

CHINA MERCHANTS HOLDINGS (PACIFIC) LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 198101278D)

ANNOUNCEMENT

CONDITIONAL WAIVER OF RIGHT OF FIRST REFUSAL

1. Introduction

1.1 **Right of First Refusal.** As previously announced by the Company on 4 March 2014, China Merchants Huajian Highway Investment Co., Ltd (“**Huajian**”) had undertaken to the Company that, in the event that:

- (i) Huajian intends to acquire an interest in, or has access to, any opportunity to acquire the interest of any kind in the business of holding concession(s) for, or for developing, building, owning or operating, toll roads (a “**Business Opportunity**”); and/or
- (ii) Huajian intends to dispose of an interest of any kind in the business of holding concession(s) for, or for developing, building, owning or operating, toll roads (a “**Business Disposal**”),

then the Company shall have a right of first refusal to participate in such Business Opportunity or Business Disposal (the “**Right of First Refusal**”).

Huajian is a wholly-owned subsidiary of China Merchants Group Limited (“**CMG**”), the controlling shareholder of the Company which is deemed to be interested in 1,361,619,393 ordinary shares in the capital of the Company (“**Shares**”), representing approximately 75.88 per cent. of the issued share capital of the Company as at the date of this Announcement, held by its indirect wholly-owned subsidiary, Easton Overseas Limited (the “**Offeror**”).

1.2 **Acquisition of HKC Guilin Expressway Limited.** The Company understands from Huajian that:

- (i) Huajian were in discussions with the vendor, Faithful Investments Limited (the “**Vendor**”), to acquire HKC Guilin Expressway Limited (“**Guilin Expressway Co**”, and such acquisition, the “**Acquisition**”), which wholly-owns Guilin Gang Jian Expressway Limited, which in turn owns the rights to operate Guilin Lingsan Expressway, a 42 kilometres expressway located in the Guangxi Zhuang Autonomous Region, the People’s Republic of China (the “**Guilin Expressway**”); and
- (ii) a deadline was imposed by the Vendor that any agreement in relation to the sale and purchase of Guilin Expressway Co (the “**SPA**”) should be signed by 31 May 2016.

Prior to the entry of the SPA, Huajian had requested the Company for a waiver of its Right of First Refusal with respect to Guilin Expressway Co such that Huajian could proceed with the Acquisition.

1.3 **Offer and Convertible Bonds Offer.** On 9 May 2016, DBS Bank Ltd., for and on behalf of the Offeror, announced that the Offeror intends to make (i) a voluntary conditional cash offer

(the “**Offer**”) for all the issued and paid-up Shares, other than those Shares owned, controlled or agreed to be acquired by the Offeror and (ii) an appropriate offer to the holders of the Convertible Bonds (as defined below) to acquire the outstanding 1.25 per cent. convertible bonds due 6 November 2017 issued by the Company (the “**Convertible Bonds**”), other than those already owned, controlled or agreed to be acquired by the Offeror (the “**Convertible Bonds Offer**”).

2. Conditional Waiver of Right of First Refusal

In considering Huajian’s request for the Company’s waiver of its Right of First Refusal, having considered various factors, including, *inter alia*:

- (i) that the Vendor has imposed a deadline of 31 May 2016 for the signing of the SPA;
- (ii) that the Company is currently in the Offer period; and
- (iii) that the regulatory consultations and confirmations (including but not limited to the consultations with the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and the Securities Industry Council) required for the acquisition of Guilin Expressway Co by the Company may not be completed or obtained before the deadline imposed by the Vendor,

the Company has agreed to waive the Right of First Refusal with respect to Guilin Expressway Co subject to certain conditions (the “**Conditional Waiver**”).

The Conditional Waiver was granted subject to and conditional upon:

- (a) the Company’s receipt of the Huajian Undertaking (as defined in **paragraph 3** below) within 5 days from the date of the Conditional Waiver; and
- (b) Huajian’s due performance of its obligations under the Huajian Undertaking.

3. Huajian Undertaking

In connection with the Conditional Waiver, Huajian has today executed an irrevocable deed of undertaking in favour of the Company (the “**Huajian Undertaking**”) pursuant to which Huajian agrees and irrevocably undertakes to the Company that upon the occurrence of any of the following events (each of such events, a “**Relevant Event**”):

- (i) if the Offer lapses, is withdrawn or is not successful for whatsoever reason; or
- (ii) if the Company remains a company listed on the SGX-ST following the close, the lapse or the withdrawal of the Offer,

the Company shall be entitled (but shall not be obliged) to require Huajian to sell and transfer Guilin Expressway Co (including, but not limited to, the rights to operate the Guilin Expressway) to the Company or its nominee at the same purchase consideration at which Huajian acquires Guilin Expressway Co from the Vendors (the “**Consideration**”), and if so required by the Company, Huajian shall sell and transfer Guilin Expressway Co (including, but

not limited to, the rights to operate the Guilin Expressway) to the Company or its nominee at the Consideration.

Any decision with respect to the purchase of Guilin Expressway Co shall ultimately be made by the Company at its sole and absolute discretion after having evaluated the target asset and the business conditions at the relevant time. For the avoidance of doubt, neither the Conditional Waiver nor the Huajian Undertaking shall create any obligation on the part of the Company or its nominee to purchase Guilin Expressway Co.

Pursuant to the Huajian Undertaking, in the event that the Company decides to purchase Guilin Expressway Co from Huajian upon the occurrence of any Relevant Event, Huajian shall do or procure to be done all such acts and things as necessary to effect the sale and transfer of the Guilin Expressway Co (including, but not limited to, the rights to operate the Guilin Expressway) from Huajian to the Company or its nominee, including without limitation, to obtain the necessary clearances from the relevant regulatory authorities.

4. Responsibility Statement

The directors of the Company (the “**Directors**”) (including those who may have delegated detailed supervision of this Announcement) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Announcement are fair and accurate and that no material facts have been omitted from this Announcement, and they jointly and severally accept responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources (including, without limitation, the announcements issued by or on behalf of the Offeror), the sole responsibility of the Directors has been to ensure, through reasonable enquiries, that such information has been accurately extracted from such sources or, as the case may be, reflected or reproduced in this Announcement.

BY ORDER OF THE BOARD

Lim Lay Hoon
Company Secretary
Singapore, 27 May 2016