



招商局 亚太有限公司
CHINA MERCHANTS HOLDINGS (PACIFIC) LIMITED

EXTRAORDINARY GENERAL MEETING

14 September 2015



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Approvals Sought

To seek shareholders' approval for:

1. The proposed acquisition by the Company's direct wholly-owned subsidiary, Xinan Guixing Expressway Pte. Ltd., of all the issued shares in the capital of Guangxi Guixing Expressway Investment and Construction Co., Ltd. held by Guangxi Guizheng Expressway Investment and Construction Co., Ltd. and Beihai Guizheng Construction Engineering Co., Ltd.
2. The proposed acquisition by the Company's direct wholly-owned subsidiary, Xinan Guiyang Expressway Pte. Ltd., of all the issued shares in the capital of Guangxi Guiwu Expressway Guiyang Section Investment and Construction Co., Ltd. held by Guangxi Guizheng Expressway Investment and Construction Co., Ltd, Beihai Guizheng Construction Engineering Co., Ltd. and Beihai Guizheng Industrial Co., Ltd.
3. The proposed acquisition by the Company's direct wholly-owned subsidiary, Xinan Yangping Expressway Pte. Ltd., of all the issued shares in the capital of Guangxi Huatong Expressway Co., Ltd. held by Shenzhen Yitian Group Co., Ltd. and Shenzhen Ruiwo Yilai Real Estate Development Co., Ltd.



Resolution 1:

Approval for the Proposed Acquisition of Guangxi Guixing Expressway
Investment and Construction Co., Ltd. (the “Guixing Acquisition”)



The Guixing Acquisition

Proposed Acquisition	▪ Acquisition of all the issued shares in the capital of Guangxi Guixing Expressway Investment and Construction Co., Ltd. (the “Guixing Target”) from Guangxi Guizheng Expressway Investment and Construction Co., Ltd. and Beihai Guizheng Construction Engineering Co., Ltd. ▪ The Guixing Target is a company incorporated in the PRC which owns the rights to operate the 53.4-kilometre Guilin – Xing’an Expressway in Guangxi, PRC (the “Guixing Expressway”)
Purchase Consideration	RMB1.26 billion (approximately HK\$1.59 billion)
Funding	The Acquisition will be funded by: ▪ The net proceeds of the Preferential Offering⁽¹⁾; and ▪ External bank borrowings

Note:

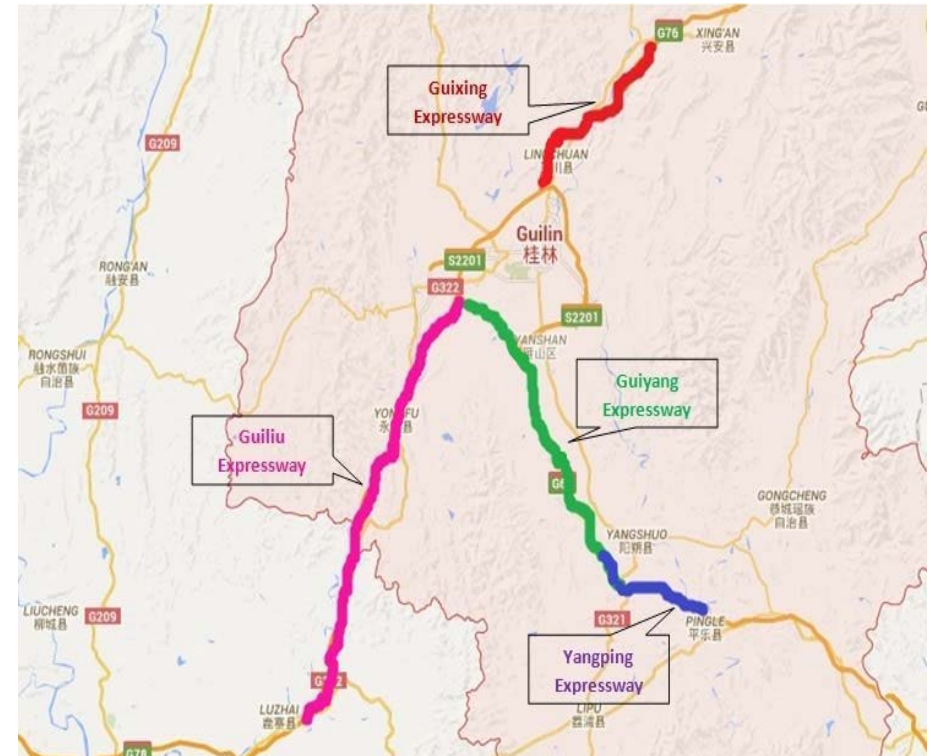
- (1) Being the non-renounceable non-underwritten preferential offering (the “Preferential Offering”) of up to 633,756,189 new ordinary shares in the capital of the Company at the issue price of S\$1.00 for each new share, on the basis of one (1) new share for every two (2) existing ordinary shares in the capital of the Company held by shareholders of the Company who are eligible to participate in the preferential offering as at the books closure date, fractional entitlements to be disregarded.



Background and Overview of the Guixing Expressway

- The Guixing Expressway is a four (4)-lane carriageway (Dual-2) located at the northern area of Guilin Municipality, PRC, connecting Guilin urban area with Xing'an County, PRC, in the north-east of Guangxi, PRC.
- The Guixing Expressway is part of the G72 National Expressway System of China connecting Quanzhou Municipality of Fujian Province, PRC, and Nanning Municipality of Guangxi, PRC, serving the north-south traffic demand.
- It also connects with the expressway from Quanzhou to Xing'an at Meicundong of Xing'an County, PRC, and passes by Yanguan, Rongjiang, Lingchuanxi, Sujia interchange and the Guilin North toll Station.
- Toll collections by the Guixing Target commenced on 2 April 2013.

Location	:	Guilin Municipality, Guangxi, PRC
No. of road sections	:	One (1)
Length (kilometres)	:	53.4
Classification	:	Expressway
Access control	:	Restricted users (motorised goods and passengers only)
Direction / lanes	:	Two (2) directions, two (2) lanes each direction
Design speed (km/h)	:	120
Design capacity (vehicles per day)	:	62,000
Concession period (years)	:	29
Date of commencement	:	2 April 2013
Date of expiry	:	1 April 2042



Resolution 2:

Approval for the Proposed Acquisition of Guangxi Guiwu Expressway Guiyang
Section Investment and Construction Co., Ltd. (the “Guiyang Acquisition”)



The Guiyang Acquisition

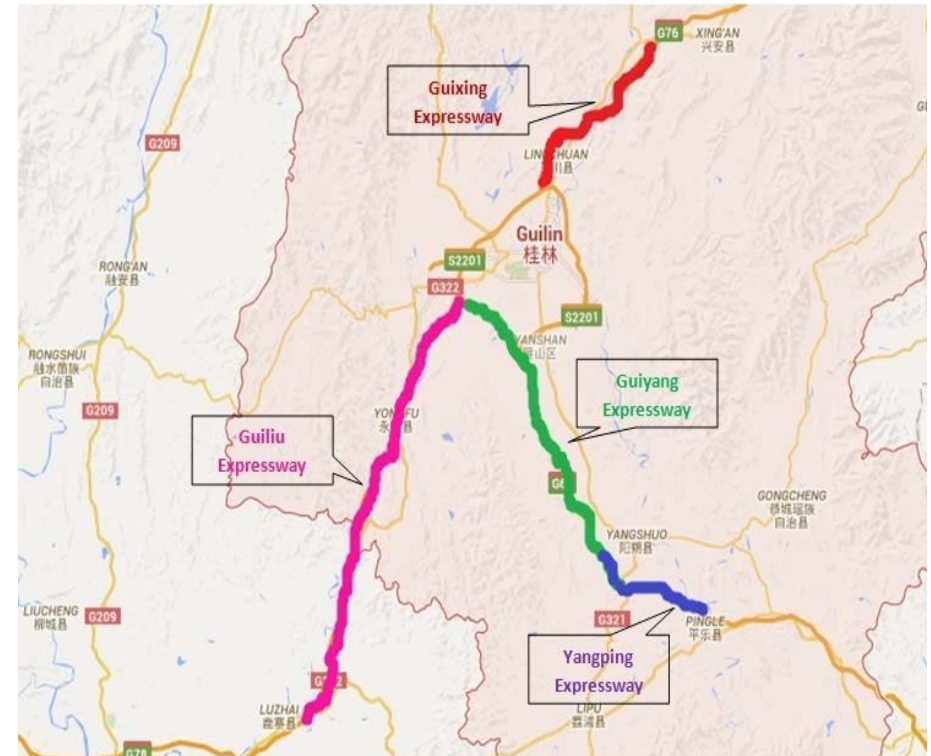
Proposed Acquisition	▪ Acquisition of all the issued shares in the capital of Guangxi Guiwu Expressway Guiyang Section Investment and Construction Co., Ltd. (the “Guiyang Target”) from Guangxi Guizheng Expressway Investment and Construction Co., Ltd., Beihai Guizheng Construction Engineering Co., Ltd. and Beihai Guizheng Industrial Co., Ltd . ▪ The Guiyang Target is a company incorporated in the PRC which owns the rights to operate the 67-kilometre Guilin – Yangshuo Expressway in Guangxi, PRC (the “Guiyang Expressway”)
Purchase Consideration	RMB930 million (approximately HK\$1.17 billion)
Funding	The Acquisition will be funded by: ▪ The net proceeds of the Preferential Offering; and ▪ External bank borrowings



Background and Overview of the Guiyang Expressway

- The Guiyang Expressway is a four (4)-lane carriageway (Dual-2) located at the southern area of Guilin Municipality, PRC, connecting Guilin urban area with Yangshuo County, PRC, in the north-east of Guangxi, PRC.
- The Guiyang Expressway is part of the G65 National Expressway System of China connecting Baotou Municipality of Inner Mongolia, PRC, and Maoming Municipality of Guangdong Province, PRC, serving the north-south traffic demand.
- It starts at Chongkou interchange of Guilin Ring road and passes by Mamian interchange, Lingui Liutang, Putao, Baisha and Gaotian in Yangshuo County, PRC.
- Toll collections by the Guiyang Target commenced on 1 August 2008.

Location	:	Guilin Municipality, Guangxi, PRC
No. of road sections	:	One (1)
Length (kilometres)	:	67
Classification	:	Expressway
Access control	:	Restricted users (motorised goods and passengers only)
Direction / lanes	:	Two (2) directions, two (2) lanes each direction
Design speed (km/h)	:	120
Design capacity (vehicles per day)	:	62,000
Concession period (years)	:	29
Date of commencement	:	1 August 2008
Date of expiry	:	31 July 2037



Resolution 3:

Approval for the Proposed Acquisition of Guangxi Huatong
Expressway Co., Ltd. (the “Yangping Acquisition”)



The Yangping Acquisition

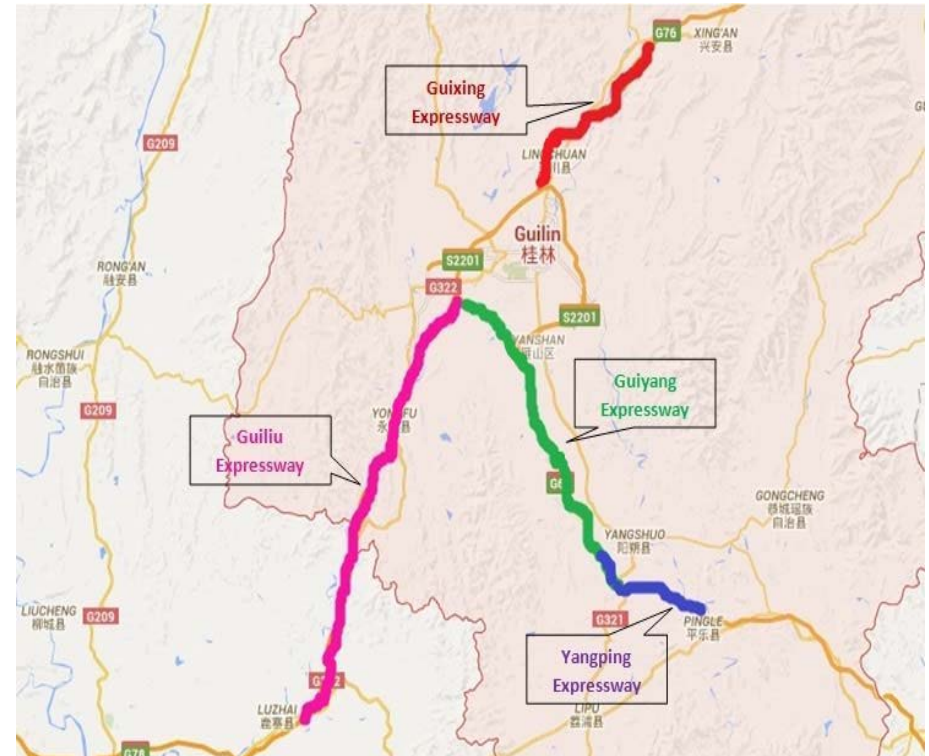
Proposed Acquisition	▪ Acquisition of all the issued shares in the capital of Guangxi Huatong Expressway Co., Ltd. (the “Yangping Target”) from Shenzhen Yitian Group Co., Ltd. and Shenzhen Ruiwo Yilai Real Estate Development Co., Ltd. ▪ The Yangping Target is a company incorporated in the PRC which owns the rights to operate the 39.5-kilometre Yangshuo – Pingle Expressway in Guangxi, PRC (the “Yangping Expressway”)
Purchase Consideration	RMB848 million (approximately HK\$1.07 billion)
Funding	The Acquisition will be funded by: ▪ The net proceeds of the Preferential Offering; and ▪ External bank borrowings



Background and Overview of the Yangping Expressway

- The Yangping Expressway is a four (4)-lane carriageway (Dual-2) located at the eastern area of Guilin Municipality, PRC, connecting Yangshuo County with Pingle County, PRC, in the north-east of Guangxi, PRC.
- The Yangping Expressway is part of the G65 National Expressway System of China connecting Baotou Municipality of Inner Mongolia, PRC, and Maoming Municipality of Guangdong Province, PRC, serving the north-south traffic demand.
- It starts at Gaotian in Yangshuo County, PRC, connecting the expressway to Guilin Municipality, PRC, and passes by Mengcun, Puyi, Fuxing and Ertang in Pingle County, PRC.
- Toll collections by the Yangping Target commenced on 12 November 2008.

Location	:	Guilin Municipality, Guangxi, PRC
No. of road sections	:	One (1)
Length (kilometres)	:	39.5
Classification	:	Expressway
Access control	:	Restricted users (motorised goods and passengers only)
Direction / lanes	:	Two (2) directions, two (2) lanes each direction
Design speed (km/h)	:	120
Design capacity (vehicles per day)	:	62,000
Concession period (years)	:	29
Date of commencement	:	12 November 2008
Date of expiry	:	17 June 2037



Rationale for the Acquisitions⁽¹⁾

Corporate growth strategy is to expand our business and earnings base through both organic expansion and selective acquisitions with a view to bringing long-term strategic benefits to CMHP and its subsidiaries (the “Group”)



Complements Growth Strategy

✓ Acquisitions are in line with CMHP’s growth strategy of expanding its business and earnings base through both organic expansion and acquisitions of quality toll road assets in key strategic regions



Expand Scale of Operations

✓ Acquisitions allow CMHP to gain full ownership of three (3) high-quality toll roads and elevate its scale of operations

✓ Pursuant to the Acquisitions, CMHP’s toll road portfolio will comprise eight (8) expressways and the total length will be expanded from the current length of 415 kilometres to approximately 575 kilometres



Extend Presence in Guangxi and the PRC

✓ Acquisitions enlarge CMHP’s toll road portfolio and expand its geographical coverage into the fast developing Guangxi, PRC

✓ Acquisitions strengthen CMHP’s position as a leading toll road operator in the transportation infrastructure sector in both Guangxi, PRC and the PRC



Promising Growth Potential in Traffic Flow

✓ Guixing Expressway, Guiyang Expressway and Yangping Expressway are sited on the main routes of Guangxi, PRC, connecting destinations that provide traffic growth opportunities

Note:

(1) Being the Guixing Acquisition, the Guiyang Acquisition and the Yangping Acquisition.



Updated Pro Forma Financial Effects – the Acquisitions on an Aggregate Basis

The updated pro forma financial effects of the Acquisitions (on an aggregate basis and after taking into account the terms of the Preferential Offering) on the share capital, net asset value (“NAV”) per ordinary share in the capital of CMHP (“Share”), net tangible assets (“NTA”) per Share, earnings per Share (“EPS”), gearing and working capital of the Group are set out in the following slides:

Purely for illustration purposes only and do not reflect the future actual financial position of the Group post-Acquisitions

Notes:

- 1) Updated pro forma financial effects were prepared based on, *inter alia*, the following assumptions :-
 - i. that the Acquisitions had been effected on 31 December 2014 for illustrating the financial effects on the consolidated share capital, NAV, NTA, gearing and working capital of the Group;
 - ii. that the Acquisitions had been effected on 1 January 2014 for illustrating the financial effects on the consolidated earnings of the Group;
 - iii. that the Company will be able to gain control of each of the Guixing Target, the Guiyang Target and the Yangping Target (collectively, the “Targets”) and account for each of the Targets as a wholly-owned subsidiary; and
 - iv. that the transaction costs associated with the Acquisitions and the Preferential Offering are assumed to be insignificant.
- 2) Please refer to the Circular dated 28 August 2015 for more details.



Share Capital

Number of Issued Shares	('000)
Before the Acquisitions:-	
- Before any conversion of the Convertible Bonds ⁽¹⁾	1,100,403
- Assuming full conversion of the Convertible Bonds	1,263,158
After the Acquisitions:-	
- Before any conversion of the Convertible Bonds	1,734,159
- Assuming full conversion of the Convertible Bonds	1,896,914

Note:

(1) Being the aggregate principal amount of HK\$1,163,000,000 1.25 per cent. convertible bonds due 2017 (credit enhanced until 2015) issued by the Company on 6 November 2012.



NAV for the financial year ended 31 December 2014 (“FY2014”)

NAV per Share	(HK\$)
Before the Acquisitions:-	
- Before any conversion of the Convertible Bonds	5.79
- Assuming full conversion of the Convertible Bonds	5.66
After the Acquisitions:-	
- Before any conversion of the Convertible Bonds	5.95
- Assuming full conversion of the Convertible Bonds	5.85



NTA for FY2014

NTA per Share ⁽¹⁾	(HK\$)
Before the Acquisitions:-	
- Before any conversion of the Convertible Bonds	(2.65)
- Assuming full conversion of the Convertible Bonds	(1.70)
After the Acquisitions:-	
- Before any conversion of the Convertible Bonds	(5.69)
- Assuming full conversion of the Convertible Bonds	(4.79)

Note:

- (1) The increased negative NTA per Share post-Acquisitions arose primarily as a result of the exclusion of the Group's share of intangible assets amounting to HK\$20,180,570,000 (including the share of toll operating rights of the Yongtaiwen Expressway of HK\$3,265,324,000, the share of toll operating rights of the Beilun Port Expressway of HK\$2,395,501,000, the share of toll operating rights of the Jiurui Expressway of HK\$3,630,998,000 and the share of toll operating rights of the Guangxi Expressways (comprising the Guixing Expressway, the Guiyang Expressway and the Yangping Expressway) of HK\$10,888,747,000).



EPS for FY2014

	Before the Acquisitions	After the Acquisitions
Profit after tax and minority interests (HK\$'000)	739,415	962,882
Net profit attributable to ordinary shareholders (HK\$'000)	739,415	962,882
Basic EPS (HK cents)	83.96	63.58
Fully diluted EPS (HK cents)	66.54	55.56

Notes:

- (1) The calculation of basic and diluted EPS is based on the profit/adjusted profit attributable to ordinary shareholders of the Company.
- (2) For the purpose of calculating the diluted EPS, the weighted average number of shares is adjusted to take into account the dilutive effect arising from the dilutive share options and full conversion of all Convertible Bonds.
- (3) Expenses in connection with the Acquisitions and the Preferential Offering and any synergistic benefits arising from the Acquisitions and the Preferential Offering are assumed to be immaterial.



Gearing for FY2014

Gearing	(%)
Before the Acquisitions:-	
- Before any conversion of the Convertible Bonds	32
- Assuming full conversion of the Convertible Bonds	26
After the Acquisitions:-	
- Before any conversion of the Convertible Bonds	48
- Assuming full conversion of the Convertible Bonds	44

Note:

(1) The gearing is computed based on the ratio of debts to the sum of debts and shareholders' equity.



Working Capital as at 31 December 2014

Working capital	(HK\$'000)
Before the Acquisitions:-	
- Before any conversion of the Convertible Bonds	(445,504)
- Assuming full conversion of the Convertible Bonds	(445,504)
After the Acquisitions:-	
- Before any conversion of the Convertible Bonds	(113,563)
- Assuming full conversion of the Convertible Bonds	(113,563)



Updated Pro Forma Financial Effects – the Acquisitions on a Standalone Basis

The updated pro forma financial effects of the Acquisitions (on a standalone basis and after taking into account the terms of the Preferential Offering) on the share capital, NAV per Share, NTA per Share, EPS, gearing and working capital of the Group are set out in the following slides:

Purely for illustration purposes only and do not reflect the future actual financial position of the Group post-Acquisitions

Notes:

- 1) Updated pro forma financial effects were prepared based on, *inter alia*, the following assumptions :-
 - i. that the Acquisitions had been effected on 31 December 2014 for illustrating the financial effects on the consolidated share capital, NAV, NTA, gearing and working capital of the Group;
 - ii. that the Acquisitions had been effected on 1 January 2014 for illustrating the financial effects on the consolidated earnings of the Group;
 - iii. that the Company will be able to gain control of each of the Targets and account for each of the Targets as a wholly-owned subsidiary; and
 - iv. that the transaction costs associated with the Acquisitions and the Preferential Offering are assumed to be insignificant.
- 2) Please refer to the Circular dated 28 August 2015 for more details.



Share Capital

Number of Issued Shares	Guixing Acquisition (’000)	Guiyang Acquisition (’000)	Yangping Acquisition (’000)
Before the Acquisitions:-			
- Before any conversion of the Convertible Bonds	1,100,403	1,100,403	1,100,403
- Assuming full conversion of the Convertible Bonds	1,263,158	1,263,158	1,263,158
After the Acquisitions:-			
- Before any conversion of the Convertible Bonds	1,734,159	1,734,159	1,734,159
- Assuming full conversion of the Convertible Bonds	1,896,914	1,896,914	1,896,914



NAV for FY2014

NAV per Share	Guixing Acquisition (HK\$)	Guiyang Acquisition (HK\$)	Yangping Acquisition (HK\$)
Before the Acquisitions:-			
- Before any conversion of the Convertible Bonds	5.79	5.79	5.79
- Assuming full conversion of the Convertible Bonds	5.66	5.66	5.66
After the Acquisitions:-			
- Before any conversion of the Convertible Bonds	5.94	5.82	5.83
- Assuming full conversion of the Convertible Bonds	5.84	5.73	5.73



NTA for FY2014

NTA per Share ⁽¹⁾	Guixing Acquisition (HK\$)	Guiyang Acquisition (HK\$)	Yangping Acquisition (HK\$)
Before the Acquisitions:-			
- Before any conversion of the Convertible Bonds	(2.65)	(2.65)	(2.65)
- Assuming full conversion of the Convertible Bonds	(1.70)	(1.70)	(1.70)
After the Acquisitions:-			
- Before any conversion of the Convertible Bonds	(2.36)	(1.52)	(0.88)
- Assuming full conversion of the Convertible Bonds	(1.75)	(0.98)	(0.40)

Note:

- (1) The increased negative NTA per Share post-Acquisitions arose primarily as a result of the exclusion of the Group's share of intangible assets amounting to HK\$20,180,570,000 (including the share of toll operating rights of the Yongtaiwen Expressway of HK\$3,265,324,000, the share of toll operating rights of the Beilun Port Expressway of HK\$2,395,501,000, the share of toll operating rights of the Jiurui Expressway of HK\$3,630,998,000 and the share of toll operating rights of the Guangxi Expressways of HK\$10,888,747,000).



EPS for FY2014

	Before the Acquisitions	After the Acquisitions		
		Guixing Acquisition	Guiyang Acquisition	Yangping Acquisition
Profit after tax and minority interests (HK\$'000)	739,415	981,513	823,354	712,901
Net profit attributable to ordinary shareholders (HK\$'000)	739,415	981,513	823,354	712,901
Basic EPS (HK cents)	83.96	64.81	54.37	47.07
Fully diluted EPS (HK cents)	66.54	56.60	47.84	41.72

Notes:

- (1) The calculation of basic and diluted EPS is based on the profit/adjusted profit attributable to ordinary shareholders of the Company.
- (2) For the purpose of calculating the diluted EPS, the weighted average number of shares is adjusted to take into account the dilutive effect arising from the dilutive share options and full conversion of all Convertible Bonds.
- (3) Expenses in connection with the Acquisitions and the Preferential Offering and any synergistic benefits arising from the Acquisitions and the Preferential Offering are assumed to be immaterial.



Gearing for FY2014

Gearing	Guixing Acquisition (%)	Guiyang Acquisition (%)	Yangping Acquisition (%)
Before the Acquisitions:-			
- Before any conversion of the Convertible Bonds	32	32	32
- Assuming full conversion of the Convertible Bonds	26	26	26
After the Acquisitions:-			
- Before any conversion of the Convertible Bonds	33	31	31
- Assuming full conversion of the Convertible Bonds	29	27	26

Note:

(1) The gearing is computed based on the ratio of debts to the sum of debts and Shareholders' equity.



Working Capital as at 31 December 2014

Working capital	Guixing Acquisition (HK\$'000)	Guiyang Acquisition (HK\$'000)	Yangping Acquisition (HK\$'000)
Before the Acquisitions:-			
- Before any conversion of the Convertible Bonds	(445,504)	(445,504)	(445,504)
- Assuming full conversion of the Convertible Bonds	(445,504)	(445,504)	(445,504)
After the Acquisitions:-			
- Before any conversion of the Convertible Bonds	573,380	1,285,929	2,048,316
- Assuming full conversion of the Convertible Bonds	573,380	1,285,929	2,048,316



Directors' Recommendation

- Having considered, *inter alia*, the terms, financial effects and rationale of the Acquisitions, and after discussion with the management of the Company,

the Directors:

- are of the opinion that each Acquisition is in the interests of the Company and the shareholders; and
- recommend that shareholders VOTE IN FAVOUR of the Ordinary Resolutions relating to the Acquisitions to be proposed at this EGM.



Thank you

