



招商局 亚太有限公司
CHINA MERCHANTS HOLDINGS (PACIFIC) LIMITED
(Company Registration No. 198101278D)

China Merchants Holdings (Pacific) to acquire Jiurui Expressway in China

**Acquisition continues CMHP's strategic focus on acquiring
quality expressways in key regions in China to develop its toll
road business to a sizable scale**

SINGAPORE, 21 July 2014 – Mainboard listed China Merchants Holdings (Pacific) Limited (“CMHP”) today announced that it has entered into a conditional share purchase agreement with Liu Qiang and Gong Xiaoping (collectively, the “Sellers”) to purchase (i) the entire issued shares of Hong Kong Honest Queen International Investment Limited (the “Target”) and (ii) a shareholder’s loan made by Liu Qiang to the Target.

The Target is the holding company of Honest Queen International (Jiangxi) Jiurui Expressway Development Co., Ltd (诚坤国际（江西）九瑞高速公路发展有限公司) (“Jiurui Expressway Co”), which owns the rights to operate the Jiurui Expressway (Jiujiang - Ruichang Section) (江西省九江至瑞昌高速公路) (the “Jiurui Expressway”), a 48.14 km long expressway located in Jiangxi Province in the People’s Republic of China.

The total acquisition price of RMB697.41 million (approximately HK\$879.36 million) will be paid in the form of 119.37 million new CMHP shares at an issue price of S\$0.985 per new CMHP share and a cash consideration of RMB116.78 million. The cash consideration will be financed using internal cash resources.

The acquisition of the Jiurui Expressway is in line with CMHP's growth strategy of expanding its business and earnings base through both organic expansion and acquisitions of quality expressways in key strategic regions to develop its toll road business to a sizable scale.

CMHP currently manages and operates four toll roads in China. The four toll roads total approximately 367 km and are located in Guangxi Zhuang Autonomous region, Guizhou Province and Zhejiang Province. The acquisition of the Jiurui Expressway will further diversify and enlarge CMHP's toll road portfolio, as well as expand its geographical coverage into the fast developing Jiangxi Province.

With the acquisition of the Jiurui Expressway, CMHP's toll road portfolio will comprise 5 expressways, diversified in 4 provinces with the expiry dates of the respective toll concession periods ranging between May 2021 and December 2040. The Jiurui Expressway, which has a remaining concession period of approximately 26 years, will increase the average remaining concession period of CMHP's toll road portfolio by approximately 20.5% from approximately 12.7 years to approximately 15.3 years and increase the total length of expressways operated by CMHP to approximately 415 km.

The Jiurui Expressway is a newly-opened expressway with promising growth potential in traffic flow. A number of expressways and bridges currently under construction in the surrounding areas will be open to traffic from 2014 to 2017. The traffic flow on the Jiurui Expressway is expected to be further boosted once these expressways and bridges are operational. These factors will drive the Jiurui Expressway's future traffic flow and growth in toll revenue.

In December 2012, CMHP announced its intention to acquire the Jiurui Expressway for a total consideration of RMB675 million which was for a toll concession period of 22 years 11 months, from 1 January 2011 to 30 November 2033. Due to the non-satisfaction of certain conditions precedent the acquisition was not completed.

For this transaction, the purchase consideration of RMB697.41 million is for a toll concession period of 30 years as the relevant governmental authorities in China has extended the toll concession period for the Jiurui Expressway to 30 years, from 1 January 2011 to 31 December 2040. The current purchase consideration has also

taken into account the increase in toll rate for small passenger cars from the previous 0.40 RMB/km to 0.45 RMB/km.

Chairman and CEO Mr Luo Hui Lai said, “The Jiurui Expressway Co is currently loss-making due to high finance costs from bank borrowings taken up to finance its construction. We have plans to restructure its existing bank borrowings upon completion of the acquisition to reduce its financing costs. Together with our excellent management team who have in-depth experience in toll road development and operations, we are confident that its financial position will improve once we come onboard in managing its day to day operations”.

As part of the purchase consideration, CMHP will issue approximately 119.37 million new shares to the Sellers. The issue of the new shares at the issue price of S\$0.985 per share is at a premium of approximately 7.7% to CMHP’s closing share price of S\$0.915 on 18 July 2014 and 17.3% higher than the issue price of S\$0.84 per share for the December 2012 transaction which was not completed. The number of new shares to be issued represents approximately 16.2% of the current issued ordinary share capital of CMHP and approximately 13.9% of the enlarged issued ordinary share capital after the issuance of the new shares. The issue of new shares is expected to increase the liquidity of CMHP shares in the market.

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About the Jiurui Expressway

The Jiurui Expressway is a 48.14 km four-lane carriageway (Dual-2) located at the east-western area of Jiujiang Municipality, connecting with Ruichang Municipality in the west of Jiangxi Province.

The Jiurui Expressway is part of the G56 China's National Expressway System connecting Hangzhou of Zhejiang Province and Ruili of Yunnan Province serving the east-west traffic demand. The Jiurui Expressway is at present the key link serving both local and external traffic demand and an important inter-provincial boundary crossing.

The construction of the Jiurui Expressway was completed at the end of 2010 and commenced toll collections on 1 January 2011.

About China Merchants Holdings (Pacific) Limited (www.cmhp.com.sg)

China Merchants Holdings (Pacific) Limited ("CMHP") is a significant toll road operator listed on the Main Board of the SGX-ST. It has total assets in excess of HK\$14 billion and is well-positioned to ride on growth prospects of the PRC's economic growth. As a subsidiary of China Merchants Group Limited, it is able to capitalise on the strong track record, reputation and network of the China Merchants Group to expand its toll road business and seek attractive investment opportunities overseas.

Media and Analysts Contact:

Ms Selene Lim, Corporate Secretary

Tel: (+65) 6836-0200

DID: (+65) 6836-3245

Email: selene@cmhk.com.sg
