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*(Incorporated in Bermuda with limited liability)*

**(Stock code: 1052)**

**DISCLOSEABLE TRANSACTION  
INVOLVING ESTABLISHMENT OF A JOINT VENTURE COMPANY  
FOR THE OPERATION OF THE WUZHOU PORT  
AND  
PROPOSED CHANGE OF COMPANY NAME**

**JV AGREEMENT**

The Board is pleased to announce that on 16 February 2011, the Company, through its wholly-owned subsidiary GZT China, entered into the JV Agreement with Wuzhou Transport and Xin Yue, each an independent third party, in relation to the establishment of the JV Company to construct, manage and operate the Wuzhou Port.

Upon the establishment of the JV Company, the JV Company will become an indirect non-wholly owned subsidiary of the Company. Through the JV Company, the Group will indirectly own 51% of the interests in the Wuzhou Port.

**REASONS AND BENEFITS FOR THE JOINT VENTURE**

The Board believes that the Joint Venture will bring, among other things, the following benefits to the Group and hence, is in the interests of the Company and the Shareholders as a whole:

- (1) as the first step to implement the plan of the Group to diversify into other infrastructure industries in addition to the existing toll road portfolio;
- (2) allows the Group to accumulate experience, train its personnel and enhance the Group's operating capabilities in the infrastructure sector;

(3) strategically situated at the Xijiang Gold Watercourse (西江黄金水道内河) in the PRC, the port of Wuzhou is a main inland port at Xijiang. The demand for transportation from, among others, the industrial parks adjacent to the Wuzhou Port means that there is high potential in terms of source of goods for the Wuzhou Port. The Class 1 Port Entry Highway adjoins to the Class 2 Nanwu Highway (南梧二級公路) at the Kong Liang area (孔良地段), the entry to the Class 1 Port Entry Highway is about 6 kilometres to the Baomao Expressway (包茂高速公路). A railway line which is exclusively used to enter the Wuzhou Port connects the Kong Liang station of the Wuzhou section of the Luozhan Railway Line (洛湛鐵路幹線梧州段孔良站). The strategic movement of the industries of the Guangdong Province will enhance the supply of goods after the Wuzhou Port has come into operation; and

(4) deploys the internal financial resources of the Group effectively.

The Internal Rate of Return of the Wuzhou Port as derived by GCA is approximately 15.25%.

As the applicable percentage ratios exceed 5% but are less than 25%, the Joint Venture constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

#### **PROPOSED CHANGE OF NAME**

The Board proposes to change the name of the Company from “GZI Transport Limited” to “Yuexiu Transport Infrastructure Limited” and adopt “越秀交通基建有限公司” as the secondary name of the Company, subject to the fulfillment of certain conditions.

The Board believes that the Change of Name will provide the Company with a new corporate identity in line with the new branding of the Group which will serve to accentuate the Group’s focus on transport related infrastructure business.

#### **A. THE JV AGREEMENT**

The Board is pleased to announce that on 16 February 2011, the Company, through its wholly-owned subsidiary GZT China, entered into the JV Agreement with Wuzhou Transport and Xin Yue, each an independent third party, in relation to the establishment of the JV Company to, among other things, construct, manage and operate the Wuzhou Port. The JV Company will be owned as to 51% by GZT China, 24% by Wuzhou Transport and the remaining 25% by Xin Yue.

A summary of the principal terms of the JV Agreement is set out below:

**1. Date**

16 February 2011.

**2. Parties**

- (i) GZT China, a wholly-owned subsidiary of the Company;
- (ii) Wuzhou Transport; and
- (iii) Xin Yue.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of Wuzhou Transport, Xin Yue and their respective ultimate beneficial owners is a third party independent of, and not connected with, the Company and its connected persons.

**3. Coming into effect of the JV Agreement**

The JV Agreement will become effective upon the approval granted by the relevant PRC government authorities.

**4. Scope of Business**

The JV Company will be engaged in, among other things, the construction, operation and management of the Wuzhou Port, transshipment, loading and unloading of cargo, godown services, forwarding, maintenance, repair and cleaning of containers, customs compliance, logistics and consultancy services.

**5. Term**

The JV Company will have a term of 50 years from the date of issue of its business licence and it may apply for extension of its operating term 6 months before the expiry of the 50 years operating term.

**6. Capital Contribution and Total Investment**

The registered capital of the JV Company will be RMB171,000,000, which will be contributed as to RMB87,210,000 by GZT China, RMB41,040,000 by Wuzhou Transport and RMB42,750,000 by Xin Yue. Both GZT China and Xin Yue will make their respective capital contribution in cash whereas Wuzhou Transport will make its capital contribution by way of an injection of part of the JV Assets into the JV Company. Accordingly, the JV Company will be owned as to 51% by GZT China, 24% by Wuzhou Transport and the remaining 25% by Xin Yue.

Compared to the fair value of 51% equity interest in the amount of RMB89,900,000 as at 30 November 2010, as appraised by GCA, an independent valuer engaged by the Company, using the income approach with discounted cash flow modelling (which constitutes a profit forecast under Rule 14.61 of the Listing Rules (“Profit Forecast”)), the amount of the capital contribution to be made by GZT China (being RMB87,210,000) represents a discount of approximately 3.0% to the appraised value of the same equity interest in the JV Company. Please refer to the section headed “C. Fair Value of 51% Equity Interest in the JV Company” below for the principal assumptions on which the Profit Forecast was based.

Upon the establishment of the JV Company, the JV Company will become a non-wholly owned subsidiary of the Company so that the Company will indirectly own 51% of the interests in the Wuzhou Port.

Pursuant to the JV Agreement, the total investment for the Wuzhou Port is RMB513,000,000. The investment over and above the registered capital will be financed by either shareholders’ loans or other forms of financing, to be decided by the JV Parties if and when the occasion arises. Shareholders’ loans provided by the JV Parties will be subject to interests at the base lending rate from time to time applied by the People’s Bank of China for loans for the same term.

Apart from the contribution towards the registered capital set out above, there are no further capital commitments that are required to be contributed by the JV Parties at this stage.

Wuzhou Transport shall transfer the JV Assets to the JV Company, and GZT China and Xin Yue shall make their respective contributions to the registered capital of the JV Company in full, on the Completion Date. The capital contribution of GZT China will be funded by the internal resources of the Group and any shortfall thereof will be financed by short-term bank loans.

## **7. Asset Injection and Asset Sale**

Wuzhou Transport will transfer and procure the transfer of certain assets and rights (“**Wuzhou Assets**”) to the JV Company partly by way of sale and partly by way of contribution to its registered capital. The Wuzhou Assets comprise (i) the JV Assets; (ii) land use rights in relation to the lands acquired and used by the Wuzhou Port (“**Lands**”); and (iii) the right of use of certain ancillary facilities, including the Class 1 Port Entry Highway connecting the Wuzhou Port to the surrounding areas.

The JV Parties have agreed that the value of the Wuzhou Assets will be determined on the following basis:

- (a) in relation to the JV Assets, at a price equivalent to the book value of the JV Assets as at the Completion Date to be verified and ascertained by a PRC accountants' firm jointly appointed by the JV Parties;
- (b) in relation to the Lands, at a maximum fee of RMB115,000,000 subject to (if applicable) downward adjustment based on the actual area of the Lands under the relevant land use right certificate(s); and
- (c) in relation to the right of use of ancillary facilities, at a fixed fee of RMB65,000,000.

The book value of the JV Assets as at 30 September 2010 (as verified by a PRC accountants' firm jointly appointed by the JV Parties) was approximately RMB281,000,000 comprising existing construction works on, fixed assets of, the Wuzhou Port, and prepayments in relation to the construction of the terminals for the Wuzhou Port (including the amount of approximately RMB61,300,000 already paid for the Lands). Based on such figure, the aggregate value of the Wuzhou Assets as at the date of this announcement is estimated to be RMB399,700,000.

The aggregate value of the Wuzhou Assets will be payable by the JV Company in the following manner:

- (i) a sum of RMB41,040,000 (in part payment of the price of the JV Assets) will be set off as Wuzhou Transport's contribution to the registered capital of the JV Company;
- (ii) a sum of RMB200,000,000 (in part payment of the price for the JV Assets) will be satisfied by way of assumption of the Loan by the JV Company on the Completion Date, subject to the approval of the State-owned Assets Supervision and Administration Commission of Wuzhou;
- (iii) a sum of RMB25,000,000 (in part payment of the price for the JV Assets) will be paid within 10 working days of the Completion Date;
- (iv) a sum of RMB30,000,000 (in part payment of the fee for the right of use of ancillary facilities) will be paid within 5 working days of settlement of the JV Company's registered capital;
- (v) a sum of RMB35,000,000 (in payment of balance of the fee for the right of use of ancillary facilities) will be paid within 30 days after the land use rights certificate(s) for the Wuzhou Port have been granted; and

- (vi) the balance of the price of the Wuzhou Assets, together with interests accruing on the balance of the price of the JV Assets (i.e. the price of the JV Assets less Wuzhou Transport's capital contribution, and the payments mentioned in (ii) and (iii) above) at the base lending rate prescribed by the People's Bank of China from the Completion Date up to the date of payment, will be paid within 30 days of the date on which the JV Company is issued with the land use rights certificate(s) for the Lands.

With respect to the assumption of the Loan referred to in (ii) above, if Wuzhou Transport has repaid part of the Loan before the Completion Date, the amount to be assumed by the JV Company will be the actual amount outstanding under the Loan as at the Completion Date. The part of the Loan which has been repaid by Wuzhou Transport before the Completion Date (if any) will still form part of the consideration payable by the JV Company to Wuzhou Transport for the transfer of the Wuzhou Assets under the JV Agreement. After the transfer of the JV Assets to the JV Company, the JV Company will charge the corresponding parts of the JV Assets subject to the Loan to Wuzhou Branch of the China Construction Bank, if so required by the said bank.

The consideration for the transfer of the Wuzhou Assets is determined after arm's length negotiation between the JV Parties and with reference to, among other things, the book value of the JV Assets and the costs of the Lands.

## **8. Principal obligations of the JV Parties**

Under the JV Agreement, each of the JV Parties has agreed that:

- (i) it will contribute to the registered capital in accordance with the terms of the JV Agreement; and
- (ii) it will assist the JV Company in obtaining the requisite business licence and completing such other deeds and matters as the JV Company may require.

Wuzhou Transport has further agreed, among other things, that:

- (i) it will be responsible for processing the application and approval procedures for the use of the Lands and to obtain the land use rights certificate(s) in respect of the relevant parts of the Lands;
- (ii) it will complete the requisite procedures in relation to the change of owner of the Wuzhou Port and change of the project approval documents in respect of the Wuzhou Port (if required) within 6 months of the establishment of the JV Company;
- (iii) it will assist the JV Company in processing other application as the progress of the construction work may require; and
- (iv) it will ensure the legality of the JV Assets and the legality and completeness of the pre-operation construction procedures related to the Wuzhou Port.

## **9. Board of Directors**

The board of directors of the JV Company shall comprise 5 directors. Wuzhou Transport and Xin Yue shall each be entitled to appoint 1 director, whereas GZT China shall be entitled to appoint 3 directors, including the chairman.

### **B. GENERAL INFORMATION ABOUT THE GROUP, GZT CHINA, WUZHOU TRANSPORT AND XIN YUE**

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

Wuzhou Transport is a state-owned company established in the PRC by the Wuzhou Municipal Government for the purpose of developing Wuzhou into a state class logistic hub city.

Xin Yue is principally engaged in investment in projects for roads, bridges, tunnels and public ports facilities in the PRC.

### **C. FAIR VALUE OF 51% EQUITY INTEREST IN THE JV COMPANY**

For the purpose of complying with Rule 14.62 of the Listing Rules, the principal 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 JV 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) business operation, including all price and cost assumptions will conform to the average of the optimistic and conservative scenarios detailed in the valuation consultation report of the JV Company prepared by 中通誠資產評估有限公司 (China Tong Cheng Asset Appraisal Company Limited\*) dated February 2011 (“**Consultation Report**”) (Please refer to (i) Table 1 below for a summary of the information on the optimistic and conservative scenarios on the annual operative income of the Wuzhou Port and (ii) Table 2 below for a summary of the optimistic and conservative scenarios on the annual cargo throughput of the Wuzhou Port);

- (5) depreciation policy of the JV Company is subject to its individual accounting policy;
- (6) credit terms and repayment schedules of bank loans are provided by the management of the Company; and
- (7) JV Company will retain competent management, key personnel, and technical staff to support the ongoing operation of the Wuzhou Port.

**Table 1**

**Summary of the optimistic and conservative scenarios on the annual operative income of the Wuzhou Port**

<b>Year</b>	<b>Optimistic case (RMB'000)</b>	<b>Conservative case (RMB'000)</b>
2011	37,244.9	26,316.3
2012	86,387.8	61,851.0
2013	98,163.3	72,091.8
2014	120,364.6	81,232.0
2015	150,946.8	97,980.2
2016	182,706.5	128,846.8
2017	210,769.6	161,377.4
2018	221,747.8	174,964.3
2019	229,008.9	190,408.0
2020	231,342.2	205,408.0
2021	231,342.2	205,408.0
2022 - 58	8,559,662.2	7,600,096.0
2059	231,342.2	205,408.0

*Notes:*

- (a) With respect to the optimistic scenario (other than for 2011 which is based on 100 operating days a year as the Wuzhou Port has not been completed yet), the figures in the table above are based on 200 operating days a year.
- (b) With respect to the conservative scenario (other than for 2011 which is based on 90 operating days a year as the Wuzhou Port has not been completed yet), the figures in the table above are based on 180 operating days a year.
- (c) With respect to the above data, inflation factor has not been considered. GCA has applied 2% inflation per annum adjustment in the valuation model.



**Table 2****Summary of the optimistic and conservative scenarios on the annual cargo throughput of the Wuzhou Port**

<b>Year</b>	<b>Optimistic case</b>		<b>Conservative case</b>	
	<i>TEU'000</i>	<i>Tonne'000</i>	<i>TEU'000</i>	<i>Tonne'000</i>
2011	40.6	510.0	30.6	335.0
2012	90.6	960.0	65.6	610.0
2013	106.5	1,010.0	76.5	710.0
2014	131.5	1,125.0	91.5	725.0
2015	163.2	1,325.0	113.2	775.0
2016	194.1	1,390.0	144.1	1,040.0
2017	216.0	1,518.8	176.0	1,168.8
2018	226.0	1,568.8	191.0	1,268.8
2019	226.0	1,568.8	206.0	1,268.8
2020	226.0	1,568.8	226.0	1,368.8
2021	226.0	1,568.8	226.0	1,368.8
2022 - 58	8,362.0	58,045.6	8,362.0	50,645.6
2059	226.0	1,568.8	226.0	1,368.8

*Notes:*

- (a) With respect to the optimistic scenario (other than for 2011 which is based on 100 operating days a year as the Wuzhou Port has not been completed yet), the figures in the table above are based on 200 operating days a year.
- (b) With respect to the conservative scenario (other than for 2011 which is based on 90 operating days a year as the Wuzhou Port has not been completed yet), the figures in the table above are based on 180 operating days a year.
- (c) The figures under the column headed “TEU’000” relate to cargo throughput of the Wuzhou Port in terms of TEU in addition to the cargo throughput in terms of tonnes.
- (d) The figures under the column headed “Tonne’000” relate to cargo throughput of the Wuzhou Port in terms of Tonne in addition to the cargo throughput in terms of TEU.

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 reviewed 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 the appendices to this announcement for the purpose of Rule 14.62 of the Listing Rules.

#### **D. REASONS AND BENEFITS FOR THE JOINT VENTURE**

The Wuzhou Port is currently under construction and is expected to be completed in June 2011. The JV Assets comprise, among others, the physical assets of the Wuzhou Port, which will be injected into the JV Company at the Completion Date.

The Wuzhou Port is located 8.2 kilometres upstream from the dam site at Changzhou Water Conservancy Hub in Wuzhou City (梧州市長洲水利樞紐壩址), with direct access through the 4.02 kilometre-long Class 1 Port Entry Highway which is adjoined to the Class 2 Nanwu Highway (南梧二級公路) at the Kong Liang area (孔良地段).

The Wuzhou Port has five 2,000-tonne berths, of which three are multi-purpose berths capable of loading and unloading containers and two are LCL berths capable of handling miscellaneous cargo. The designed annual handling capacity of the Wuzhou Port is 1,980,000-tonnes, including a capacity of approximately 60,000 TEU, approximately 300,000-tonnes for miscellaneous cargo and approximately 900,000-tonnes for LCL. The length of the water front of the terminal is approximately 516 metres. It is currently expected that the land use rights certificate(s) (when granted) in respect of the relevant parts of the Lands used by the Wuzhou Port will cover approximately 568 Mu, which includes approximately 430 Mu of terminal operation area. The yard covers an area of approximately 82,700 square metres with a godown area of approximately 3,960 square metres.

The JV Company will be owned as to 51% by GZT China, 24% by Wuzhou Transport and the remaining 25% by Xin Yue. Upon the establishment of the JV Company, the JV Company will become a non-wholly owned subsidiary of the Company so that the Company will indirectly own 51% of the interests in the Wuzhou Port.

The terms and conditions of the JV Agreement were arrived at after arm's length negotiation between the Group, Wuzhou Transport and Xin Yue.

In recent years, the Group has actively explored investment opportunities in regions in the PRC which enjoy stronger economic development. The Group intends to utilise its financial strength (the cash and cash equivalent of the Group as at 30 June 2010 was approximately RMB2,040,000,000) to enlarge the Group's investment portfolio.

In 2010, the Group invested in the Hubei Han-Xiao Expressway and the Hunan Chang-zhu Expressway. The Group has also considered investment opportunities in infrastructure projects which allow for long operating period or are not subject to limitation of such. Although the initial operating period of the JV Company is 50 years which may be further extended upon approval being granted by the relevant PRC governmental authorities, ports projects in the PRC are not typically subject to limitation of operating period. In addition, port projects also benefit from the increase in volume of goods transported in the coastal areas and the overall development of regional economies. Therefore, the Group believes that the prospect for port projects is positive. Wuzhou Port will be the Group's first successful attempt to invest in the inland port industry in the PRC.

In recent years, the Group has sought to enhance the quality of its investment portfolio, increase its asset size, improve its capabilities in risk management, and strengthen its competitive edge in order to enhance the profitability of the Group in both medium and long term. Going forward, the Group will continue to invest in high quality expressways and at the same time, explore opportunities in other infrastructure projects such as ports and terminals. The investment plan is consistent with the Group's medium and long term development strategy.

The Board believes that the Joint Venture will bring, among other things, the following benefits to the Group:

- (1) as the first step to implement the plan of the Group to diversify into other infrastructure industries in addition to the existing toll road portfolio;
- (2) allows the Group to accumulate experience, train its personnel and enhance the Group's operating capabilities in the infrastructure sector;

- (3) strategically situated at the Xijiang Gold Watercourse (西江黃金水道內河) in the PRC, the port of Wuzhou is a main inland port at Xijiang. The demand for transportation from, among others, the industrial parks adjacent to the Wuzhou Port means that there is high potential in terms of source of goods for the Wuzhou Port. The Class 1 Port Entry Highway adjoins to the Class 2 Nanwu Highway (南梧二級公路) at the Kong Liang area (孔良地段), the entry to the Class 1 Port Entry Highway is about 6 kilometres to the Baomao Expressway (包茂高速公路). A railway line which is exclusively used to enter the Wuzhou Port connects the Kong Liang station of the Wuzhou section of the Luozhan Railway Line (洛湛鐵路幹線梧州段孔良站). The strategic movement of the industries of the Guangdong Province will enhance the supply of goods after the Wuzhou Port has come into operation; and
- (4) deploys the internal financial resources of the Group effectively.

The Internal Rate of Return of the Wuzhou Port as derived by GCA is approximately 15.25%.

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

#### **E. LISTING RULES IMPLICATION**

As the applicable percentage ratios exceed 5% but are less than 25%, the Joint Venture constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

#### **F. EXPERTS AND CONSENTS**

The qualifications of the experts who have given their opinion and advice in this announcement are as follows:

<b>Name</b>	<b>Qualification</b>
GCA	Valuer
PricewaterhouseCoopers	Certified Public Accountants

As at the date of this announcement, neither GCA nor PricewaterhouseCoopers has any shareholding, directly or indirectly, 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.

To the best of the knowledge, information and belief of the Board, each of GCA and PricewaterhouseCoopers is a third party independent of, and not connected with, the Group or its connected persons.

The valuation report made by GCA was dated 16 February 2011.

Each of GCA and PricewaterhouseCoopers has given and has not withdrawn its written consent to the publication of this announcement with the inclusion of its opinion and advice and all references to its name in the form and context in which it is included.

## **G. PROPOSED CHANGE OF NAME OF THE COMPANY**

### **1. Proposed Change of Name**

The Board proposes to change the name of the Company from “GZI Transport Limited” to “Yuexiu Transport Infrastructure Limited” and to adopt the Chinese name “越秀交通基建有限公司” as the secondary name of the Company. The Change of Name is subject to, among other things, the approval of the Shareholders at the SGM and the approval by the Registrar of Companies in Bermuda of the use of the new name by the Company.

The Board believes that the Change of Name will provide the Company with a new corporate identity in line with the new branding of the Group which will serve to accentuate the Group’s focus on transport related infrastructure business.

### **2. Conditions**

The Change of Name is subject to the following conditions being fulfilled:

- (a) the passing of the necessary resolution(s) by the Shareholders at the SGM; and
- (b) the Registrar of Companies in Bermuda approving the use of the new name by the Company.

The Change of Name will take effect from the date on which the new name is entered onto the register by the Registrar of Companies in Bermuda in place of the existing name. Upon the Change of Name becoming effective, all the existing share certificates bearing the current name of “GZI Transport Limited” will continue to be evidence of title to shares of the Company and will continue to be valid for trading, settlement and registration purposes and the rights of the Shareholders will not be affected as a result of the Change of Name. There will not be any free exchange of the existing share certificates of the Company for new share certificates under the

new name of the Company. If the proposed Change of Name becomes effective, any issue of share certificates thereafter will be in the new name of the Company and the securities of the Company will be traded on the Stock Exchange in the new name of the Company.

A circular containing, among other things, details of the proposed Change of Name and the notice of the SGM will be despatched to the Shareholders as soon as practicable. A further announcement will be made when the proposed Change of Name becomes effective.

## **DEFINITIONS**

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

“Board”	means the board of Directors;
“Change of Name”	means the proposed change of the name of the Company from “GZI Transport Limited” to “Yuexiu Transport Infrastructure Limited” and the adoption of the Chinese name “越秀交通基建有限公司” as the secondary name of the Company;
“Company”	means GZI Transport Limited (越秀交通有限公司*), an exempted company incorporated in Bermuda, the shares of which are listed on the Stock Exchange;
“Completion Date”	means the date on which Wuzhou Transport having completed the transfer of the physical assets to the JV Company, and the inventory list thereof having been signed by the JV Parties;
“connected persons”	has the meaning ascribed to it under the Listing Rules;
“Directors”	means the directors of the Company;
“GCA”	means Greater China Appraisal Limited, an independent qualified valuer appointed by the Group;
“Group”	means the Company and its subsidiaries;
“GZT China”	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;

“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;
“Joint Venture”	means the joint venture between GZT China, Wuzhou Transport and Xin Yue pursuant to the JV Agreement for the construction and operation of the Wuzhou Port;
“JV Agreement”	means the joint venture agreement in relation to the Joint Venture dated 16 February 2011 entered into between GZT China, Wuzhou Transport and Xin Yue;
“JV Assets”	means those assets of the Wuzhou Port to be injected into the JV Company by Wuzhou Transport pursuant to the JV Agreement, comprising the existing construction works on, fixed assets of, the Wuzhou Port as at the Completion Date, and any prepayments in relation to the construction of the terminals for the Wuzhou Port;
“JV Company”	means 梧州市越新赤水碼頭有限公司 (Wuzhou Yue Xin Chishui Terminal Company Limited*), an equity joint venture company with limited liability to be established in the PRC pursuant to the JV Agreement;
“JV Parties”	means GZT China, Wuzhou Transport and Xin Yue and “JV Party” shall be construed accordingly;
“LCL”	means less than container load, cargos in quantity less than required for the application of a container load rate;
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange;
“Loan”	means the project loan of RMB200,000,000 lent by the Wuzhou branch of the China Construction Bank to Wuzhou Transport for the purpose of the Wuzhou Port pursuant to a RMB loan agreement for a term of 15 years from 23 February 2009 to 22 February 2024;





16 February 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,

**Discloseable Transaction**

We refer to the valuation report dated 16 February 2011 prepared by Greater China Appraisal Limited (“**Valuer**”) in relation to the valuation of the fair value of the 51% equity interest in 梧州市越新赤水碼頭有限公司 (Wuzhou Yue Xin Chishui Terminal Company Limited\*), an equity joint venture company with limited liability to be established in the PRC, as at 30 November 2010 (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 (the “**Listing Rules**”).

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  
**GZI Transport Limited**  
**ZHANG Zhaoxing**  
*Chairman*

\* *For identification purpose only*



羅兵咸永道會計師事務所

PricewaterhouseCoopers  
22/F, Prince's Building  
Central, Hong Kong**REPORT FROM REPORTING ACCOUNTANT ON DISCOUNTED FUTURE  
ESTIMATED CASH FLOWS IN CONNECTION WITH THE BUSINESS  
VALUATION OF WUZHOU YUE XIN CHISHUI TERMINAL COMPANY  
LIMITED****TO THE BOARD OF DIRECTORS OF GZI TRANSPORT LIMITED**

We have been engaged to report on the calculations of the discounted future estimated cash flows on which the business valuation (the “Valuation”) dated 16 February 2011 prepared by Greater China Appraisal Limited in respect of the appraisal of the fair value of the 51% equity interests in 梧州市越新赤水碼頭有限公司 (Wuzhou Yue Xin Chishui Terminal Company Limited\*) (the “JV Company”) is based. The Valuation is set out in the announcement of GZI Transport Limited (the “Company”) dated 16 February 2011 (the “Announcement”) in connection with the establishment of JV Company with 51% equity interest to be owned 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 51% Equity Interest in the JV Company” 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 JV Company.

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 51% Equity Interest in the JV Company" 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 51% Equity Interest in the JV Company" of the Announcement with details set out in the relevant valuation report.

## **PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, 16 February 2011

*\* For identification purpose only*