any future date.

Opinion

In our opinion:

a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

b) such basis is consistent with the accounting policies of the Group; and

c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 28 November 2011

* *For identification purpose only*

GREATER CHINA APPRAISAL LIMITED
漢 華 評 值 有 限 公 司

Room 2703
Shui On Centre
6-8 Harbour Road
Wanchai
Hong Kong

29 October 2011

The Board of Directors
Yuexiu Transport Infrastructure Limited
23/F Yue Xiu Building
160-174 Lockhart Road
Wan Chai
Hong Kong

Dear Sirs/Madams,

Re: Valuation of 100% Equity Interest of Henan Ruibeika Industrial Company Limited

At your request, we were engaged to assist you in the valuation analysis pertaining to the fair value of the 100% equity interest (the "Equity Interest") of Henan Ruibeika Industrial Company Limited (the "Target Company") as of 30 September 2011 (the "Valuation Date").

It is our understanding that our analysis will be used by the management of Yuexiu Transport Infrastructure Limited (the "Company") for investment purpose only, details of which are set out in the circular issued by the Company to the shareholders (the "Circular") in connection with the acquisition of the Equity Interest of the Target Company, of which this valuation report forms part. Unless otherwise stated, terms used in this valuation report have the same meanings as those defined in the Circular. Our analysis was conducted for the above mentioned purpose only and this report should be used for no other purposes. The standard of value is fair value; while the premise of value is going concern.

The approaches and methodologies used in our work did not comprise an examination in accordance with generally accepted accounting principles, the objective of which is an expression of an opinion regarding the fair presentation of financial statements or other financial information, whether historical or prospective, presented in accordance with generally accepted accounting principles.

We express no opinion and accept no responsibility for the accuracy and completeness of the financial information or other data provided to us by others. We assume that the financial and other information provided to us is accurate and complete, and we have relied upon this information in performing our valuation.

PURPOSE OF ENGAGEMENT

The purpose of this particular engagement is to assist the management of the Company in estimating the Equity Interest as of the Valuation Date for the aforementioned purpose only.

The premise of value is Going Concern, defined as:
"an ongoing and operating business enterprise"

Going Concern value is defined as:
"the value of a business enterprise that is expected to operate into the future. The intangible elements of Going Concern Value result from factors such as having a trained workforce, an operational plant, and the necessary licenses, systems, and procedures in place".

BASIS OF VALUATION

We have valued the Equity Interest on the basis of fair value.

Fair Value

According to Hong Kong Financial Reporting Standard, fair value is the amount for which an asset could be exchanged, or a fair value liability settled, between knowledgeable and willing parties in an arm's length transaction.

For the purpose of this valuation, the term fair value is similar and/or interchangeable with the valuation standards or definitions below and will be used throughout this valuation report.

Market Value

According to The Hong Kong Business Valuation Forum - Business Valuation Standards, market value is defined as the estimated amount for which an asset (a property) should exchange on the date of valuation between a willing buyer and willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion.

Fair Market Value

The International Valuation Glossary defines fair market value as the amount at which property would change hands between a willing buyer and a willing seller, when the former is not under any compulsion to buy and the latter is not under any compulsion to sell, both parties having reasonable knowledge of relevant facts.

Our valuation has been prepared in accordance with the HKIS Valuation Standards on Trade-related Business Assets and Business Enterprise (First Edition 2004) published by the Hong Kong Institute of Surveyors and the Business Valuation Standards (First Printed 2005) published by the Hong Kong Business Valuation Forum. Both are generally accepted valuation standards followed by relevant professional practitioners in Hong Kong. These standards contain detailed guidelines on the basis and valuation approaches in valuing assets used in the operation of a trade or business and business enterprises.

PREMISE OF VALUE

Premise of value relates to the concept of valuing a subject in the manner in which it would generate the greatest return to the owner of the property, taking into account what is physically possible, financially feasible, and legal. Premises of value include the following:

— **Going concern:** appropriate when the business is expected to continue operating without the intention or threat of liquidation in the foreseeable future;

— **Orderly liquidation:** appropriate for a business that is clearly going to cease operations in the near future and is allowed sufficient time to sell its assets in the open market;

— **Forced liquidation:** appropriate when time or other constraints do not allow an orderly liquidation;

— **Assembled group of assets:** appropriate when all assets of a business are sold in the market piecemeal instead of the entire business itself.

This valuation is prepared on a going concern basis.

SCOPE OF SERVICES

We were engaged by the management of the Company to assist in their estimate of the fair value of the Equity Interest as of the Valuation Date.

— We understand that the Company will use our analysis as a reference for investment purpose only.

— Our analysis and conclusion of opinion of value on the Target Company was based on our discussions with the managements of the Company and the Target Company, as well as a review of key transaction documents and records, including:

- Management account of the Target Company for the nine months ended 30 September 2011;

- Audited financial statements of the Target Company for the years ended 31 December 2008, 2009 and 2010;

- The traffic report (the "Traffic Report") regarding on the traffic forecast projection on the Weixu Expressway prepared by Jie Cheng Consultants Limited ("Jie Cheng") dated 29 October 2011;

- The equity interest transfer agreement (the "Agreement") entered between Yuexiu (China) Transport Infrastructure Investment Company Limited# (the "Purchaser") and Henan Ruibeika Holdings Company Limited# ("Ruibeika") and Mr. ZhengYouzhi# (together referred to as "Vendors");

- The concession agreement dated 16 May 2005 entered into between the Transport Bureau of Xuchang City# and the Target Company pursuant to which, among other things, the Target Company was granted the concession to operate the Weixu Expressway for a period of 30 years commenced from 16 May 2005; and

- The financial due diligence report (the "Financial Due Diligence Report") regarding on the acquisition of 100% equity interest of the Target Company issued by BDO China Guang Dong Shu Lun Pan Certified Public Accountants dated 24 October 2011.

We also relied upon publicly available information from sources on capital markets, including industry reports, and various databases of publicly traded companies and news.

 # The English translations of Chinese names or words in this report, where indicated, are included for information purpose only, and should not be regarded as the official English translations of such Chinese names or words.

COMPANY OVERVIEW

Henan Ruibeika Industrial Company Limited (the "Target Company")

The Target Company is a company incorporated on 1 July 2003 in Henan, People's Republic of China (the "PRC") and is 95% owned by the Ruibeika. The Target Company is principally engaged in the investment, management, and operation of toll roads; investment in infrastructure for supply of power, electricity and utilities; selling and leasing of machinery and equipment, resources and materials for buildings construction. The Target Company owns the concession to operate the Weixu Expressway for a term of thirty years commencing on 16 May 2005.

The Weixu Expressway is located at the Xuchang County and the Yanling County of Xuchang City which is located in the middle of Henan Province and Weishi County of Kaifeng City, Henan Province, the PRC and is the middle section of the Lannan Expressway. Weixu Expressway starts at Zhangzhuangxi which is at the northeast of Weishi County and connects Lankao and the Weishi interchange of the Weishi section through which it also intersects with the G4 Expressway. The Weixu Expressway also connects the expressway network of Shandong Province through the Shandong section of the expressway from Rizhao City to Nanyang City, extending to the southwest and ended at the Sunliuzhao interchange in Xu-Ping-Nan Expressway. It then connects Xiangfan City, Hebei Province. The Weixu Expressway commenced its operation in November 2005. It has six lanes in dual direction and the length which is chargeable with toll is approximately 64.284 kilometres. The Weixu Expressway has two toll stations, which are located in the north and west of Yanling County respectively.

Yuexiu Transport Infrastructure Limited (the "Company")

The Company is 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 (Stock code: 1052.HK). The Company is principally engaged in the development, operation and management of various toll expressways, national highways and bridges in the PRC, mainly located in Guangdong Province. As at 31 December 2010, the Company had 11 toll roads and bridge projects which it invests in and operates, with total attributable length of approximately 285.6 km.

ECONOMIC OVERVIEWS OF CHINA

Nominal GDP Growth in China

In 2010, China's economic growth was sustained by the economic stimulus while the European and North American economies were slowing. The stimulus provided funds for further infrastructure projects and housing developments; some were used to assist local government to lend money to state-owned companies for housing estates, road and bridges developments. According to IMF's World Economic Outlook as of April 2011, China's economy has just taken over Japan in mid 2010 and become the second largest in the world after United States (the "U.S."). It should not be to anyone's surprise that if China can sustain its current growth rate, it could become the world's largest economic (by nominal gross domestic product) sometime as early as 2020[1]

Table 1 — Worldwide GDP

	Country	GDP (Billions of USD)						
		2009A	2010A	2011F	2012F	2013F	2014F	2015F
1	The U.S.	14,119	14,658	15,227	15,880	16,522	17,224	17,993
2	China	4,991	5,878	6,516	7,209	8,057	9,016	10,062
3	Japan	5,033	5,459	5,822	5,921	6,058	6,218	6,380
4	Germany	3,339	3,316	3,519	3,600	3,691	3,780	3,857
5	France	2,656	2,583	2,751	2,834	2,923	3,017	3,112
6	United Kingdom	2,182	2,247	2,472	2,602	2,743	2,891	3,051

Source: World Economic Outlook of April 2011, International Monetary Fund

The Chinese economy is one of the world's current fastest growing economies. According to the National Bureau of Statistics of China, the country recorded an annual gross domestic product ("GDP") of RMB 34,051 billion in 2009, representing a compound annual growth rate ("CAGR") of approximately 16.32% during the period from 2004 to 2009 when compared to the GDP of RMB 15,988 billion in 2004.

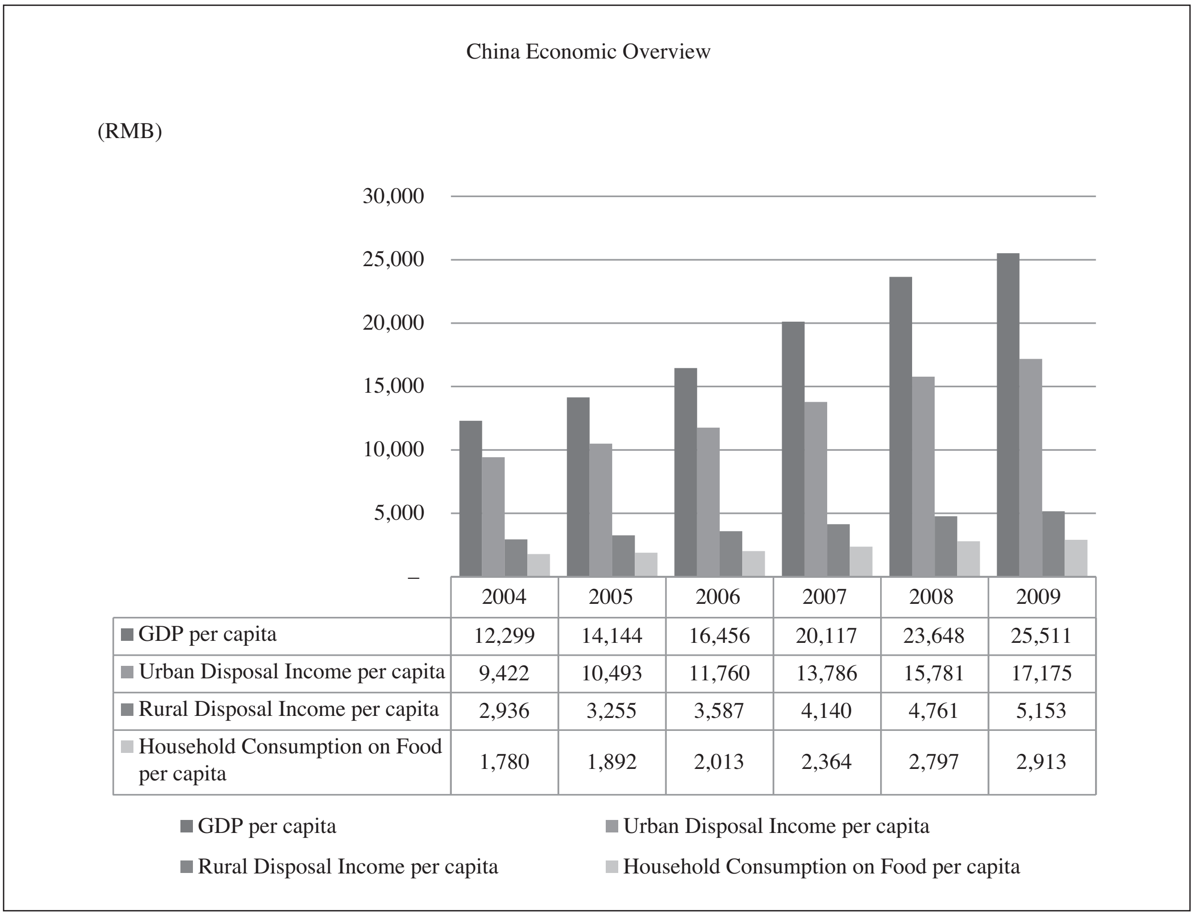
[1] Adam, Shamim (14 November 2010)."China to Exceed U.S. by 2020, Standard Chartered Says". Bloomberg Businessweek.

Along with the rapid economic growth, disposable income levels have grown significantly. According to the National Bureau of Statistics of China, per capita annual disposable income of urban households in China has increased from RMB 9,422 in 2004 to RMB 17,175 in 2009, representing a CAGR of approximately 12.76%.

As GDP and personal disposable income continue to grow, consumers will demand for a greater variety of food and will be increasingly conscious about their health and diet, which will in turn increase their demand for nutritious, convenient and hygienic quality food. According to the National Bureau of Statistics of China, household consumption on food in China increased from RMB 2.31 trillion in 2004 to RMB 3.89 trillion in 2009, representing a CAGR of approximately 10.94%.

The following diagram shows the GDP per capita, annual urban and rural disposal income per capita and household consumption on food per capita from 2004 to 2009.

Figure 1 — China Economic Overview



	2004	2005	2006	2007	2008	2009
GDP per capita	12,299	14,144	16,456	20,117	23,648	25,511
Urban Disposal Income per capita	9,422	10,493	11,760	13,786	15,781	17,175
Rural Disposal Income per capita	2,936	3,255	3,587	4,140	4,761	5,153
Household Consumption on Food per capita	1,780	1,892	2,013	2,364	2,797	2,913

Source: National Bureau of Statistics of China, China Statistical Yearbook 2010

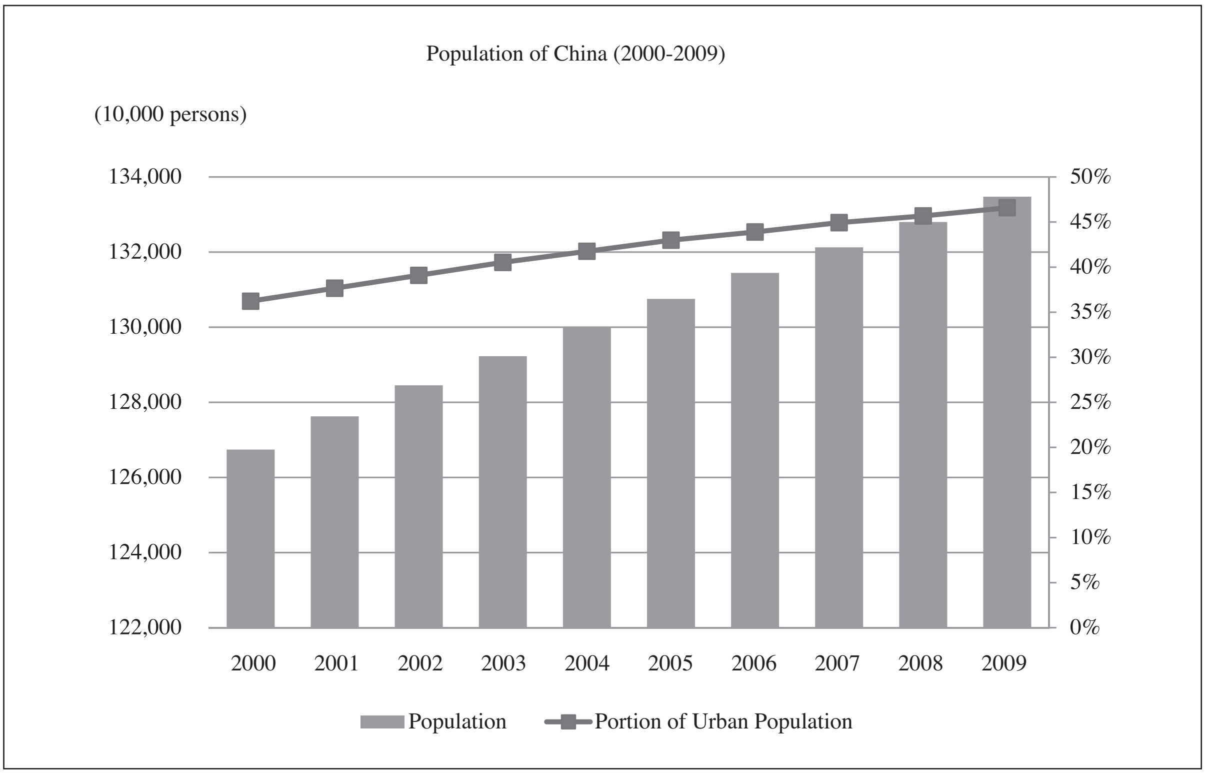
Population Growth

The population of China is almost one fifth of the world's population. According to the National Bureau of Statistics of China, during the past decade, the population has grown from 1.26 billion to 1.33 billion, representing a CAGR of approximately 0.58%. Increasing population is a significant factor driving overall growth in demand for agricultural products.

Besides, population gains in developing countries along with increased urbanization and expansion of the middle class are particularly important for the projected growth in global food demand. The portion of urban population has increased from 36% in year 2000 to record high of 47% in year 2009, representing a CAGR of approximately 2.84%.

The following diagram shows the population growth and corresponding urban population growth of China from 2000 to 2009:

Figure 2 — Population and Urban Population Portion of China



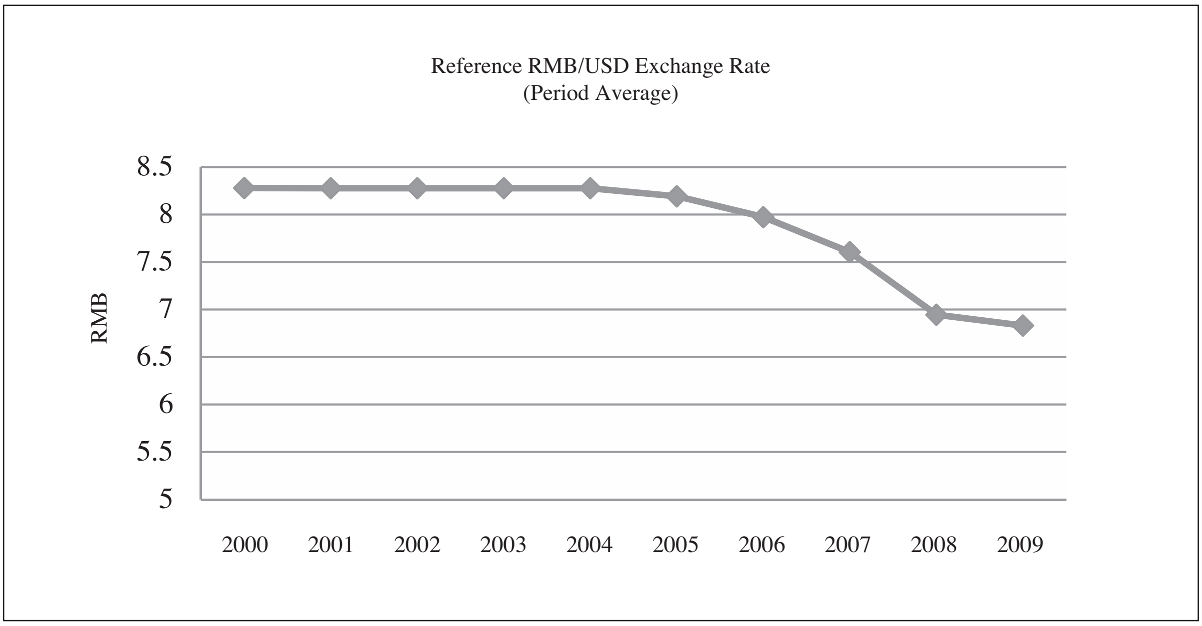
Source: National Bureau of Statistics of China, China Statistical Yearbook 2010

Currency Appreciation

The Chinese government faces pressure from its trading partners, who demand the RMB will be appreciated. Beginning from 21 July 2005, China reformed the RMB exchange rate regime by moving into a managed floating exchange rate system with reference to a basket of currencies, and the exchange rate of RMB was re-valued to 8.11 per USD on 21 July 2005. Effective 21 May 2007, the floating band of RMB against USD is widened from ±0.3% to ±0.5% around the central parity published by the People's Bank of China on each business day. By the end of December 2010, the exchange rate of RMB was 6.5911 per USD compared to 6.7813 at the end of June 2010.

The following diagram shows reference change rate of RMB per USD from 2000 to 2009:

Figure 3 — RMB/USD Exchange Rate



Source: National Bureau of Statistics of China, China Statistical Yearbook 2010

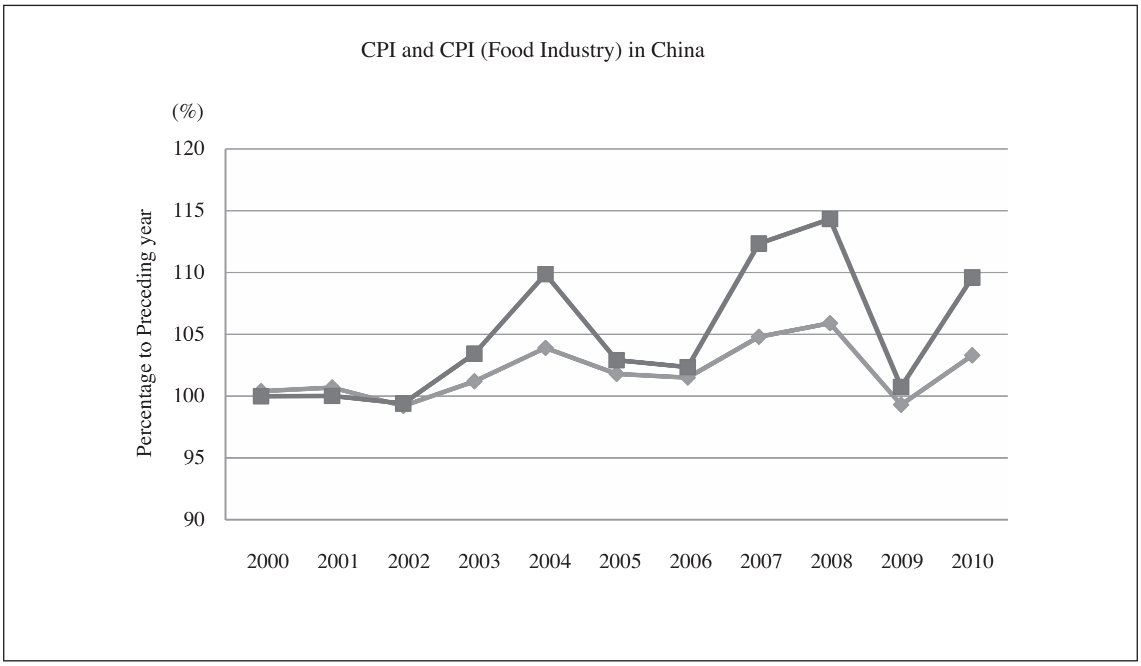
Price Inflation

Managing inflation risk is a key issue for the Chinese government from year 2010 onwards. In December 2010, consumer price index ("CPI") for food industry increased by 9.6% and non-food prices increased by 2.1%, resulting in a 4.6% increase in overall CPI. In 2010, CPI of China increased by 3.3% on average and forecasted to increase by 5.0% in 2011 according to IMF World Economic Outlook, April 2011. Due to the success of the economic stimulus plan and the fear of property bubbles and inflation risk, the central government has tightened regulation in the financial system on banks to curb lending[2] , and a series of fine tuning measures such as stricter restrictions on mortgage lending, tighter requirement for second and third home purchases, introduction of property tax and further increment of bank's reserve requirement ratio were implemented.

2 China's Banks Face Hangover as Lending Slows. Wall Street Journal (Online). 2010 Aug 26 In: ABI/INFORM Global [database on the Internet] [cited 2010 Sep 7]. Available from: http://www.proquest.com/ ; Document ID: 2120196431.

The chart below shows the historical CPI and CPI for food in China from 2000 to 2010:

Figure 4 — CPI and CPI for Food (Index Value, Preceding Year=100)



Source: National Bureau of Statistics of China, China Statistical Yearbook 2010

Government Policy on Natural Resource

In line with the improving per capita GDP, the Chinese government is also focusing on managing country's stable development, following is the summary of China's policies from website of the World Bank[3]:

In its 11th Five Year Plan (2006-2010) ("11 FYP"), the Chinese government set forth a "people centered" strategy aiming to achieve a "harmonious society" that balances economic growth with distributional and ecological concerns. Under this plan, considerable progress was made in improving basic public services in social protection, education and health, but structural issues remain under the strong momentum of China's traditional pattern of growth.

The 12th Five Year Plan (2011-2015) ("12 FYP"), recently approved by the National People's Congress, comes at a time when the need to rebalance toward a more domestic demand-led, service sector-oriented pattern of growth is stronger than before, partly due to the less favorable global outlook. The 12 FYP has set five main objectives:

[3] The World Bank (Online). Available from: http://www.worldbank.org/en/country/china/overview

— Maintaining stable and fast economic growth, with a focus on price stabilization, more job creation, improved balance of payment, and higher quality of growth.

— Achieving major progress in economic restructuring, with higher share of household consumption and the service sector, further urbanization, more balanced rural-urban development, lower energy intensity and carbon emissions, and better environment.

— Increasing people's incomes, reducing poverty and improving the living standards and quality of life.

— Expanding access to basic public services, increasing the educational level of the population, developing a sound legal system, and ensuring a stable and harmonious society.

— Deepening the reforms in the fiscal, financial, pricing and other key sectors, changing the role of the state, improving governance and efficiency, and further integrating into the world economy.

The table below also provides an overview of China's WTO compliant tariff rate quotas (TRQ) today on food-related commodities:

Table 2 — China's WTO Compliant Tariff Rate Quotes on Food Commodities

Overview of China's WTO Compliant Tariff Rate Quotas (TRO)

Product*	Date of Final TRQ Implementation	Final Quota in Metric Tonnes	State Trading Enterprises Share of Quota	In-Quota Tariff Rates
Wheat and flour, etc.	2004	9,636,000	90%	Grain: 1% Flour, etc: 6% 9% or 10%
Corn (Maize) and its flour, etc.	2004	7,200,000	60%	Grain: 1% Flour, etc: 9% or 10%
Rice and its flour, etc.	2004	2,660,000	50%	Grain: 1% Flour, etc: 9%
Sugar	2004	1,945,000	70%	15%

Source: China's official submission to WTO

VALUATION METHODOLOGIES

The valuation of any asset can be broadly classified into one of three approaches, namely the asset approach, market approach and income approach. In any valuation analysis, all three approaches must be considered, and the approach or approaches deemed most relevant will then be selected for use in the fair value analysis of that asset.

The Asset Approach

This is a general way of determining a fair value indication of a business, business ownership interest, security, or intangible asset by using one or more methods based on the value of the assets net of liabilities.

Based on the theory that the value of a business is equal to the sum of its parts, value is established based on the cost of reproducing or replacing the property, less depreciation from physical deterioration and functional and economic obsolescence, if present and measurable.

We have considered but rejected the asset approach for the valuation of the Target Company due to the following reason:

— The fair value of the Target Company is determined by cash flow generated from business operations, which is the toll road operation of the Weixu Expressway, with specific operating terms. This means that the future economic benefit is more important in valuing the Target Company than the book value or the cost of the expressway.

The Market Approach

This is a general way of determining a fair value indication of a business, business ownership interest, security, or intangible asset by using one or more methods that compare the subject to similar businesses, business ownership interests, securities, or intangible assets that have been sold.

Value is established based on the principle of substitution. This simply means that if one thing is similar to another and could be used for the other, then they must be equal. Furthermore, the price of two alike and similar items should be approximate one another.

We have considered but rejected the market approach for the valuation of the Target Company due to the following reason:

— We are unable to satisfy ourselves that the comparable transaction method would be the most appropriate since the value of the Target Company is derived from the economic benefit generated from the Weixu Expressway which is unique in traffic conditions and operating terms. Furthermore, although public information is sometimes available, acquisition frequently involves specific buyers who pay a premium/discount under its unique circumstances. It would be difficult to know if the price paid for the projects truly represents the approximate transaction price of the transaction.

The Income Approach

This is a general way of determining a fair value indication of a business, business ownership interest, security, or intangible asset by using one or more methods that convert anticipated benefits into a present value amount.

In the income approach, an economic benefit stream of the asset under analysis is selected, usually based on historical and/or forecasted cash flow. The focus is to determine a benefit stream that is reasonably reflective of the asset's most likely future benefit stream. This selected benefit stream is then discounted to present value with an appropriate risk-adjusted discount rate. Discount rate factors often include general market rates of return at the Valuation Date, business risks associated with the industry in which the company operates, and other risks specific to the asset being valued.

We have applied the income approach to determine the valuation of the Target Company due to the following reasons:

— The value of the Target Company is determined by the ability to generate a stream of benefits in future; and

— Economic benefit streams of the Target Company can be reasonably identified based on operation and revenue forecast prepared by the Jie Cheng.

MAJOR ASSUMPTIONS OF BUSINESS VALUATION

Business Value is an economic measure reflecting the market value of the whole business. Our development of a business value will be performed by using a discounted cash flow ("DCF") methodology, which requires a number of assumptions, including revenue and expense forecasts, working capital requirement and capital expenditure requirement.

The essential elements of DCF are: (1) the expected free cash flows to equity holders (FCFE) to be discounted, and (2) the discount rate (return of equity). FCFE is projected by the formulae below.

Earning before interest and tax (EBIT) = (Toll fee revenue - operating cost - value-added tax - maintenance cost - depreciation);

Free cash flow to firm (FCFF) = EBIT - income tax + depreciation +/- change in net working capital - capital expenditure; and

FCFE = FCFF - interest expenses - principal repayment of outstanding debt

The net cash flows to equity holders from the operation of Weixu Expressway were estimated, and we discounted the sum to a present value at the appropriate discount rate, as illustrated below:

$$PV = \frac{E1}{(1+k)} + \frac{E2}{(1+k)^2} + \frac{E3}{(1+k)^3} + \ldots + \frac{En}{(1+k)^n}$$

- E1, 2, 3, etc. = Expected free cash flows to equity holders in the 1st, 2nd, 3rd periods, and etc.

- En = Expected free cash flows to equity holders in the last period in which an element of income is expected. In the case of the Target Company, we assume n is the 25th period.

- k = Return of Equity

Basis of Estimation of Revenue and Operating Costs

We have relied heavily on the Traffic Report prepared by Jie Cheng for the traffic and toll fee revenue, operating cost and maintenance cost projections of the Weixu Expressway. We applied average of optimistic and conservative scenarios of the estimation of toll revenue. The operating costs include labour costs, repairing cost and costs for management of the Weixu Expressway.

The table below shows summary of traffic forecast projections

Year	Revenue *(RMB in million)*	Operating cost *(RMB in million)*
Oct to Dec 2011	48	4
2012	232	16
2013	300	17
2014	344	18
2015	351	19
2016	393	19
2021	596	24
2026	841	29
2031	1,070	35

Basis of Value-Added Tax

In accordance with the Financial Due Diligence Report, the Target Company is liable to business tax, development tax and taxes for education development. Business tax is charged at 3% of revenue; while development tax and taxes for education development are charged at 2-5% of business tax each. Therefore, the total value-added tax incurred by the Target Company is around 3.3% of revenue.

Basis of Depreciation of Fixed Assets

The depreciation of machinery and equipments of the Target Company are based on straight line method; while the depreciation of toll-road is proportionate to the total estimated traffic amount of Weixu Expressway based on the Traffic Report.

Determination of the required Net Working Capital

We obtained the ratio of net working capital as percentage of revenue from 8 identified publicly traded guideline companies. The net working capital as percentage of revenue of identified publicly traded companies are listed in the sub-section of "*Selection of Guideline Public Companies*" on page VI-18. The median value was applied to eliminate the fluctuation. In our valuation, the selected ratio of net working capital as percentage of revenue is -9.24%.

Basis of Capital Expenditure ("CAPEX") to be incurred

We have relied heavily on the Traffic Report for the CAPEX projections of Weixu Expressway. CAPEX incurred by the Target Company will be the costs for major maintenance of Weixu Expressway in 2015, 2019, 2020, 2025, 2029, 2030 and 2034.

The table below shows summary of projected costs for major maintenance

Year	**Costs for major maintenance** *(RMB in million)*
2015	50
2019	76
2020	76
2025	70
2029	108
2030	108
2034	80

Basis of Loan Repayment

The Target Company had financed considerable amount of both short-term and long-term bank loans. According to the management accounts of the Target Company, it had around RMB1,656 million total outstanding bank loans as at the Valuation Date. In the valuation, we assumed that the Target Company would follow loan repayment schedule presented in the Financial Due Diligence Report. Besides, Vendors owed a debt in the amount of RMB421,329,973.30 to the Target Company ("Shareholder's Debt") as of the Valuation Date, and the Purchaser would be liable for the Shareholder's Debt.

Determination of Income Tax Rate

The statutory corporate tax rate in PRC is 25%. Accordingly, we assumed the level will be constant throughout the whole projection period.

The Target Company recorded net losses in previous years and the accumulated tax loss credit is around RMB42 million.

Apart from the above assumptions, our investigation included discussions with members of the Company's management in relation to the history and the nature of the business, operations and prospects of the Target Company and review of the Target Company's historical and projected financial information, review of the Traffic Report, the Financial Due Diligence Report and other relevant documents. Before arriving at our opinion of value, we have considered the following principal factors:

— the nature of the business and the history of the enterprise from its inception;

— the financial condition of the business and its outlook;

— the economic outlook in general and the specific economic and competitive elements affecting each segment of the business;

— past and projected operation results; and

— market derived investment returns of companies engaged in a similar nature of business.

Owing to the changing environment in which the Target Company operates, a number of assumptions have to be established in order to sufficiently support our concluded fair value of the Target Company. The major assumptions adopted in this valuation are:

— there will be no material changes in the existing political, legal, fiscal, foreign trade and economic conditions in the PRC where the Target Company is located;

— there will be no major changes in the current taxation law in the PRC, that the rates of tax payable remain unchanged and that all applicable laws and regulations will be complied with;

— there will be no material changes in interest rates or foreign currency exchange rates from those currently prevailing;

— traffic growth for the Target Company will conform to the average of the conservative and the optimistic scenario as projected in the Traffic Report;

— operating expenses and capital expenditure will conform to the projections made by Jie Cheng in the Traffic Report;

— depreciation policy assumption of the Target Company for the purpose of adjusting back non-cash item to the model;

— credit terms and repayment schedules of bank loans are provided by the management of the Target Company; and

— Target Company will retain competent management, key personnel, and technical staff to support the ongoing operation of the Weixu Expressway.

Summary of FCFE projection

The table below shows the projection of FCFE (in million RMB) for the valuation.

Year	Oct to Dec 2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Revenue	48	232	300	344	351	393	431	469	510	552	596	642	689	739	789	840	887	932	830	845	1,070	1,116	1,133	1,149	431
-Operating Costs	4	16	17	18	19	19	20	20	21	24	24	25	26	27	29	29	31	31	32	35	35	37	39	40	20
-Business Tax	2	8	10	11	11	13	14	15	17	18	20	21	23	24	26	28	29	31	27	28	35	37	37	38	14
-Depreciation	5	24	29	34	46	51	57	62	62	80	86	93	100	109	97	103	109	115	103	126	161	169	170	176	67
=EBIT	37	184	244	281	275	310	340	372	410	430	466	503	540	579	637	680	718	755	668	656	839	873	887	895	330
-Income Tax	—	38	61	70	69	77	85	93	103	108	117	125	135	145	159	170	179	188	167	164	210	218	222	224	83
+Depreciation	5	24	29	33	45	51	56	61	62	80	87	93	101	108	97	103	109	115	103	126	161	168	170	177	67
+/- Change of Net Working Capital	30	4	6	4	1	3	3	4	4	4	4	4	4	5	4	5	4	4	-10	2	21	4	2	1	-106
-Capital Expenditure	—	—	—	—	50	—	—	—	76	76	—	—	—	—	70	—	—	—	108	108	—	—	—	80	—
=FCFF	72	174	218	248	202	287	314	344	297	330	440	475	510	547	509	618	652	686	486	512	811	827	837	769	208
-Interest & Repayment of principal	-103	-252	-220	-245	-185	-267	-181	-255	-55	-52	-50	-49	-46	-44	-22	—	—	—	—	—	—	—	—	—	—
+ Repayment of Shareholder's Debt	421	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
=FCFE	390	-78	-2	3	17	20	33	89	242	278	390	426	464	503	487	618	652	686	486	512	811	827	837	769	208

DETERMINATION OF DISCOUNT RATE

The cost of equity (the "Re") is applied for calculation of the present value of cash flows. Discounting the future cash flows allows for the time value of money. For the purpose of valuing the Equity Interest, we have assessed the Modified Capital Asset Pricing Model ("MCAPM") to calculate the Re for the Target Company.

Development Cost of Equity (the "Re")

We considered the MCAPM to calculate the Re of the Target Company. Such method is considered a common method.

Modified Capital Asset Pricing Model

MCAPM, as applied to the Target Company, can be summarized as follows:

Re = Rf + Beta x RPm + RPs + RPu

Risk Free Return ("Rf")

Rf was found by looking at the yields of the Chinese government bonds. Ideally, the duration of the security used as an indication of Rf should match the horizon of the projected cash flows that were being discounted, which is until May 2035 in the present case. We relied on the Chinese Government Bond yield which will be matured on 17 May 2037 as at the Valuation Date.

Market Equity Premium ("RPm")

We adopted the recent 30 years equity risk premium of the market where the subject company is located and relied on International Equity Risk Premia Report Handbook 2011 published by Ibbotson Associates. For those markets that are not covered by the said publication, the equity risk premium of US market is multiplied by the relative volatility between S&P 500 Index and equity indices of respective country where the subject company is located to obtain the equity risk premium. The volatility of US equity market is obtained from Stocks, Bonds, Bills, and Inflation: 2011 Yearbook. The volatility of other equity indices is obtained from Bloomberg.

Beta

In the MCAPM formula, beta is a measure of the systematic risk of a particular investment relative to the market for all investment assets. We obtained betas for 8 identified publicly traded guideline companies from Bloomberg. The identified betas were unlevered to remove the effects of financial leverage on the indication of relative risk provided by the beta, and re-levered at the optimal industry capital structure. The deleveraging and re-leveraging of betas were obtained by following formulae.

$$\textbf{Un-levered beta}_i = \textbf{Levered beta}_i \ / \ \{1+(\textbf{Debt}_i \ / \ \textbf{Equity}_i) \times (1 - \textbf{Tax Rate}_i)\}$$

$$\textbf{Re-levered beta}_i = \textbf{Un-levered beta}_i \textbf{ x } \{1+(\textbf{Debt / Equity*}) \textbf{ x } (1 - \textbf{Tax Rate}_i)\}$$

where (Debt / Equity$_i$) is the capital structure of guideline public company i and (Debt / Equity*) is the optimal industry capital structure which is the median of capital structure of all guideline public companies.

Selection of Guideline Public Companies

As aforementioned, the guideline public companies are selected to compute beta in our determination of Re. One would start with a description of the subject company, in terms of lines of business, markets served, size and other criteria.

For this particular engagement, we have selected companies which are in the toll road operation industry, with preference given to ones whose main business operations are in China.

Guideline Public Companies		Ticker	Business Activities
1	Road King Infrastructure Limited	01098.HK	Investment, development, operation and management of toll highways and expressways in the PRC
2	Shenzhen Expressway Company Limited	00548.HK	Construction, management and operation of toll highways and expressways in the PRC.
3	Anhui Expressway Company Limited	00995.HK	Operation and development of toll expressways and highways in Anhui Province of the PRC.
4	Hopewell Highway Infrastructure Limited	00737.HK	Development and operation of roads, tunnels and bridges in Guangdong Province of the PRC.
5	Yuexiu Transport Infrastructure Limited	01052.HK	Development, investment in and operation of toll highways, expressways and bridges in the PRC.
6	Sichuan Expressway Company Limited	00107.HK	Development, investment and operation of toll roads, bridges and tunnels.
7	Zhejiang Expressway Company Limited	00576.HK	Designs, constructs, operates and manages high grade roads.
8	Jiangsu Expressway Company Limited	00177.HK	Constructs, operates, manages and maintains expressways in PRC.

The table below shows the levered beta, re-levered beta, net working capital as percentage of revenue and debt-to-equity ratio of each guideline public company

	Guideline Public Companies	Ticker	Levered Beta	Re-levered Beta	Net Working Capital as % of Revenue	Debt-to-Equity Ratio (%)
1	Road King Infrastructure Limited	01098.HK	0.763	0.302	190.19%	283.60%
2	Shenzhen Expressway Company Limited	00548.HK	0.764	0.499	-34.18%	138.80%
3	Anhui Expressway Company Limited	00995.HK	0659	0.697	-24.01%	34.70%
4	Hopewell Highway Infrastructure Limited	00737.HK	0.557	0.488	-4.92%	62.70%
5	Yuexiu Transport Infrastructure Limited	01052.HK	0.645	0.592	15.83%	54.10%
6	Sichuan Expressway Company Limited	00107.HK	0.717	0.809	-13.56%	24.10%
7	Zhejiang Expressway Company Limited	00576.HK	0.883	1.089	-15.99%	10.80%
8	Jiangsu Expressway Company Limited	00177.HK	0.847	0.957	17.48%	23.90%

Median Levered Beta	Median Re-levered Beta	Median Net Working Capital as % of Revenue	Median Debt-to-Equity Ratio (%)
0.740	0.644	-9.24%	44.40%

Small Company Premium ("RPs")

RPs, over the risk premium for the market, can be calculated by subtracting the estimated return in excess of the riskless rate from the realized return in excess of the riskless rate of companies. In the case of the Target Company, we applied the size premium return in excess of MCAPM of companies in the Micro cap segment of NYSE/AMEX/ NASDAQ in the United States. We relied on the studies performed by Ibbotson Associates as reflected in their Stocks, Bonds, Bills, and Inflation: 2011 Yearbook.

Specific Company Adjustment ("RPu")

RPu for unsystematic risk attributable to the specific company is designed to account for additional risk factors specific to the Target Company.

Firm specific risk factors may include the following:

— Competition

— Customer Concentration

— Size

— Poor Access to Capital

— Thin Management

— Lack of Diversification

— Environmental

— Litigation

— Distribution Channels

— Old Technology

— Company Outlook

In the case of the Target Company, we believe it was unnecessary to apply an RPu to the cost of equity as none of the above risk factors are of a concern, and that all relevant risks are properly reflected in the cost of equity and the RPs.

Cost of Equity Conclusion

The calculation of MCAPM therefore becomes:

MCAPM

Risk Free Rate ("Rf")	4.149%
Beta	0.644
Equity Risk Premium ("ERP")	7.80%
Small Company Premium ("RPs")	4.07%
Specific Company Adjustment ("RPu")	0.00%
Return of Equity ("Re") (rounded)	13.25%

Internal Rate of Return Analysis (the "IRR")

The internal rate of return ("IRR") refers to the discount rate that if applied to a stream of cashflows will provide a present value that equates to the cost of the investment. Based on our analysis, the discount rate conclusion from the development of the MCAPM with the IRR is 14.78%, of the acquisition of Equity Interest.

Sensitivity Analysis

The discount rate is a critical factor in determining the value of Equity Interest and the value of Equity Interest would be affected by applying different discount rate. Therefore, we conducted a sensitivity analysis of the value of Equity Interest based on the change of discount rate. The summary of sensitivity analysis is stated as below.

Discount Rate — Return of Equity ("Re")	**Fair Value of Equity Interest** *(RMB)*
10.25%	2,378,000,000
11.25%	2,128,000,000
12.25%	1,913,000,000
13.25%	**1,728,000,000**
14.25%	1,567,000,000
15.25%	1,427,000,000
16.25%	1,306,000,000

LIMITING CONDITIONS

We have made no investigation of and assumed no responsibility for the title to or any liabilities against the Target Company valued.

The opinions expressed in this report have been based on the information supplied to us by the Company and their staff, as well as from various institutes and government bureaus without verification. All information and advice related to this valuation are provided by the company management reader of this report may perform due diligence themselves. We have exercised all due care in reviewing the supplied information. Although we have compared key supplied data with expected values, the accuracy of the results and conclusions from the review are reliant on the accuracy of the supplied data. We have relied on this information and have no reason to believe that any material facts have been withheld, or that a more detailed analysis may reveal additional information. We do not accept responsibility for any errors or omissions in the supplied information and do not accept any consequential liability arising from commercial decision or actions resulting from them.

This valuation reflects facts and conditions existing at the Valuation Date. Subsequent events have not been considered, and we have no obligation to update our report for such events and conditions.

SYNTHESIS AND RECONCILIATION

The following comparative data summarizes the various methods that we have accepted or considered and rejected, along with their respective final values. Each method is rated relative to the applicability of the method relative to the facts and circumstances of the Target Company, and strengths/ weaknesses are discussed.

Asset Approach

Replacement Costs Method, Adjusted Book Value Method . . . . .N/A
Application . . . . .Rejected

Market Approach

Guideline Public Transactions Method . . . . .N/A
Application . . . . .Rejected

Income Approach

Discounted Cash Flow Method . . . . .RMB 1,728,000,000
Application . . . . .Accepted

CONCLUSION OF VALUE

In conclusion, based on the investigation and analysis stated above and on the valuation methods employed, it is our opinion that the 100% equity interest of Henan Ruibeika Industrial Company Limited as of 30 September 2011 is as follows:

Fair Value	**RMB**
100% Equity interest of Henan Ruibeika Industrial Company Limited	1,728,000,000

The opinion of value was based on generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and consideration of many uncertainties, not all of which can be easily quantified or ascertained.

We hereby certify that we have neither present nor prospective interests in the subject under valuation. Moreover, we have neither personal interests nor bias with respect to the parties involved.

This valuation report is issued subject to our general service conditions.

Yours faithfully,
GREATER CHINA APPRAISAL LIMITED

Analyzed and reported by:
Rachel S.K. Au, *CVA, CPA*
Director

Ms. Rachel S.K. Au, CPA, Certified Valuation Analyst (CVA) of the International Association of Consultants, Valuators and Analysts (IACVA), is experienced in performing business and intangible asset valuation & advisory for both private and public companies for various purposes, including financial reporting, merger and acquisition, restructuring, disposal, liquidation and litigation. Her experience covers diverse industries, including healthcare, financial services, mining, toll road, information technology, manufacturing and retail.

Kenneth H.M. Ng
Assistant Manager

Mr. Kenneth H.M. Ng has substantial experience in valuation of business and intangible assets including operating licenses, mining licenses, trading contracts, customer bases, tradename and trademark. His experience covers wide range of industries including healthcare, financial services, mining, toll road, information technology, manufacturing and retail.

GENERAL SERVICES CONDITIONS

The service(s) provided by Greater China Appraisal Limited will be performed in accordance with professional appraisal standards. Our compensation is not contingent in any way upon our conclusions of values. We assume, without independent verification, the accuracy of all data provided to us. We will act as an independent contractor and reserve the right to use subcontractors. All files, workpapers or documents developed by us during the course of the engagement will be our property. We will retain this data for at least five years.

Our report is to be used only for the specific purposes stated herein and any other use is invalid. No reliance may be made by any third party without our prior written consent. You may show our report in its entirety to those third parties who need to review the information contained herein. No one should rely on our report as a substitute for his or her own due diligence. No reference to our name or our report, in whole or in part, in any document you prepare and/or distribute to third parties may be made without our written consent.

You agree to indemnify and hold us harmless against and from any and all losses, claims, actions, damages, expenses or liabilities, including reasonable attorneys' fees, to which we may become subjects in connection with this engagement. You will not be liable for our negligence. Your obligation for indemnification and reimbursement shall extend to any controlling person of Greater China Appraisal Limited, including any director, officer, employee, subcontractor, affiliate or agent. In the event we are subject to any liability in connection with this engagement, regardless of legal theory advanced, such liability will be limited to the amount of fees we received for this engagement.

We reserve the right to include your company/firm name in our client list, but we will maintain the confidentiality of all conversations, documents provided to us, and the contents of our reports, subject to legal or administrative process or proceedings. These conditions can only be modified by written documents executed by both parties.

The following is the text of a letter, prepared for inclusion in this circular, received from Jie Cheng Consultants Limited in connection with the traffic forecasts for the Weixu Expressway.

杰誠顧問有限公司
Jie Cheng Consultants Ltd.

Room 602,
Chung Wai Commercial Building,
447-449, Lockhart Road,
Hong Kong

28 November 2011

The Directors
Yuexiu Transport Infrastructure Limited

Dear Sirs,

TRAFFIC STUDY FOR YUEXIU TRANSPORT INFRASTRUCTURE LIMITED
WEISHI TO XUCHANG EXPRESSWAY, HENAN PROVINCE
EXECUTIVE SUMMARY

1. INTRODUCTION

In accordance with your instruction to Jie Cheng Consultants Limited (the "**Consultants**") to conduct a Traffic and Toll Revenue Forecast and an Operation and Maintenance Costs Estimate Study (the "**Study**") for the tolled Weishi to Xuchang Expressway (the "**Weixu Expressway**") in Henan Province, the People's Republic of the PRC for the Yuexiu Transport Infrastructure Limited (the "**Company**") for the purpose of valuation of the Weixu Expressway and the inclusion in the Company's circular of even date. This report summarizes the results and findings based on the technical analyses conducted. The Consultants confirm that an independent traffic and toll revenue forecast and an operation and maintenance costs estimate have been prepared for the Weixu Expressway.

The Weixu Expressway is part of the Rizhao to Nanyang Expressway. It is also part of the Lankao to Nanyang Expressway which is one of the six trunk route forming part of the expressway network of Henan Province. It is an important link between Shangdong, Henan, Hubei Provinces and the area south of Hubei Province.

The Weixu Expressway is located at the Xuchang County (許昌縣) and the Yanling County (鄢陵縣) of Xuchang City (許昌市) which is located in the middle of Henan Province and Weishi County (尉氏縣) of Kaifeng City (開封市), Henan Province, the PRC and is the middle section of the Lannan Expressway (蘭南高速). Weixu Expressway starts from Zhangzhuangxi (張莊西) which is at the northeast of Weishi County at Weishi interchange in Lankao-Weishi Expressway, it extends southwest and ends at the Sunliuzhao (孫劉趙) interchange in Xu-Ping-Nan Expressway (許平南高速) through which it also intersects with the G4 Expressway (京港澳高速). At northeast direction the Weixu Expressway connects the expressway network of Shandong Province through the Lankao-Weishi Expressway and at southwest it connects Xiangfan City (襄樊市), Hubei Province through Erguang Expressway (二廣高速). The toll length of the Weixu Expressway is 64.284 km. The design speed is 120km/h. The Weixu Expressway is a dual 3-lane expressway without hard shoulder but is equipped with emergency parking bay along the length of the expressway. The construction of the Weixu Expressway commenced on November 2003 and was completed for operation on November 2005 with a final project cost of RMB2.005 billion (i.e. RMB31.19 million per km). Two toll stations were located at the north and west of Yanling County.

The location of the Weixu Expressway is given in Figure 1.

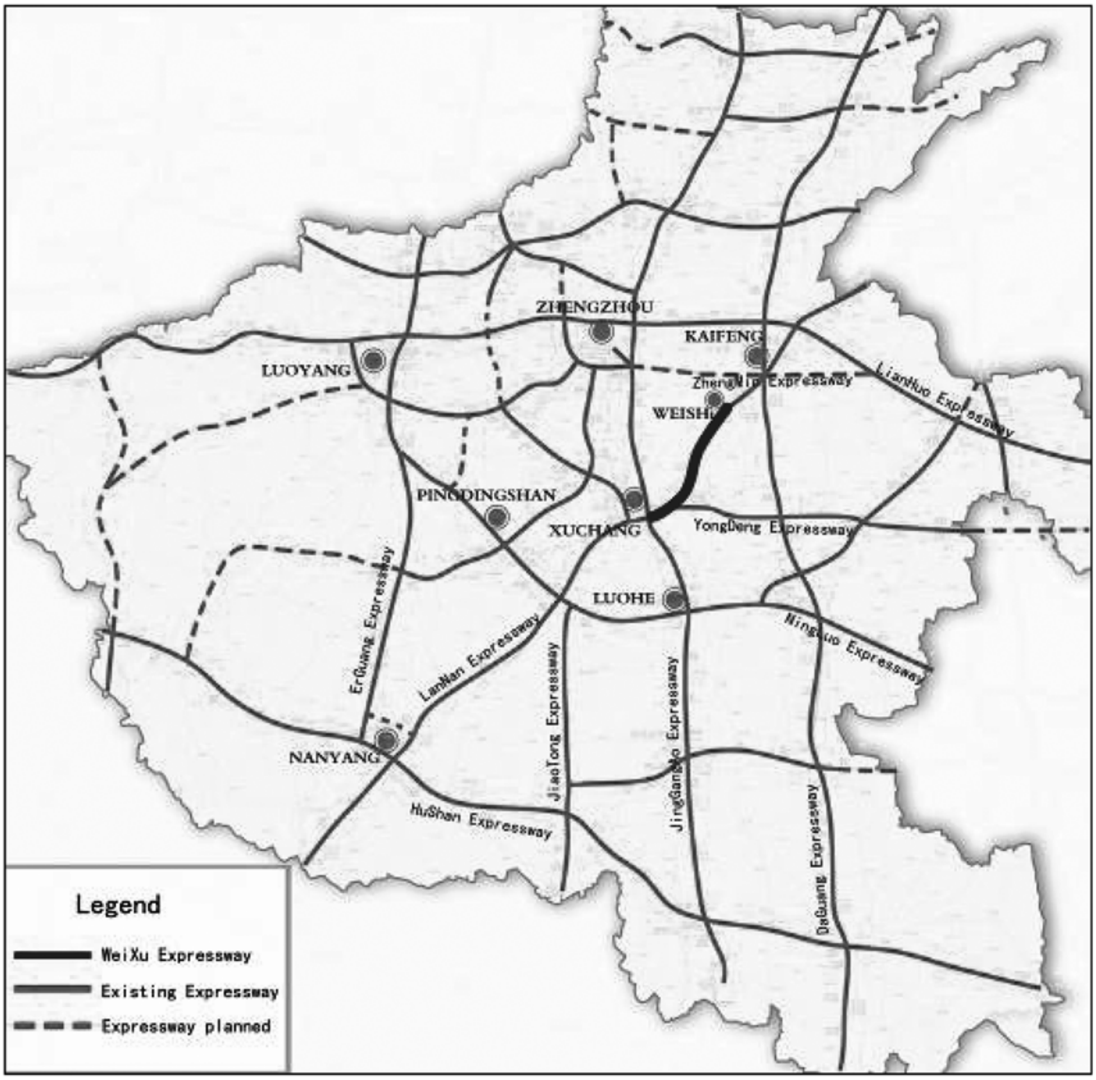


Figure 1 Location of the Weixu Expressway

In conducting the Study, the Consultants have based on their analysis on the information collected during the traffic survey and site visit conducted from 19 May 2011 to 21 May 2011 and from 30 May 2011 to 5 June 2011; interview with the management and staff of the Weixu Expressway and other relevant information collected during and after the site visits. In utilizing the given information from the Weixu Expressway Management Company, the Consultants have sought confirmation from the management of the Weixu Expressway that no material factors have been omitted. The Consultants consider that they have been provided with sufficient information to reach an informed view of the Study. The Study is completed using reasonable assumptions and a widely accepted methodology with an independent, scientific, professional, diligent and prudent approach. The result of the Study has been reviewed and endorsed by the Consultants' senior staff.

2. OBJECTIVE AND SCOPE OF SERVICES

According to the Consultancy Agreement between the Company and the Consultants, the Consultants are required to:

- Carry out a traffic and toll revenue forecast for the Weixu Expressway from 1 January 2011 to 15 May 2035; and

- Estimate the operation and maintenance costs for the Weixu Expressway from 1 January 2011 to 15 May 2035.

The detail scope of works includes:

- Forecast the regional economic development trend;

- Analyze trends of the regional traffic growth;

- Understand the future development of road network in the adjoining area;

- Conduct an independent traffic survey;

- Develop a traffic and revenue forecast model;

- Screen, collate and calibrate the basic data prior to adopting in the traffic forecast model; and

- Prepare an operation and maintenance costs estimate report.

3. RELEVANT INFORMATION AND DATA

The Study was carried out based on the following information

- Engineering Feasibility Study Report and the Supplementary Feasibility Report for the Weixu Expressway;
- The historical GDP and planning data of Xuchang, Kaifeng, Zhengzhou, Pingdingshan, Luohe, Nanyang, Henan, Shandong, Hebei, Hubei, Hunan and the planned GDP targets for the above provinces and cities;
- The annual traffic, toll revenue information of the Weixu Expressway provided by the Weixu Expressway Management Company including :

  (1) Monthly exit traffic data from the two toll stations from March 2007 to April 2011 for the Weixu Expressway;

  (2) Monthly entry traffic data from the two toll stations from November 2005 to April 2011 for the Weixu Expressway;

  (3) Monthly toll revenue from November 2005 to April 2011 for the Weixu Expressway; and

  (4) Detail traffic data including vehicle types for each cross section of the Weixu Expressway from November 2005 to April 2011.

- The independent 24 hours traffic survey data conducted by the Consultants from 8 a.m 1 June 2011 to 8 a.m 2 June 2011 at Weixu Expressway;
- The independent 12 hours traffic survey data conducted by the Consultants from 7 a.m to 7 p.m on 1 June 2011 at Provincial Highway S220 and S219;
- The documents approving the existing toll rates for the Weixu Expressway;
- The document concerning the toll charge by weight policy for goods vehicles;
- The planning documents for Xuchang and Kaifeng;
- Henan Provincial Highway Network Planning information; and
- Other relevant national Specifications.

4. TRAFFIC AND REVENUE FORECASTING METHODOLOGY

The traffic and revenue forecast is based on conventional method widely adopted for the forecasting of traffic and toll revenue for expressway with a closed toll collection system and has been widely adopted to similar toll road traffic forecast in the PRC. The traffic and revenue forecasting methodology for the Study is given in the Figure 2.

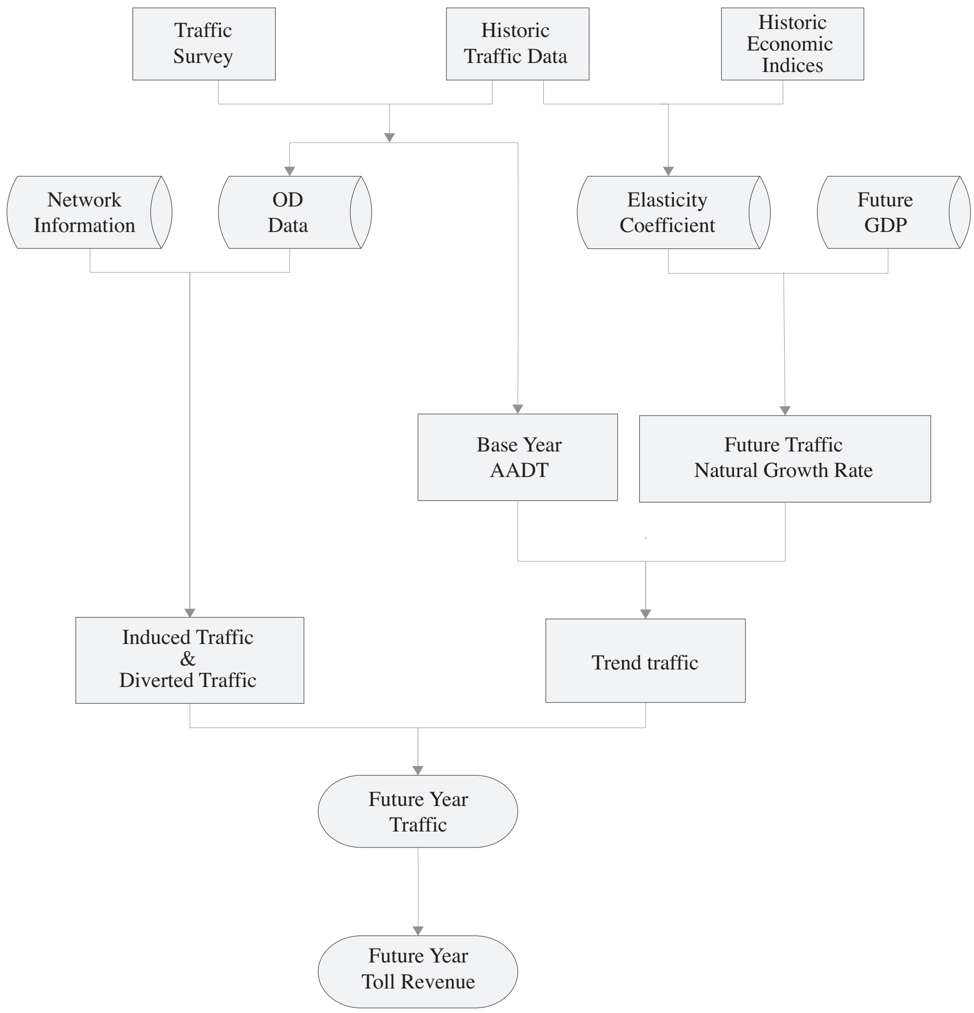


Figure 2 Traffic and Revenue Forecast Model

Notes:

- OD DATA.

O means "Original" and D means "Destination". OD data can be used to determine the route chosen by a vehicle.

- AADT

AADT is "Average Annual Daily Traffic" and when multiply by 365 will give the annual traffic volume.

5. MAJOR ASSUMPTIONS

5.1 Factors affecting the result of the traffic and toll revenue forecast

5.1.1 The Consultants have based on published data from the national authority and the research results from international organizations to determine the future GDP growth factors. However, the GDP growth in future years would be affected by the trend of the international economic development, macro economical control policy in PRC, regional industrial policy and other unpredicted social, economic and natural events. Therefore, over the forecast period, there will be a risk that the actual GDP growth values will be higher or lower than the predicted values.

5.1.2 The Consultants have assumed that the current toll free policy for goods vehicle carrying agricultural products along the entire toll road starting from 1 December 2010 would continue throughout the concession period of the Weixu Expressway. If there is any change in this policy, the toll revenue for the Weixu Expressway will increase or decrease according to the change in the regulations.

5.1.3 The section of the Daguang Expressway in Hebei Province was opened to traffic at the end of 2010. This positive effect has resulted in a substantial growth in both traffic and toll revenue for the Weixu Expressway since the beginning of 2011.

5.1.4 Due to a very high percentage of long distance traffic along the Weixu Expressway, the completion of new expressways adjacent to the Weixu Expressway will result in either positive or negative impact on the traffic using the Weixu Expressway. Based on information collected during the due diligence site visit, the following new expressways will be completed in the next few years:

- Sections of the Daguang Expressway in Hubei Province, Jiangxi Province and Guangdong Province;
- Section of the Erguang Expressway in Hunan Province and Guangdong Province;
- Widening of the G4 Expressway, Hebei Section; and
- The Zhengzhou to Minquan Expressway and the second phase of the Shangzhou Expressway at the vicinity of Weixu Expressway.

If the completion dates of any of the above expressways is advanced of delayed, the traffic and toll revenue forecast the will be affected.

5.1.5 As the expressway network in Henan Province is well-developed, vehicles may choose different routes between their origin and destination. To calculate toll charge for each vehicle and to distribute toll revenue to each of the expressway operators, the current toll policy calculates the toll charge by the shortest route and assigns the entire toll charge to expressway along this shortest route initially. A secondary toll adjustment is then conducted based on a "Probability Principle". The consultant calculated the traffic and toll revenue based the principles described above in the forecast.

According to currently available information, the Henan Provincial Transport and Communications Department (河南省交通運輸廳) will install a vehicle identification system along the entire expressway network in Henan Province in the future to track the route of each vehicle using the Henan Province expressway network so as to determine the exact route of each vehicle and to calculate toll charges accordingly. On completion of this vehicle identification system, each expressway operator will get the entire toll for vehicles using its expressway and secondary distribution of toll revenue will not be required. If this system can be put into use, the traffic and toll revenue will be different.

5.1.6 The Consultants have predicted that two major highway maintenances for the Weixu Expressway will be conducted before the end of the concession period in 2035. Preventive pavement maintenance will also be conducted in between the two major highway maintenances. The effects of these highway maintenance works on the traffic using the Weixu Expressway have been considered in the traffic and toll revenue forecast.

5.1.7 The consultants conducted a traffic survey along S220 and S219 to check if there is any impact on the traffic forecast for Weixu Expressway from these two Provincial Highway because S220 and S219 (both are 2 lanes Provincial Highway) are two parallel highways to Weixu Expressway.

The outcome of the traffic survey is discussed below:

Provincial Highway S220 and S219 are both two lanes highway which pass through many local villages. The motorised traffic was mixed with pedestrians, non-motorised vehicles and bicycles. Shops and markets are located along the two highways. Therefore, the average speed of the traffic along these two highways is less than 50 km/hr. The traffic survey showed that traffic along both highways consisted of small passenger and goods vehicles (over 70 %) serving the local community and are mainly locally registered vehicles as indicated in their vehicle registration plate. The traffic along Weixu Expressway is primarily long distance traffic (over 90%). These two highways and the Weixu Expressway have been operating together since November 2005 and any competing effect on traffic between these three roads should have been stabilised. Based on the above findings, the Consultants are of the opinion that S220 and S219 would not pose any material diversion impact on the traffic of Weixu Expressway.

5.2 Expressways under construction that will have an impact on the traffic and toll revenue of the Weixu Expressway

Table 1 Planned Completion Dates of New Expressways Adjacent to the Weixu Expressway that will have an Impact the Traffic and Toll Revenue Forecast

Name of Expressway	**Planned Opening Date**
The section of the Daguang Expressway in Hubei Province	At the end of 2011
The section of the Daguang Expressway in Jiangxi Province	At the end of 2012
The section of the Daguang Expressway in Guangdong Province	At the end of 2013
The section of the Erguang Expressway in Hunan Province	At the end of 2013
The section of the Erguang Expressway in Guangdong Province	At the end of 2014
Zhengzhou to Minquan Expressway	At the end of 2012
The Phase Two of Shangzhou Expressway	At the end of 2012

5.3 Road Capacity

The Weixu Expressway is designed to a dual 3-lane expressway standard (without hard shoulder but is equipped with emergency parking bay along the length of the expressway) with a design speed of 120 km/h. Adopting a class 3 level of service, the road traffic capacity for the Weixu Expressway is 70,000PCU per day, approximately 40,000 vehicles per day.

5.4 Toll Rates

Toll Rates for Different Vehicle Classification

Table 2 Toll Rate for Different Vehicle Classification

Class	Goods Vehicles (GV)	Toll Rate (RMB Yuan/km)	Passenger Vehicles (PV)	Toll Rate (RMB Yuan/km)
A	< 2 tons (2 tons not included)	0.45	< 10 seats (10 seats not included)	0.45
B	2~5 tons (5 tons not included)	0.70	10~30 seats(30 seats not included) ; < 23 seats sleeping car	0.65
C	5~8 tons (8 tons not included)	1.30	30 seats; 23 seats sleeping car	1.00
D	8~20 tons (20 tons not included)	1.65		
E	20~40 tons (40 tons not included)	2.00		
F	≧40 tons	RMB 0.08 Yuan/ton-km		

Weight Based Toll Rates for Goods Vehicles

All goods vehicle will be weighted at the exit toll station. The basic toll rate for goods vehicle is RMB 0.10 Yuan/ton-km. For goods vehicle with a gross weight equal to or less than 15 tons without over-weight, toll charge will be calculated on this basic toll rate. For goods vehicle with a gross weight above of 15 tons and without over-weight, the basic toll charge for gross weight over 15 tons will be calculated at a basic toll rate of RMB 0.04 Yuan/ton-km.

For over-weight goods vehicle, the over-weight portion will be charges as follows:

I. If the over-weight is less than or equal to 30%, the toll charge will be calculated from the gross weight and the basic toll rate;

II. If the over-weight is between 30% and 100%, the toll charge for the over-weight portion below 30 % will be calculated using the basic toll rate. For the portion of over-weight from 30% to 100%, a penalty of 3 times to 5 times the basic toll rate will be charged. The penalty rate will increase from 3 times to 5 times linearly between 30% to 100%;

III. If the over-weight is more than 100%, the toll charge for the over-weight portion below 30 % will be calculated using the basic toll rate. For the portion of over-weight from 30% to 100%, a penalty of 3 times to 5 times the basic toll rate will be charged. The penalty rate will increase from 3 times to 5 times linearly from 30% to 100%. For the over-weight portion exceeding 100%, penalty charge will be calculated at 5 times the basic toll rate.

Normally all Goods Vehicles are charged according to the "weight based toll rates" standard as described after Table 2. The toll rates for Goods Vehicles in Table 2 are only applicable in emergency when the weighting equipment in toll station is out of service.

For the purpose of calculating toll revenue from Goods Vehicles in the revenue forecast model, "Weight Based Toll Charge" has been used for all the revenue forecasting cases.

6. SUMMARY OF TRAFFIC FORECAST PROJECTION

The base year for the traffic and revenue forecast is 2011. Tables 3 to 5 show the result of the traffic and toll revenue forecast:

Table 3 Average Annual Daily Traffic for the Weixu Expressway (vehicles per day)

Year	Optimistic	Base	Conservative
2011	6,339	5,991	5,648
2012	7,747	7,186	6,643
2013	10,012	9,116	8,251
2014	11,599	10,493	9,425
2015	12,227	10,906	9,680
2016	13,758	12,220	10,820
2017	15,126	13,405	11,873
2018	16,564	14,646	12,925
2019	18,094	15,960	14,045
2020	19,714	17,346	15,200
2021	21,426	18,803	16,384
2022	23,229	20,331	17,602
2023	25,122	21,927	18,852
2024	27,085	23,573	20,141
2025	29,111	25,263	21,467
2026	31,194	26,991	22,826
2027	32,851	28,749	24,215
2028	34,352	30,530	25,629
2029	27,751	27,750	25,311
2030	27,796	27,788	26,301
2031	39,056	34,698	29,983
2032	40,555	35,998	31,453
2033	40,713	37,306	32,458
2034	40,765	38,618	33,461
2035	40,813	39,925	34,458

Note:

1. For the Optimistic Traffic Forecast Case, the section between Xufu Interchange and Sunliuzhao Interchange will reach its road traffic capacity in 2027. In 2029 and 2030, during the major maintenance period, all sections of the Weixu will reach its road traffic capacity. In 2032, the section between West Yanling and Xufu Interchange will reach its road traffic capacity. From 2033 onward, all section of the Weixu Expressway will reach its road capacity.

2. For the Base Traffic Forecast Case, all sections of the Weixu will reach its road traffic capacity in 2029 and 2030, during the major maintenance period. The section between Xufu Interchange and Sunliuzhao Interchange will reach its road traffic capacity in 2031.

3. For the Conservative Traffic Forecast Case, all sections of the Weixu will reach its road traffic capacity in 2029 and 2030, during the major maintenance period. The section between Xufu Interchange and Sunliuzhao Interchange will reach its road traffic capacity in 2032.

4. The significant reduction in traffic volume in 2029 and 2030 for all the traffic forecast cases is a result of the major maintenance planned during these two years. The estimated road traffic capacity during the major maintenance is around 27,000 to 28,000 vehicles/day.

Table 4 Annual Average Traffic Growth Rates

Year	Optimistic	Base	Conservative
2011	—	—	—
2012	22.2%	20.0%	17.6%
2013	29.2%	26.9%	24.2%
2014	15.9%	15.1%	14.2%
2015	5.4%	3.9%	2.7%
2016	12.5%	12.0%	11.8%
2017	9.9%	9.7%	9.7%
2018	9.5%	9.3%	8.9%
2019	9.2%	9.0%	8.7%
2020	9.0%	8.7%	8.2%
2021	8.7%	8.4%	7.8%
2022	8.4%	8.1%	7.4%
2023	8.1%	7.9%	7.1%
2024	7.8%	7.5%	6.8%
2025	7.5%	7.2%	6.6%
2026	7.2%	6.8%	6.3%
2027	5.3%	6.5%	6.1%
2028	4.6%	6.2%	5.8%
2029	-19.2%	-9.1%	-1.2%
2030	0.2%	0.1%	3.9%
2031	40.5%	24.9%	14.0%
2032	3.8%	3.7%	4.9%
2033	0.4%	3.6%	3.2%
2034	0.1%	3.5%	3.1%
2035	0.1%	3.4%	3.0%

Note: The growth rate for the Optimistic Traffic Forecast Case will slow down from 2027 when some section of the Expressway start to reach its road capacity. The growth rate for the Base Traffic Forecast Case will slow down from 2031 when some section of the Expressway start to reach its road capacity.

Table 5 Annual Toll Revenue (in million RMB)

Year	**Optimistic**	**Base**	**Conservative**
2011	202	190	178
2012	251	231	212
2013	331	299	268
2014	382	343	306
2015	396	350	307
2016	444	391	343
2017	486	427	375
2018	531	466	407
2019	578	506	441
2020	627	548	476
2021	680	593	512
2022	735	639	549
2023	792	687	587
2024	851	737	626
2025	912	788	666
2026	975	840	707
2027	1,026	893	748
2028	1,073	946	791
2029	872	870	787
2030	872	869	818
2031	1,220	1,075	921
2032	1,266	1,115	965
2033	1,271	1,156	996
2034	1,271	1,197	1,028
2035	470	458	392

Explanation on forecast result

A. ***Impact from major maintenance and national inspection maintenance***

Two major maintenances for the Weixu Expressway will be carried out in 2019/2020 and 2029/2030 respectively. The road traffic capacity during the major maintenance period is estimated to be 27,000 to 28,000 vehicles/day.

In 2019 the forecasts AADT for the Optimistic, Base and Conservative Cases are 18,094, 15,960 and 14,045 respectively, which are well below the road capacity during the period of major maintenance in 2019. The same reason is also applicable during 2020. Therefore, no adjustment to the traffic and toll revenue forecasts has been made during the first major maintenance period.

In 2029 the forecasts AADT for the Optimistic, Base and Conservative Cases are 37,000, 33,000 and 28,000 respectively. However, these traffic volumes have exceeded the road traffic capacity of 27,000 to 28,000 vehicles/day during the major maintenance period. In this circumstance vehicles will not be able to travel smoothly at the speed limit and some traffic congestion may occur. Therefore traffic volume has been kept to less than 28,000 vehicles per day in 2029 and 2030 to reflect the reduction in traffic flow during the second major maintenance period. On completion of the major maintenance, traffic will go back to the normal trend.

During the year of 2015, 2025 and 2034, the maintenance work can be planned and executed to minimize the interruption to the traffic flow and therefore, it is not necessary to reduce the forecast traffic flow during these periods.

B. ***Impact from outer factors***

Other than traffic growth due to GDP growth, a combination of different factors has affected the traffic growth rate from 2012 to 2016. These factors include:

(i) From 2013 to 2014, the Hebei section of Jinggangao Expressway (G4) will undergo a road widening construction period (refer to section 5.1.4) and will cause traffic congestion. Some traffic using the Hebei section of the Jinggangao Expressway heading for Hubei Province will change to use the Hebei section of the Daguang Expressway (G45) and Weixu Expressway to go to Hubei Province. Therefore, this diverted traffic will help to maintain a high traffic growth rate from 2103 to 2014.

In 2015, the road widening works for the Jinggangao Expressway will be completed and the diverted traffic onto the Weixu Expressway will be shifted back to the Jinggangao Expressway. Therefore, traffic growth will drop substantially.

(ii) With the completion of Guangdong section of Erguang Expressway (section 5.2) at the end of 2014, additional induced traffic will cause an high growth rate to Weixu Expressway in 2015 and 2016. Comparing to the relatively low traffic growth in 2015 due to diversion traffic from Weixu Expressway to Jinggangao Expressway (G4) (refer to above paragraph), the traffic growth in 2016 appears to be significant.

C. The revenue for 2035 is calculated to 15 May 2035 and therefore, there are only 135 days for the revenue forecast instead of 365 days in 2035.

7. OPERATION AND MAINTENANCE COSTS ESTIMATE

The Consultants have estimated the operation and maintenance costs for the Weixu Expressway based on the following information:

- Quantity of different types of maintenance works;
- Quality of the Weixu Expressway;
- Current maintenance contracts;
- Unit price of various types of maintenance works; and
- Information collected during the interview with staff and senior management of the Weixu Expressway.

The result of the operation and maintenance costs is presented in the following table.

Table 6 Operation and Maintenance Costs (in million RMB)

Year	Operation and Maintenance Costs	Year	Operation and Maintenance Costs
2011	15.5	2024	26.9
2012	16.2	2025	99.0
2013	17.1	2026	29.4
2014	18.0	2027	30.6
2015	69.4	2028	30.7
2016	19.4	2029	139.8
2017	20.4	2030	142.8
2018	20.1	2031	35.5
2019	97.1	2032	37.2
2020	99.7	2033	38.7
2021	23.6	2034	120.1
2022	24.6	2035	20.3
2023	25.8		

The main conclusions of the operation and maintenance costs estimate are:

I. It is estimated that two major highway maintenances will be conducted in 2019 and 2029. The estimated cost is RMB152 million and RMB215 million. The major maintenance cost will be spread in two years.

II. A sum of RMB50 million, RMB70 million and RMB80 million approximately has been allowed in 2015, 2025 and 2034 for improvement of the quality of the Weixu Expressway prior to the National Expressway Quality Inspection Program.

8. CONCLUSIONS

The Consultants conclude that the Traffic and Toll revenue Forecast and the Operation and Maintenance Costs Estimate Report prepared from the above methodology and assumptions are in line with common professional practice. The forecast results can be used by the Company as a reference document for the valuation of the Weixu Expressway as long as the risk factors are fully considered. Full details of the Study and data are presented in the "Henan Weixu Expressway Traffic Study Report".

Yours sincerely,

Albert Cheung Chung Hoi
FHKIHT, FIHT, FHKIE, MICE
Managing Director
Jie Cheng Consultants Limited

Albert Cheung is a Fellow of the Hong Kong Institution of Engineers, Hong Kong Institution of Highways and Transportation and Institution of Highways and Transportation, UK. He is also a Member of the Institution of Civil Engineers, UK.

He is the Managing Director of Jie Cheng Consultants Ltd and has over 35 years of experience in conducting investigation, feasibility study, design, construction supervision and technical audit of multi-disciplinary infra-structures projects in Mainland China and Hong Kong. He has specialized in conducting due diligence study for toll highways since 1990 and has been the Project Director for traffic consultant company assisting infrastructure company IPO listing in Hong Kong.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

(a) Directors and chief executive

Save as disclosed below, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had, or was deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies under the Listing Rules, to be notified to the Company and the Stock Exchange:

Name of Director	Interest in the Company or its associated corporations	Capacity in holding interest	Approximate % of shareholding in the total issued shares	Long position	Short position
Mr. Liang Ningguang	Company	Beneficial owner	0.002	34,950 shares	Nil
Mr. Li Xinmin	Company	Beneficial owner	0.012	200,000 shares	Nil
Mr. Qian Shangning	Company	Beneficial owner	0.015	250,000 shares	Nil
Mr. Lau Hon Chuen Ambrose	Company	Beneficial owner	0.012	195,720 shares	Nil

(b) **Substantial Shareholders**

As at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, the following persons (other than the Directors and chief executive of the Company) had, or was deemed or taken to have, an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital, carrying rights to vote in all circumstances at general meetings of the Company:

Name	Capacity in holding interest	Long/Short position	Approximate % of shareholding in Shares	Number of Shares held
廣州越秀集團有限公司 (Guangzhou Yue Xiu Holdings Limited) *(Note 1)*	Interest of controlled corporations	Long position	60.65	1,014,796,050
Yue Xiu Enterprises (Holdings) Limited *("Yue Xiu Enterprises")* *(Note 1)*	Beneficial owner and interest of controlled corporations	Long position	60.65	1,014,796,050
Grace Lord Group Limited *(Note 2)*	Beneficial owner	Long position	34.57	578,428,937
First Dynamic Limited *(Note 3)*	Interest of controlled corporation	Long position	21.96	367,500,000
Housemaster Holdings Limited *(Notes 2 & 3)*	Beneficial owner	Long position	21.96	367,500,000
Matthews International Capital Management, LLC	Investment manager	Long position	7.02	117,581,000

Notes:

(1) The entire issued share capital of Yue Xiu Enterprises is owned by 廣州越秀集團有限公司 (Guangzhou Yue Xiu Holdings Limited). By virtue of the SFO, 廣州越秀集團有限公司 (Guangzhou Yue Xiu Holdings Limited) is deemed to be interested in the 1,014,796,050 Shares which Yue Xiu Enterprises is interested in as described in note 2 below.

(2) Yue Xiu Enterprises owns an aggregate of 1,014,796,050 Shares of which 8,653 Shares are held by it as beneficial owner. By virtue of the SFO, Yue Xiu Enterprises is also deemed to be interested in the balance of 1,014,787,397 Shares through its wholly-owned subsidiaries, namely, Grace Lord Group Limited, Housemaster Holdings Limited, Yue Xiu Finance Company Limited, Dragon Year Industries Ltd. and Greenwood Pacific Limited.

(3) First Dynamic Limited, a wholly-owned subsidiary of Yue Xiu Enterprises, owns the entire issued share capital of Housemaster Holdings Limited. By virtue of the SFO, First Dynamic Limited is deemed to be interested in the 367,500,000 Shares held by Housemaster Holdings Limited.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, there was no person (other than the Directors and chief executive of the Company) who had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or, had direct or indirect interests amounting to 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or were required, pursuant to section 336 of the SFO, to be entered in the register referred to therein.

(c) **Interests in other members of the Group**

Save as disclosed below, so far as is known to any Director or chief executive of the Company, as at the Latest Practicable Date, no person (other than members of the Group) were interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the members of the Group (other than the Company).

Name of subsidiaries	**Name of substantial shareholders**	**Approximate % of interest held**
廣州市南新公路發展有限公司 (Guangzhou Nanxin Highways Development Company Limited*)	廣州市高速公路有限公司 (Guangzhou Expressway Co., Ltd.*)	20
廣州市太龍公路發展有限公司 (Guangzhou Tailong Highways Development Company Limited*)	廣州市高速公路有限公司 (Guangzhou Expressway Co., Ltd.*)	10
廣州市維安公路發展有限公司 (Guangzhou Weian Highways Development Company Limited*)	廣州市高速公路有限公司 (Guangzhou Expressway Co., Ltd.*)	20
廣州市新廣公路發展有限公司 (Guangzhou Xinguang Highways Development Company Limited*)	廣州市高速公路有限公司 (Guangzhou Expressway Co., Ltd.*)	10
廣州市北二環高速公路有限公司 (Guangzhou Northern Second Ring Expressway Co., Ltd.*)	廣州市高速公路有限公司 (Guangzhou Expressway Co., Ltd.*)	30
	廣東省公路建設有限公司 (Guangdong Expressway Construction Co., Ltd*)	10

Name of subsidiaries	Name of substantial shareholders	Approximate % of interest held
湖南越通路橋發展有限公司 (Hunan Yue Tung Highway and Bridge Development Company Limited*)	中國湘潭湘橋發展股份有限公司 (China Xiangtan Xiangqiao Development Joint Stock Company*)	10
Yan Tung Investment Limited	Festoon Enterprises Limited	16.67
天津津富高速公路有限公司 (Tianjin Jinfu Expressway Co., Ltd*)	天津高速公路集團有限公司 Tianjin Expressway Group Co., Ltd.*	40
湖北漢孝高速公路建設經營有限公司 (Hubei Han-Xiao Highway Construction and Operations Company Limited*)	Telford Road & Bridge Investments Co. Limited (福德路橋投資有限公司)	10
湖南長株高速公路開發有限責任公司 (Hunan Changzhu Expressway Development Company Ltd. *)	湖南中和威特投資有限公司 (Hunan Zhonghe Weite Investment Company Limited*)	10

Mr. Zhang Zhaoxing and Mr. Liang Ningguang, both being Directors, are also directors of Guangzhou Yue Xiu Holdings Limited, Yue Xiu Enterprises (Holdings) Limited, Grace Lord Group Limited, First Dynamic Limited and Housemaster Holdings Limited. Mr. Li Xinmin and Mr. Wang Shuhui are also directors of First Dynamic Limited. Save as disclosed above, none of the Directors is a director or employee of a company which has an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. MATERIAL CONTRACTS

The Group has not entered into any contract within the two years immediately preceding the date of this circular which are, or may be, material.

4. SERVICE CONTRACTS OF THE DIRECTORS

As at the Latest Practicable Date, none of the Directors had entered or was proposing to enter into any service contract with the Company or any other member of the Group, which is not terminable by the Group within one year without payment of compensation (other than statutory compensation).

5. FINANCIAL INFORMATION OF THE GROUP FOR THE LAST THREE FINANCIAL YEARS

Please refer to the annual reports of the Company for the years ended 31 December 2008, 2009 and 2010 published by the Company on 14 April 2009, 9 April 2010 and 18 April 2011, respectively, which contained information for the three years ended 31 December 2008, 2009 and 2010 with respect to the profits and losses, financial record and position of the Group and the audited consolidated statement of financial position of the Group together with the notes on the annual accounts for the year ended 31 December 2010. The annual reports are available on the Company's website (www.irasia.com/listco/hk/yuexiutransport) and the Stock Exchange's website (www.hkexnews.com.hk).

6. WORKING CAPITAL OF THE ENLARGED GROUP

Taking into account the expected completion of the Acquisition and the financial resources available to the Enlarged Group, including the internally generated funds, the available banking facilities (including the unsecured term loan obtained in November 2011 before the date of this circular) and the net compensation (in respect of the closure of Class 1 toll highways in October 2010) to be received, the Directors are of the opinion that the Enlarged Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this circular.

7. INDEBTEDNESS

As at the close of business on 30 September 2011, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the total borrowings of the Enlarged Group was RMB5,319,313,000 of which RMB5,094,120,000 was long-term bank borrowings and RMB225,193,000 were loans from non-controlling interests of certain subsidiaries. The bank loans were secured by intangible operating rights of the Group. The loans from non-controlling interests of certain subsidiaries were unsecured, not repayable within one year and interest free.

Save as aforesaid and apart from intra-group liabilities, the Group did not have any outstanding mortgages, charges, debentures, loan capital, debt securities, loans, bank overdraft or other similar indebtedness, financial lease or hire purchase commitments, liabilities under acceptances or acceptance credits or guarantees or other material contingent liabilities as at 30 September 2011.

8. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective associates had any interest in businesses that competed or was likely to compete, whether directly or indirectly, with the business of the Group.

9. INTEREST IN ASSETS

As at the Latest Practicable Date, none of the Directors or the experts named in paragraph 13(a) below in this appendix had any direct or indirect interests in any assets which had been acquired, or disposed of by, or leased to any member of the Group, or were proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2010, being the date to which the latest published audited financial statements of the Group were made up.

10. DIRECTORS' INTEREST IN CONTRACTS

As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date which was significant in relation to the business of the Group.

11. NO MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2010, the date to which the latest published audited financial statements of the Group were made up.

12. LITIGATION

On 25 September 2009, the Company's wholly owned subsidiary, Choice Tone Limited ("Choice Tone"), entered into a Deed of Sale and Purchase (the "Deed"), with, among others, Glorious Sun (Highway Development) Limited (the "Glorious Sun") to acquire a 60.0 percent equity interest in each of three PRC companies that operate the Tianjin section of Jinbao Expressway for a consideration of RMB340,000,000. Details of the transaction were contained in the Company's announcement dated 25 September 2009.

The transaction was completed on 2 December 2009. In December 2010, Glorious Sun commenced arbitration proceedings against Choice Tone alleging that Choice Tone was indebted to Glorious Sun for the sum of RMB2,529,502.22 pursuant to the Deed. The Company and the Directors are of the view that Choice Tone has not breached the terms and conditions of the Deed and deny that Choice Tone is indebted to Glorious Sun for the claimed amount pursuant to the Deed. Choice Tone is contesting the claim and reserves the right to claim against Glorious Sun for any damages incurred regarding the claim.

13. EXPERTS AND CONSENTS

(a) The following are the qualifications of the experts who have given opinions or advices contained in this circular:

Name	Qualification
PwC	Certified public accountants
GCA	Independent professional business valuer
Jie Cheng	Independent professional traffic consultant

(b) As at the Latest Practicable Date, none of PwC, GCA or Jie Cheng had direct or indirect shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

(c) PwC, GCA and Jie Cheng have given and have not withdrawn their respective written consents to the issue of this circular with the inclusion therein of their respective letters, reports and reference to their respective names in the form and context in which they appear.

14. GENERAL

(a) The registered office of the Company is at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda.

(b) The head office and principal place of business of the Company is at 23rd Floor, Yue Xiu Building, 160 Lockhart Road, Wanchai, Hong Kong.

(c) The branch share registrar and transfer office of the Company is Tricor Abacus Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

(d) The company secretary of the Company is Yu Tat Fung, solicitor of the High Court of Hong Kong.

(e) The English text of this circular shall prevail over the Chinese text.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours on any weekday other than public holidays, up to and including the date which is 14 days from the date of this circular at the principal place of business of the Company at 23rd Floor, Yue Xiu Building, 160 Lockhart Road, Wanchai, Hong Kong:

(a) the bye-laws of the Company;

(b) the accountant's report on the Target Group, the text of which is set out in Appendix IV to this circular;

(c) the report on unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix V to this circular;

(d) the valuation report on the Target Company, the text of which is set out in Appendix VI to this circular;

(e) the traffic and revenue forecast prepared by Jie Cheng, the text of which is set out in Appendix VII to this circular;

(f) the letters of consent as referred to in the paragraph headed "Experts and Consents" in this appendix;

(g) the annual reports of the Company for each of the two financial years ended 31 December 2009 and 31 December 2010 respectively;

(h) the financial due diligence report as referred to in the paragraph headed "Scope of Services" in Appendix VI to this circular; and

(i) this circular.