

IMPORTANT NOTICE TO THE HOLDERS OF THE
RMB1,000,000,000 7.5% Guaranteed Notes due 2021
(the "Notes")

(ISIN: HK0000389657 Common Code: 175176217)

issued by

ITNL Offshore Pte. Ltd.
(the "Issuer")

and guaranteed by

IL&FS Transportation Networks Limited
(the "Guarantor")

1. INTRODUCTION

- 1.1 This announcement is made by the Issuer in relation to the Notes.
- 1.2 Reference is made to the announcement of the Issuer dated 18 July 2019 ("**Announcement**") to holders of the Notes. Unless otherwise stated, capitalized words and phrases used in this announcement have the meaning ascribed to them in the Announcement.

2. FILING OF WINDING UP PETITION BY THE TRUSTEE

- 2.1 On 27 February 2020, The Hong Kong and Shanghai Banking Corporation Ltd, in its capacity as Trustee for the Notes, filed a winding up petition ("**Winding Up Petition**") against the Issuer in the High Court of the Republic of Singapore seeking, among other things, that: (a) a winding up order be made against the Issuer; and (b) Yit Chee Wah and Joshua James Taylor of FTI Consulting (Singapore) Pte Ltd be appointed joint and several liquidators of the Issuer.
- 2.2 Based on the evidence filed in support of the Winding Up Petition, the Trustee appears to have filed the Winding Up Petition on the instructions of an *ad hoc* group of Noteholders and it is unclear whether the Trustee is acting with support from the general body of Noteholders.
- 2.3 The Issuer has entered an appearance in these proceedings on 20 March 2020. The hearing of the Winding Up Petition has been adjourned to 17 April 2020.

3. UPDATE ON SALE PROCESS BY ITNL INTERNATIONAL PTE. LTD.

- 3.1 The Issuer's only material asset is a receivable (the "**IPL Loan**") due to it from ITNL International Pte. Ltd. ("**IPL**"), a company under common ownership with the Issuer (both are wholly-owned subsidiaries of the Guarantor). The total amount outstanding under the IPL Loan (including principal and interest) is USD 110,000,000 as at the date of this announcement.
- 3.2 In light of the liquidity issues faced by the Issuer, the Guarantor, IPL and the broader Group of which they form part, IPL has been conducting a sale process ("**Sale Process**") in respect of its only material asset, a 49% stake in Chongqing Yuhe Expressway Company Ltd ("**Yuhe**"), which owns and operates a road concession in the People's Republic of China ("**PRC**"). IPL's joint venture partner is Yuhe, Chongqing Expressway Group ("**CEG**"). IPL's stake in Yuhe is pledged to the Bank of Baroda, Singapore Branch (the "**Bank of Baroda**") as security for a loan facility from Bank of Baroda to IPL (the "**BoB Loan**"). The Issuer has entered into a Subordination Deed with Bank of Baroda in respect of the IPL Loan, which, among other things: (a) subordinates the IPL Loan to the BoB Loan; and (b) prevents the Issuer commencing enforcement action in respect of the IPL Loan for as long as the BoB Loan remains outstanding.

- 3.3 The Issuer understands that IIPL has appointed a leading investment bank to run the Sale Process in a fair and transparent manner. In particular, the Issuer understands from IIPL that: (a) the public advertisement and invitation for expressions of interest ("**EOI**") in respect of the Sale Process were issued on 25 April 2019; (b) six potential bidders submitted EOIs, and five bidders ultimately executed non-disclosure agreements with IIPL so that they could access the data room ("**Data Room**") in respect of the Sale Process; (c) the request for proposal ("**RFP**") from potential bidders was first published in the Data Room on 15 July 2019 so that it was available to those bidders who had submitted an EOI; (d) after negotiations with different bidders, IIPL secured a binding offer from one party (the "**H1 Bidder**"; and (e) IIPL is engaged in advanced stages of obtaining requisite approvals and completing the transaction documents.
- 3.4 However, completion of the Sale Process may take some additional time on account of delays associated with the COVID-19 outbreak in the PRC and worldwide. In particular, the PRC's Ministry of Transport has issued a notification stating that all roads, including that operated by Yuhe, are to remain toll free until the end of the outbreak. The Issuer understands from IIPL that subject to the completion of the sale process and subject to the final terms and conditions of the same (including the final sale price), IIPL intends to use the proceeds from the Sale Process to pay *inter alia*: (i) the fees and expenses of the Sale Process; (ii) amounts outstanding under the BoB Loan; and (iii) thereafter, other unsecured liabilities of IIPL (including the IIPL Loan and other operating liabilities) on a *pari passu* and *pro rata* basis each in accordance with applicable law and IIPL's contractual obligations.

4. POTENTIAL IMPACT OF WINDING UP PETITION

- 4.1 In light of the Issuer's and the Group's current liquidity position, the Issuer considers that repayment of the IIPL Loan (or a portion thereof) by IIPL from the proceeds of the Sale Process represents the only means by which the Issuer can recover monies for the benefit of its creditors, including the Trustee for the Notes (acting on behalf of the Noteholders).
- 4.2 Accordingly, the Issuer considers that the Petition and any other action which may impact the Sale Process could potentially be detrimental to the interests of the Noteholders, as it may either delay or complicate the sale process. In such circumstances, recoveries from the shares held by IIPL in Yuhe (and hence recoveries of the Issuer on the IIPL Loan) are likely to be substantially lower than anticipated pursuant to the Sale Process.
- 4.3 As such, the Issuer urges the Trustee to: (a) withdraw the Winding Up Petition in the interests of all Noteholders; and (b) allow the Sale Process to conclude; following which the Issuer is committed to engaging in consensual discussions with the Trustee in relation to its obligations under the Notes and distribution of any recoveries from repayment of the IIPL Loan.

ITNL Offshore Pte. Ltd.

31 March 2020

THIS NOTICE IS IMPORTANT AND REQUIRES THE IMMEDIATE ATTENTION OF THE NOTEHOLDERS. IF NOTEHOLDERS ARE IN ANY DOUBT AS TO THE ACTION THEY SHOULD TAKE, THEY SHOULD SEEK THEIR OWN FINANCIAL AND LEGAL ADVICE, INCLUDING AS TO ANY TAX CONSEQUENCES, IMMEDIATELY FROM THEIR STOCKBROKER, SOLICITOR, ACCOUNTANT OR OTHER INDEPENDENT FINANCIAL OR LEGAL ADVISER.

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