

CHINA MERCHANTS HOLDINGS (PACIFIC) LIMITED

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

ANNOUNCEMENT

PROPOSED ACQUISITIONS OF THE GUIXING EXPRESSWAY, THE GUIYANG EXPRESSWAY AND THE YANGPING EXPRESSWAY IN THE PEOPLE'S REPUBLIC OF CHINA

1. INTRODUCTION

1.1 **Proposed Acquisitions.** The Board of Directors (the “**Board**”) of China Merchants Holdings (Pacific) Limited (“**CMHP**” or the “**Company**”) is pleased to announce that three direct wholly-owned subsidiaries of the Company, Xinan Guixing Expressway Pte. Ltd. (“**Guixing SPV**”), Xinan Guiyang Expressway Pte. Ltd. (“**Guiyang SPV**”) and Xinan Yangping Expressway Pte. Ltd. (“**Yangping SPV**”), have today entered into the following agreements in relation to the proposed acquisitions of three expressways located in the Guangxi Zhuang Autonomous Region (“**Guangxi**”), the People’s Republic of China (“**PRC**”):

- (a) a conditional share purchase agreement (the “**Guixing SPA**”) between Guixing SPV, Guangxi Guizheng Expressway Investment and Construction Co., Ltd. (广西桂政高速公路投资建设有限公司) (“**Guangxi Guizheng**”), Beihai Guizheng Construction Engineering Co., Ltd. (北海桂政建筑工程有限公司) (“**Guizheng Construction**”, and together with Guangxi Guizheng, the “**Guixing Sellers**”) and Guangxi Guixing Expressway Investment and Construction Co., Ltd. (广西桂兴高速公路投资建设有限公司) (the “**Guixing Target**”), pursuant to which the Guixing Sellers have agreed to sell, and Guixing SPV has agreed to purchase, all the issued shares of the Guixing Target, which owns the rights to operate the Guilin – Xing’an Expressway (桂林至兴安高速公路) (the “**Guixing Expressway**”) (the “**Guixing Acquisition**”);
- (b) a conditional share purchase agreement (the “**Guiyang SPA**”) between Guiyang SPV, Guangxi Guizheng, Guizheng Construction, Beihai Guizheng Industrial Co., Ltd. (北海桂政实业有限公司) (“**Guizheng Industrial**”, and together with Guangxi Guizheng and Guizheng Construction, the “**Guiyang Sellers**”) and Guangxi Guiwu Expressway Guiyang Section Investment and Construction Co., Ltd. (广西桂梧高速公路桂阳段投资建设有限公司) (the “**Guiyang Target**”), pursuant to which the Guiyang Sellers have agreed to sell, and Guiyang SPV has agreed to purchase, all the issued shares of the Guiyang Target, which owns the rights to operate the Guilin – Yangshuo Expressway (桂林至阳朔高速公路) (the “**Guiyang Expressway**”) (the “**Guiyang Acquisition**”); and
- (c) a conditional share purchase agreement (the “**Yangping SPA**”) between Yangping SPV, Shenzhen Yitian Group Co., Ltd. (深圳市益田集团股份有限公司) (“**Shenzhen Yitian**”), Shenzhen Ruiwo Yilai Real Estate Development Co., Ltd. (深圳市瑞沃亿来房地产开发有限公司) (“**Ruiwo Yilai**”, and together with Shenzhen Yitian, the “**Yangping Sellers**”) and Guangxi Huatong Expressway Co., Ltd. (广西华通高速公路有限责任公司) (the “**Yangping Target**”), pursuant to which the Yangping Sellers have agreed to sell, and Yangping SPV has agreed to purchase, all the issued shares of the Yangping Target, which owns the rights to operate the Yangshuo – Pingle

Expressway (阳朔至平乐高速公路) (the “**Yangping Expressway**”) (the “**Yangping Acquisition**”).

The Guixing Sellers, the Guiyang Sellers and the Yangping Sellers are not related to CMHP or any of CMHP’s controlling shareholders, directors or their associates.

- 1.2 **Completion.** The completion of each of the Guixing Acquisition, the Guiyang Acquisition and the Yangping Acquisition (collectively, the “**Acquisitions**”) (“**Completion**”) is subject to and conditional upon various pre-conditions and conditions precedent, including, *inter alia*, the approval of shareholders of the Company (the “**Shareholders**”) for each of the Acquisitions at an extraordinary general meeting of the Company to be convened (“**EGM**”). Following Completion, the Guixing Target, the Guiyang Target and the Yangping Target (collectively, the “**Targets**”) will be wholly-owned subsidiaries of CMHP and members of the CMHP group comprising CMHP and its subsidiaries (the “**CMHP Group**”).

Completion of each of the Guixing Acquisition, the Guiyang Acquisition and the Yangping Acquisition is not inter-conditional upon the Completion of the other Acquisitions.

2. INFORMATION ON GUIXING SPV, THE GUIXING TARGET AND THE GUIXING EXPRESSWAY

- 2.1 **Guixing SPV.** Guixing SPV was incorporated in Singapore on 12 June 2015 as a direct wholly-owned subsidiary of the Company with an issued and paid-up share capital of S\$1.00 comprising one ordinary share, for the purpose of holding the Company’s interest in the Guixing Target on Completion of the Guixing Acquisition (the “**Guixing Completion**”).
- 2.2 **The Guixing Target.** The Guixing Target is a company incorporated in the PRC which owns the rights to operate the Guixing Expressway. As at the date of this Announcement, Guangxi Guizheng and Guizheng Construction own 93.2 per cent. of the issued shares of the Guixing Target and 6.8 per cent. of the issued shares of the Guixing Target respectively, collectively representing all the issued shares of the Guixing Target (the “**Guixing Target Shares**”).
- 2.3 **The Guixing Expressway.** 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 is a four-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, with a total length of 53.4 kilometres. The Guixing Expressway 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 on the Guixing Expressway commenced on 2 April 2013. The Guixing Target’s toll operating rights for the Guixing Expressway, which have been provisionally granted to the Guixing Target for a period of 29 years, will only be formally granted to the Guixing Target by the relevant governmental authorities in Guangxi, PRC upon the completion of the Outstanding Guixing Expressway Works (as defined in **paragraph 3.8** below) and the inspection of the Guixing Expressway by the relevant PRC governmental authorities.

Additional information on the Guixing Expressway is set out in **Appendix 1** of this Announcement.

- 2.4 **Asset Value.** CMHP has appointed THI Asia Consultants Limited (“**THI Asia**”) to conduct independent traffic and revenue forecast studies on the Guixing Expressway and to prepare

the results of the study on the Guixing Expressway (the “**Guixing Traffic Consultant’s Report**”). CMHP has also appointed Zhonghe Appraisal Co., Ltd. (“**Zhonghe**”) to appraise the market value of the Guixing Target Shares as at 31 December 2014 (the “**Guixing Target Valuation Report**”). An executive summary of each of the Guixing Traffic Consultant’s Report and the Guixing Target Valuation Report is set out in **Appendix 4** and **Appendix 7** of this Announcement respectively.

According to Zhonghe’s appraisals based on generally accepted valuation procedures and practices, the market value of the Guixing Target Shares, which comprise 100 per cent. of the equity interest in the Guixing Target, is approximately RMB1,578 million (approximately HK\$2,000 million)¹ as at 31 December 2014.

Based on the audited financial statements of the Guixing Target for the financial year ended 31 December 2014 (“**FY2014**”), the net asset value (“**NAV**”) and the net tangible asset (“**NTA**”) value of the Guixing Target Shares as at 31 December 2014 are approximately RMB1,052,752,234 (approximately HK\$1,334,468,731) and approximately negative RMB2,278,581,866 (approximately negative HK\$2,888,330,373) respectively.²

- 2.5 **Net Profit.** Based on the audited financial statements of the Guixing Target for FY2014, the net profit before tax, minority interests and exceptional items of the Guixing Target for FY2014 is approximately HK\$44,534,585.

3. **PRINCIPAL TERMS OF THE GUIXING ACQUISITION**

- 3.1 **Guixing SPA.** Pursuant to the terms of the Guixing SPA, the Guixing Sellers shall sell, and Guixing SPV shall purchase, the Guixing Target Shares on the date falling one day after the satisfaction or waiver of all the Guixing Conditions (as defined in **paragraph 3.5** below) in accordance with the terms of the Guixing SPA (or such other date as may be agreed in writing between Guixing SPV, the Guixing Sellers and the Guixing Target) (the “**Guixing Completion Date**”), free from any lien, mortgage, hypothecation, pledge, security interest, option, pre-emptive right, other statutory or prescribed encumbrance or any claim, right or privilege that may become any of the foregoing (“**Encumbrances**”).
- 3.2 **Alternative Acquiror.** Pursuant to the terms of the Guixing SPA, if Guixing SPV is prohibited from acquiring the Guixing Target Shares due to any applicable PRC governmental or regulatory requirements, CMHP shall be entitled to nominate an alternative acquiror for the Guixing Target Shares, who will assume all the rights and obligations of Guixing SPV under the Guixing SPA.
- 3.3 **Consideration.** The consideration of RMB1,258,608,468.58 (approximately HK\$1,588,993,191.58 based on an exchange rate of RMB1 : HK\$1.2625) for the Guixing Acquisition (the “**Guixing Consideration**”) was arrived at on a willing seller willing buyer basis after taking into account (a) the market value of the Guixing Target Shares as at 31 December 2014, which was independently appraised by Zhonghe, (b) the Guixing Traffic

¹ Unless otherwise stated, the approximate HK\$ equivalent of RMB amounts in this Announcement are based on an exchange rate of RMB1 : HK\$1.2676.

² Based on an auditor’s report dated 20 April 2015 prepared by ShineWing Certified Public Accountants (“**Shinewing**”) in relation to the audited financial statements of the Guixing Target for FY2014, it was highlighted that Shinewing was unable to express its opinion on the accuracy of intangible asset and balances on advances and payables related to the Guixing Target’s toll operating rights for the Guixing Expressway, specifically in relation to an amount of RMB493,510,000 which was included in the closing balance of intangible assets as payments advanced to Hunan Construction (as defined in **paragraph 3.8** below), due to the fact that, as of the date of the auditor’s report, the Guixing Target had not reached an agreement on outstanding project costs and settlement of payments with Hunan Construction in relation to the construction of the Guixing Expressway.

Consultant's Report prepared by THI Asia and (c) the rationale for the Acquisitions. Pursuant to the terms of the Guixing SPA, there will not be any adjustments to the Guixing Consideration to take into account any profit or loss arising from the ordinary course of business of the Guixing Target from 31 December 2014 to the Guixing Completion Date.

The Guixing Consideration shall be paid in cash by Guixing SPV to the Guixing Sellers (in proportion to their respective shareholding interests in the Guixing Target) within 30 business days from the Guixing Completion Date, and will be funded by CMHP using external financing, including, *inter alia*, external bank borrowings and/or the issuance of new securities by CMHP, the terms of any such issuance to be determined and subject to various factors, including market conditions.

3.4 **Pre-Conditions.** Pursuant to the terms of the Guixing SPA, the Guixing SPA shall only become effective upon the satisfaction of the following pre-conditions (the "**Guixing Pre-Conditions**"):

- (a) the approval of the Ministry of Commerce of the PRC or the Department of Commerce of Guangxi (or such other competent authority in charge of commerce in the PRC) ("**MOFCOM**") for the Guixing Acquisition, the Guixing SPA and the new articles of association of the Guixing Target;
- (b) the approval of the Shareholders for the Guixing Acquisition at an EGM; and
- (c) the approval of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the circular to be issued by CMHP to the Shareholders in relation to the Guixing Acquisition.

3.5 **Conditions Precedent.** Pursuant to the terms of the Guixing SPA, the Guixing Completion is subject to and conditional upon the satisfaction or waiver (as the case may be) of, *inter alia*, the conditions precedent (the "**Guixing Conditions**") set out below.

The satisfaction of the following Guixing Conditions is subject to confirmation by Guixing SPV and the Guixing Sellers on or before the Guixing Completion Date:

- (a) the relevant PRC governmental approvals for the Guixing Acquisition (the "**Guixing Governmental Approvals**") being obtained and disclosed in accordance with the applicable PRC governmental or regulatory requirements, including the approval from the competent enterprise registration authority in the PRC for the registration or filing of the change of shareholders of the Guixing Target, the new articles of association of the Guixing Target and the change of the legal representative of the Guixing Target (the "**Guixing AIC Registration Approval Notice**");
- (b) there are no applicable PRC governmental or regulatory requirements or orders which prohibit the Guixing Completion; and
- (c) all authorisations, consents, approvals or waivers necessary for the performance of the Guixing SPA and the Guixing Completion being obtained by each party and remaining in full force and effect as at the Guixing Completion Date, and there being no applicable PRC governmental or regulatory requirements or orders which prohibit, restrict or materially delay the Guixing Completion or result in any material adverse effect on the Guixing Target after the Guixing Completion.

The satisfaction or waiver of the following Guixing Conditions is subject to confirmation by Guixing SPV on or before the Guixing Completion Date:

- (i) the representations and warranties made by the Guixing Sellers under the Guixing SPA being true and accurate as if they were made on the Guixing Completion Date (save for such representations and warranties which are made with reference to a specific date);
- (ii) all covenants to be performed by the Guixing Sellers on or before the Guixing Completion Date having been duly performed in all respects;
- (iii) the approval of the shareholders of the Guixing Target being obtained in respect of the new articles of association of the Guixing Target, the Guixing Acquisition and change of the legal representative of the Guixing Target;
- (iv) the Guixing AIC Registration Approval Notice being obtained;
- (v) there being no material adverse effect to the Guixing Completion from the date of the Guixing SPA to the Guixing Completion Date;
- (vi) the discharge of the security interest over the Guixing Target Shares created by the Guixing Sellers or the completion of the registration of change of such security interest;
- (vii) written consents being obtained by the Guixing Target from Bank of China Limited (Shenzhen Branch), Bank of China Limited (Guilin Branch) and China Merchants Bank Co., Ltd. (Nanning Branch) for the Guixing Acquisition and for the early repayment of certain loans and their waiver of any liability for breaches that may arise as a result of such early repayment;
- (viii) other than borrowings from the Guixing Sellers and other related entities of the Guixing Sellers (collectively, the **“Guixing Related Parties”**), there being no borrowings by the Guixing Target from other parties as at the Guixing Completion Date;
- (ix) the Guixing Target having made all relevant payments of social insurance premiums and housing fund contributions for all its current employees in accordance with applicable PRC governmental or regulatory requirements, and the Guixing Target having ceased all such payments and contributions in respect of any person who has not signed an employment agreement with the Guixing Target or who is not actually employed by the Guixing Target;
- (x) the completion of the completion audit and due diligence exercise conducted by Guixing SPV on the Guixing Target, the results of which are reasonably satisfactory to Guixing SPV; and
- (xi) the provision of a certificate to Guixing SPV from each of the duly authorised persons of the Guixing Sellers and the Guixing Target confirming the satisfaction of the Guixing Conditions set out in **paragraphs 3.5(i) to 3.5(x)** above, together with the relevant supporting documents.

The satisfaction or waiver of the following Guixing Conditions is subject to confirmation by the Guixing Sellers on or before the Guixing Completion Date:

- (A) the representations and warranties made by Guixing SPV under the Guixing SPA being true and accurate in all material respects as if they were made on the Guixing Completion Date;

- (B) all covenants to be performed by Guixing SPV on or before the Guixing Completion Date having been duly performed in all material respects; and
 - (C) the provision of a certificate to the Guixing Sellers from the duly authorised persons of Guixing SPV confirming the satisfaction of the Guixing Conditions set out in **paragraphs 3.5(A) and 3.5(B)** above.
- 3.6 **Long-Stop Date.** Pursuant to the terms of the Guixing SPA, in the event that the Guixing Governmental Approvals are not obtained within 365 days after the execution of the Guixing SPA (or such other later date as may be agreed in writing between Guixing SPV and the Guixing Sellers), either Guixing SPV or the Guixing Sellers will be entitled to terminate the Guixing SPA without any liability by providing the other party with a written notice of termination (unless the party seeking to terminate is in material breach of its obligations under the Guixing SPA).
- 3.7 **Break Fee.** Pursuant to the terms of the Guixing SPA, in the event the Guixing Pre-Conditions and/or the Guixing Conditions cannot be satisfied and such non-satisfaction is attributable to a party to the Guixing SPA, such party shall be liable to pay RMB50 million (approximately HK\$63 million based on an exchange rate of RMB1 : HK\$1.2625) to the other parties.
- 3.8 **Outstanding Guixing Expressway Works.** Pursuant to the terms of the Guixing SPA, Guixing SPV, the Guixing Sellers and the Guixing Target have agreed that the construction of a toll station at the proposed Rongjiang exit of the Guixing Expressway (including an inspection of the Guixing Expressway by the relevant PRC governmental authorities) (the **“Outstanding Guixing Expressway Works”**) should be completed within one year after the Guixing Completion Date. In relation to the Outstanding Guixing Expressway Works, the Company understands that the Guixing Target has today entered into a supplemental construction contract (the **“Guixing Supplemental Construction Contract”**) with Guizheng Construction and Hunan Road and Bridge Construction Co., Ltd. (湖南路桥建设集团有限责任公司) (**“Hunan Construction”**), pursuant to which the Guixing Target will pay RMB154,390,000 to Guizheng Construction and/or Hunan Construction to complete the Outstanding Guixing Expressway Works within two years from the date of signing of the Guixing Supplemental Construction Contract.
- 3.9 **Guixing Related Party Loans.** Pursuant to the terms of the Guixing SPA, the Guixing Target will repay the interest-free loans currently extended by the Guixing Related Parties, in an aggregate amount of RMB452,302,312.27 (as at the date of the Guixing SPA) (the **“Guixing Related Party Loans”**), in instalments as follows:
- (a) within six months after the Guixing Completion Date, the Guixing Target will repay RMB252,302,312.27 of the Guixing Related Party Loans to the relevant Guixing Related Parties;
 - (b) following the completion of the Outstanding Guixing Expressway Works (including an inspection of the Guixing Expressway by the relevant PRC governmental authorities), the Guixing Target will repay RMB100,000,000 of the Guixing Related Party Loans to the relevant Guixing Related Parties; and
 - (c) subject to the completion of the Outstanding Guixing Expressway Works (including an inspection of the Guixing Expressway by the relevant PRC governmental authorities), the Guixing Target will repay the remaining RMB100,000,000 of the Guixing Related Party Loans to the relevant Guixing Related Parties following the lapse of two years

from the Guixing Completion Date, after making any deductions for damages payable by the Guixing Sellers in accordance with the terms of the Guixing SPA.

4. INFORMATION ON GUIYANG SPV, THE GUIYANG TARGET AND THE GUIYANG EXPRESSWAY

4.1 **Guiyang SPV.** Guiyang SPV was incorporated in Singapore on 12 June 2015 as a direct wholly-owned subsidiary of the Company with an issued and paid-up share capital of S\$1.00 comprising one ordinary share, for the purpose of holding the Company's interest in the Guiyang Target on Completion of the Guiyang Acquisition (the "**Guiyang Completion**").

4.2 **The Guiyang Target.** The Guiyang Target is a company incorporated in the PRC which owns the rights to operate the Guiyang Expressway. As at the date of this Announcement, Guangxi Guizheng, Guizheng Construction and Guizheng Industrial own 58.31 per cent. of the issued shares of the Guiyang Target, 19.88 per cent. of the issued shares of the Guiyang Target and 21.81 per cent. of the issued shares of the Guiyang Target respectively, collectively representing all the issued shares of the Guiyang Target (the "**Guiyang Target Shares**").

4.3 **The Guiyang Expressway.** 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 is a four-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, with a total length of 67 kilometres. The Guiyang Expressway 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 on the Guiyang Expressway commenced on 1 August 2008. The Guiyang Target's toll operating rights for the Guiyang Expressway, which have been provisionally granted to the Guiyang Target for a period of 29 years, will only be formally granted to the Guiyang Target by the relevant governmental authorities in Guangxi, PRC upon the completion of the inspection of the Guiyang Expressway by the relevant PRC governmental authorities.

Additional information on the Guiyang Expressway is set out in **Appendix 2** of this Announcement.

4.4 **Asset Value.** CMHP has appointed THI Asia to conduct independent traffic and revenue forecast studies on the Guiyang Expressway and to prepare the results of the study on the Guiyang Expressway (the "**Guiyang Traffic Consultant's Report**"). CMHP has also appointed Zhonghe to appraise the market value of the Guiyang Target Shares as at 31 December 2014 (the "**Guiyang Target Valuation Report**"). An executive summary of each of the Guiyang Traffic Consultant's Report and the Guiyang Target Valuation Report is set out in **Appendix 5** and **Appendix 8** of this Announcement respectively.

According to Zhonghe's appraisals based on generally accepted valuation procedures and practices, the market value of the Guiyang Target Shares, which comprise 100 per cent. of the equity interest in the Guiyang Target, is approximately RMB932 million (approximately HK\$1,181 million) as at 31 December 2014.

Based on the audited financial statements of the Guiyang Target for FY2014, the NAV and the NTA of the Guiyang Target Shares as at 31 December 2014 are approximately

RMB932,298,400 (approximately HK\$1,181,781,452) and approximately negative RMB1,780,733,129 (approximately negative HK\$2,257,257,314) respectively.

- 4.5 **Net Profit.** Based on the audited financial statements of the Guiyang Target for FY2014, the net profit before tax, minority interests and exceptional items of the Guiyang Target for FY2014 is approximately HK\$109,446,479.

5. PRINCIPAL TERMS OF THE GUIYANG ACQUISITION

- 5.1 **Guiyang SPA.** Pursuant to the terms of the Guiyang SPA, the Guiyang Sellers shall sell, and Guiyang SPV shall purchase, the Guiyang Target Shares on the date falling one day after the satisfaction or waiver of all the Guiyang Conditions (as defined in **paragraph 5.5** below) in accordance with the terms of the Guiyang SPA (or such other date as may be agreed in writing between Guiyang SPV, the Guiyang Sellers and the Guiyang Target) (the “**Guiyang Completion Date**”), free from any Encumbrances.

- 5.2 **Alternative Acquiror.** Pursuant to the terms of the Guiyang SPA, if Guiyang SPV is prohibited from acquiring the Guiyang Target Shares due to any applicable PRC governmental or regulatory requirements, CMHP shall be entitled to nominate an alternative acquiror for the Guiyang Target Shares, who will assume all the rights and obligations of Guiyang SPV under the Guiyang SPA.

- 5.3 **Consideration.** The consideration of RMB930,001,000 (approximately HK\$1,174,126,262.50 based on an exchange rate of RMB1 : HK\$1.2625) for the Guiyang Acquisition (the “**Guiyang Consideration**”) was arrived at on a willing seller willing buyer basis after taking into account (a) the market value of the Guiyang Target Shares as at 31 December 2014, which was independently appraised by Zhonghe, (b) the Guiyang Traffic Consultant's Report prepared by THI Asia and (c) the rationale for the Acquisitions. Pursuant to the terms of the Guiyang SPA, there will not be any adjustments to the Guiyang Consideration to take into account any profit or loss arising from the ordinary course of business of the Guiyang Target from 31 December 2014 to the Guiyang Completion Date.

The Guiyang Consideration shall be paid in cash by Guiyang SPV to the Guiyang Sellers (in proportion to their respective shareholding interests in the Guiyang Target) within 30 business days from the Guiyang Completion Date, and will be funded by CMHP using external financing, including, *inter alia*, external bank borrowings and/or the issuance of new securities by CMHP, the terms of any such issuance to be determined and subject to various factors, including market conditions.

- 5.4 **Pre-Conditions.** Pursuant to the terms of the Guiyang SPA, the Guiyang SPA shall only become effective upon the satisfaction of the following pre-conditions (the “**Guiyang Pre-Conditions**”):

- (a) the approval of MOFCOM for the Guiyang Acquisition, the Guiyang SPA and the new articles of association of the Guiyang Target;
- (b) the approval of the Shareholders for the Guiyang Acquisition at an EGM; and
- (c) the approval of the SGX-ST for the circular to be issued by CMHP to the Shareholders in relation to the Guiyang Acquisition.

- 5.5 **Conditions Precedent.** Pursuant to the terms of the Guiyang SPA, the Guiyang Completion is subject to and conditional upon the satisfaction or waiver (as the case may be) of, *inter alia*, the conditions precedent (the “**Guiyang Conditions**”) set out below.

The satisfaction of the following Guiyang Conditions is subject to confirmation by Guiyang SPV and the Guiyang Sellers on or before the Guiyang Completion Date:

- (a) the relevant PRC governmental approvals for the Guiyang Acquisition (the “**Guiyang Governmental Approvals**”) being obtained and disclosed in accordance with the applicable PRC governmental or regulatory requirements, including the approval from the competent enterprise registration authority in the PRC for the registration or filing of the change of shareholders of the Guiyang Target, the new articles of association of the Guiyang Target and the change of the legal representative of the Guiyang Target (the “**Guiyang AIC Registration Approval Notice**”);
- (b) there are no applicable PRC governmental or regulatory requirements or orders which prohibit the Guiyang Completion; and
- (c) all authorisations, consents, approvals and waivers necessary for the performance of the Guiyang SPA and the Guiyang Completion being obtained by each party and remaining in full force and effect as at the Guiyang Completion Date, and there being no applicable PRC governmental or regulatory requirements or orders which prohibit, restrict or materially delay the Guiyang Completion or result in any material adverse effect on the Guiyang Target after the Guiyang Completion.

The satisfaction or waiver of the following Guiyang Conditions is subject to confirmation by Guiyang SPV before the Guiyang Completion Date:

- (i) the representations and warranties made by the Guiyang Sellers under the Guiyang SPA being true and accurate as if they were made on the Guiyang Completion Date (save for such representations and warranties which are made with reference to a specific date);
- (ii) all covenants to be performed by the Guiyang Sellers on or before the Guiyang Completion Date having been duly performed in all respects;
- (iii) the approval of the shareholders of the Guiyang Target being obtained in respect of the new articles of association of the Guiyang Target, the Guiyang Acquisition and change of the legal representative of the Guiyang Target;
- (iv) the Guiyang AIC Registration Approval Notice being obtained;
- (v) there being no material adverse effect to the Guiyang Completion from the date of the Guiyang SPA to the Guiyang Completion Date;
- (vi) the discharge of the security interest over the Guiyang Target Shares created by the Guiyang Sellers or the completion of the registration of change of such security interest;
- (vii) written consents being obtained by the Guiyang Target from China Merchants Bank Co., Ltd. (Nanning Branch), Agricultural Bank of China Limited (Guangxi Branch), Industrial and Commercial Bank of China Limited (Beihai Branch and Nanzhu Sub-branch) and Industrial and Commercial Bank of China Limited (Guilin Branch) for the Guiyang Acquisition and for the early repayment of certain loans and their waiver of any liability for breaches that may arise as a result of such early repayment;
- (viii) other than borrowings from the Guiyang Sellers and other related entities of the Guiyang Sellers (collectively, the “**Guiyang Related Parties**”), there being no borrowings by the Guiyang Target from other parties as at the Guiyang Completion Date;

- (ix) the Guiyang Target having made all relevant payments of social insurance premiums and housing fund contributions for all its current employees in accordance with applicable PRC governmental or regulatory requirements, and the Guiyang Target having ceased all such payments and contributions in respect of any person who has not signed an employment agreement with the Guiyang Target or who is not actually employed by the Guiyang Target;
- (x) the completion of the completion audit and due diligence exercise conducted by Guiyang SPV on the Guiyang Target, the results of which are reasonably satisfactory to Guiyang SPV; and
- (xi) the provision of a certificate to Guiyang SPV from each of the duly authorised persons of the Guiyang Sellers and the Guiyang Target confirming the satisfaction of the Guiyang Conditions set out in **paragraphs 5.5(i) to 5.5(x)** above, together with the relevant supporting documents.

The satisfaction or waiver of the following Guiyang Conditions is subject to confirmation by the Guiyang Sellers on or before the Guiyang Completion Date:

- (A) the representations and warranties made by Guiyang SPV under the Guiyang SPA being true and accurate in all material respects as if they were made on the Guiyang Completion Date;
- (B) all covenants to be performed by Guiyang SPV on or before the Guiyang Completion Date having been duly performed in all material respects; and
- (C) the provision of a certificate to the Guiyang Sellers from the duly authorised persons of Guiyang SPV confirming the satisfaction of the Guiyang Conditions set out in **paragraphs 5.5(A) and 5.5(B)** above.

5.6 Long-Stop Date. Pursuant to the terms of the Guiyang SPA, in the event that the Guiyang Governmental Approvals are not obtained within 365 days after the execution of the Guiyang SPA (or such other later date as may be agreed in writing between Guiyang SPV and the Guiyang Sellers), either Guiyang SPV or the Guiyang Sellers will be entitled to terminate the Guiyang SPA without any liability by providing the other party with a written notice of termination (unless the party seeking to terminate is in material breach of its obligations under the Guiyang SPA).

5.7 Break Fee. Pursuant to the terms of the Guiyang SPA, in the event the Guiyang Pre-Conditions and/or the Guiyang Conditions cannot be satisfied and such non-satisfaction is attributable to a party to the Guiyang SPA, such party shall be liable to pay RMB50 million to the other parties.

5.8 Guiyang Related Party Loans. Pursuant to the terms of the Guiyang SPA, the Guiyang Target will repay the interest-free loans currently extended by the Guiyang Related Parties in an aggregate amount of RMB355,141,210.83 (as at 31 December 2014) (the “**Guiyang Related Party Loans**”) in instalments as follows:

- (a) within six months after the Guiyang Completion Date, the Guiyang Target will repay RMB155,141,210.83 of the Guiyang Related Party Loans to the relevant Guiyang Related Parties;
- (b) following the completion of the inspection of the Guiyang Expressway by the relevant PRC governmental authorities, the Guiyang Target will repay RMB120,000,000 of the Guiyang Related Party Loans to the relevant Guiyang Related Parties; and

- (c) subject to the completion of the inspection of the Guiyang Expressway by the relevant PRC governmental authorities, the Guiyang Target will repay the remaining RMB80,000,000 of the Guiyang Related Party Loans to the relevant Guiyang Related Parties following the lapse of two years from the Guiyang Completion Date, after making any deductions for damages payable by the Guiyang Sellers in accordance with the terms of the Guiyang SPA.

6. INFORMATION ON YANGPING SPV, THE YANGPING TARGET AND THE YANGPING EXPRESSWAY

- 6.1 **Yangping SPV.** Yangping SPV was incorporated in Singapore on 12 June 2015 as a direct wholly-owned subsidiary of the Company with an issued and paid-up share capital of S\$1.00 comprising one ordinary share, for the purpose of holding the Company's interest in the Yangping Target on Completion of the Yangping Acquisition (the "**Yangping Completion**").
- 6.2 **The Yangping Target.** The Yangping Target is a company incorporated in the PRC which owns the rights to operate the Yangping Expressway. As at the date of this Announcement, Shenzhen Yitian and Ruiwo Yilai own 96 per cent. of the issued shares of the Yangping Target and 4 per cent. of the issued shares of the Yangping Target respectively, collectively representing all the issued shares of the Yangping Target (the "**Yangping Target Shares**").
- 6.3 **The Yangping Expressway.** 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 is a four-lane carriageway (Dual-2) located at the eastern area of Guilin Municipality, PRC, connecting Yangshuo County, PRC, with Pingle County, PRC, in the north-east of Guangxi, PRC, with a total length of 39.52 kilometres. The Yangping Expressway starts at Gaotian in Yangshuo County, connecting the expressway to Guilin Municipality and passes by Mengcun, Puyi, Fuxing and Ertang in Pingle County, PRC.

The Yangping Target's toll operating rights for the Yangping Expressway were formally granted by the relevant governmental authorities in Guangxi, PRC for a period of 29 years, from 12 November 2008 to 17 June 2037.

Additional information on the Yangping Expressway is set out in **Appendix 3** of this Announcement.

- 6.4 **Asset Value.** CMHP has appointed THI Asia to conduct independent traffic and revenue forecast studies on the Yangping Expressway and to prepare the results of the study on the Yangping Expressway (the "**Yangping Traffic Consultant's Report**"). CMHP has also appointed Zhonghe to appraise the market value of the Yangping Target Shares as at 31 December 2014 (the "**Yangping Target Valuation Report**"). An executive summary of each of the Yangping Traffic Consultant's Report and the Yangping Target Valuation Report is set out in **Appendix 6** and **Appendix 9** of this Announcement respectively.

According to Zhonghe's appraisals based on generally accepted valuation procedures and practices, the market value of the Yangping Target Shares, which comprise 100 per cent. of the equity interest in the Yangping Target, is approximately RMB853 million (approximately HK\$1,081 million) as at 31 December 2014.

Based on the audited financial statements of the Yangping Target for FY2014, the NAV and the NTA of the Yangping Target Shares as at 31 December 2014 are approximately RMB565,523,337 (approximately HK\$716,857,382) and approximately negative RMB896,922,851 (approximately negative HK\$1,136,939,406) respectively.

- 6.5 **Net Loss.** Based on the audited financial statements of the Yangping Target for FY2014, the net loss before tax, minority interests and exceptional items of the Yangping Target for FY2014 is approximately HK\$40,145,591.

7. PRINCIPAL TERMS OF THE YANGPING ACQUISITION

- 7.1 **Yangping SPA.** Pursuant to the terms of the Yangping SPA, the Yangping Sellers shall sell, and Yangping SPV shall purchase, the Yangping Target Shares on the date falling one day after the satisfaction or waiver of all the Yangping Conditions (as defined in **paragraph 7.5** below) in accordance with the terms of the Yangping SPA (or such other date as may be agreed in writing between Yangping SPV, the Yangping Sellers and the Yangping Target) (the “**Yangping Completion Date**”), free from any Encumbrances.
- 7.2 **Alternative Acquiror.** Pursuant to the terms of the Yangping SPA, if Yangping SPV is prohibited from acquiring the Yangping Target Shares due to any applicable PRC governmental or regulatory requirements, CMHP shall be entitled to nominate an alternative acquiror for the Yangping Target Shares, who will assume all the rights and obligations of Yangping SPV under the Yangping SPA.
- 7.3 **Consideration.** The consideration of RMB848,000,000 (approximately HK\$1,070,600,000 based on an exchange rate of RMB1 : HK\$1.2625) for the Yangping Acquisition (the “**Yangping Consideration**”) was arrived at on a willing seller willing buyer basis after taking into account (a) the market value of the Yangping Target Shares as at 31 December 2014, which was independently appraised by Zhonghe, (b) the Yangping Traffic Consultant’s Report prepared by THI Asia and (c) the rationale for the Acquisitions. Pursuant to the terms of the Yangping SPA, there will not be any adjustments to the Yangping Consideration to take into account any profit or loss arising from the ordinary course of business of the Yangping Target from 31 December 2014 to the Yangping Completion Date.

The Yangping Consideration shall be paid in cash by Yangping SPV to the Yangping Sellers (in proportion to their respective shareholding interests in the Yangping Target) within 60 business days from the Yangping Completion Date, and will be funded by CMHP using external financing, including, *inter alia*, external bank borrowings and/or the issuance of new securities by CMHP, the terms of any such issuance to be determined and subject to various factors, including market conditions.

- 7.4 **Pre-Conditions.** Pursuant to the terms of the Yangping SPA, the Yangping SPA shall only become effective upon the satisfaction of the following pre-conditions (the “**Yangping Pre-Conditions**”):
- (a) the approval of MOFCOM for the Yangping Acquisition, the Yangping SPA and the new articles of association of the Yangping Target;
 - (b) the approval of the Shareholders for the Yangping Acquisition at an EGM; and
 - (c) the approval of the SGX-ST for the circular to be issued by CMHP to the Shareholders in relation to the Yangping Acquisition.
- 7.5 **Conditions Precedent.** Pursuant to the terms of the Yangping SPA, the Yangping Completion is subject to and conditional upon the satisfaction or waiver (as the case may be) of, *inter alia*, the conditions precedent (the “**Yangping Conditions**”) set out below.

The satisfaction of the following Yangping Conditions is subject to confirmation by Yangping SPV and the Yangping Sellers before the Yangping Completion Date:

- (a) the relevant PRC governmental approvals for the Yangping Acquisition (the **“Yangping Governmental Approvals”**) being obtained and disclosed in accordance with the applicable PRC governmental or regulatory requirements, including the approval from the competent enterprise registration authority in the PRC for the registration or filing of the change of shareholders of the Yangping Target, the new articles of association of the Yangping Target and the change of the legal representative of the Yangping Target (the **“Yangping AIC Registration Approval Notice”**);
- (b) there are no applicable PRC governmental or regulatory requirements or orders which prohibit the Yangping Completion; and
- (c) all authorisations, consents and approvals necessary for the performance of the Yangping SPA and the Yangping Completion being obtained by each party and remaining in full force and effect as at the Yangping Completion Date, and there being no applicable PRC governmental or regulatory requirements or orders which prohibit, restrict or materially delay the Yangping Completion or result in any material adverse effect on the Yangping Target after the Yangping Completion.

The satisfaction or waiver of the following Yangping Conditions is subject to confirmation by Yangping SPV before the Yangping Completion Date:

- (i) the representations and warranties made by the Yangping Sellers under the Yangping SPA being true and accurate as if they were made on the Yangping Completion Date (save for such representations and warranties which are made with reference to a specific date);
- (ii) all covenants to be performed by the Yangping Sellers on or before the Yangping Completion Date having been duly performed in all respects;
- (iii) the approval of the shareholders of the Yangping Target being obtained in respect of the new articles of association of the Yangping Target, the Yangping Acquisition and change of the legal representative of the Yangping Target;
- (iv) the Yangping AIC Registration Approval Notice being obtained;
- (v) there being no material adverse effect to the Yangping Completion from the date of the Yangping SPA to the Yangping Completion Date;
- (vi) the discharge of the security interest over the Yangping Target Shares and/or the toll operating rights for the Yangping Expressway created by the Yangping Sellers or the completion of the registration of change of such security interest, and the discharge of all other security interests that have not been disclosed;
- (vii) written consents being obtained by the Yangping Target from Bank of China Limited (Shenzhen Branch) and Bank of China Limited (Guilin Branch) for the Yangping Acquisition and for the early repayment of certain loans and their waiver of any liability for breaches that may arise as a result of such early repayment;
- (viii) the repayment by the Yangping Sellers and other related entities of the Yangping Sellers (collectively, the **“Yangping Related Parties”**) of borrowings of RMB222,890,000 from the Yangping Target (the **“Yangping Loan to Shareholders”**), such that there will be no outstanding borrowings by the Yangping Related Parties from the Yangping Target as at the Yangping Completion Date;

- (ix) the completion of the completion audit and due diligence exercise conducted by Yangping SPV on the Yangping Target, the results of which are reasonably satisfactory to Yangping SPV; and
- (x) the provision of a certificate to Yangping SPV from each of the duly authorised persons of the Yangping Sellers and the Yangping Target confirming the satisfaction of the Yangping Conditions set out in **paragraphs 7.5(i) to 7.5(ix)** above, together with the relevant supporting documents.

The satisfaction or waiver of the following Yangping Conditions is subject to confirmation by the Yangping Sellers before the Yangping Completion Date:

- (A) the representations and warranties made by Yangping SPV under the Yangping SPA being true and accurate in all material respects as if they were made on the Yangping Completion Date;
- (B) all covenants to be performed by Yangping SPV on or before the Yangping Completion Date having been duly performed in all material respects; and
- (C) the provision of a certificate to the Yangping Sellers from the duly authorised persons of Yangping SPV confirming the satisfaction of the Yangping Conditions set out in **paragraphs 7.5(A) and 7.5(B)** above.

7.6 Long-Stop Date. Pursuant to the terms of the Yangping SPA, in the event that the Yangping Governmental Approvals are not obtained within 365 days after the execution of the Yangping SPA (or such other later date as may be agreed in writing between Yangping SPV and the Yangping Sellers), either Yangping SPV or the Yangping Sellers will be entitled to terminate the Yangping SPA without any liability by providing the other party with a written notice of termination (unless the party seeking to terminate is in material breach of its obligations under the Yangping SPA).

7.7 Break Fee. Pursuant to the terms of the Yangping SPA, in the event the Yangping Pre-Conditions and/or the Yangping Conditions cannot be satisfied and such non-satisfaction is attributable to a party to the Yangping SPA, such party shall be liable to pay RMB50 million to the other parties.

7.8 Yangping Related Party Loans. Pursuant to the terms of the Yangping SPA, the Yangping Target will repay the interest-free loans currently extended by the Yangping Related Parties in an aggregate amount of RMB199,942,381.82 (as at 31 December 2014) (the “**Yangping Related Party Loans**” and, together with the Guixing Related Party Loans and the Guiyang Related Party Loans, the “**Related Party Loans**”) in instalments as follows:

- (a) on the Yangping Completion Date, the Yangping Target will repay RMB149,942,381.82 of the Yangping Related Party Loans to the relevant Yangping Related Parties, after setting-off any outstanding amounts under the Yangping Loan to Shareholders; and
- (b) following the completion of the inspection of the Yangping Expressway by the relevant PRC governmental authorities, the Yangping Target will repay RMB50,000,000 of the Yangping Related Party Loans to the relevant Yangping Related Parties.

8. RATIONALE

Growth Strategy

The 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 to develop its toll road business to a sizable scale and generate long-term profit.

Expand Scale of Operations

The Acquisitions will allow CMHP to gain full ownership of three high-quality toll roads and elevate its scale of operations. Pursuant to the Acquisitions, CMHP's toll road portfolio will comprise eight expressways and the total length of the expressways operated by CMHP will be expanded from the current length of 415 kilometres to approximately 575 kilometres. The Guixing Expressway, which has a remaining concession period of approximately 27 years, the Guiyang Expressway, which has a remaining concession period of approximately 22 years and the Yangping Expressway, which has a remaining concession period of approximately 22 years, will increase the average remaining concession period of CMHP's toll road portfolio by approximately 24 per cent., from approximately 13.6 years to approximately 16.9 years.

Expand Geographical Coverage and Extend Presence in Guangxi and the PRC

The Acquisitions will further enlarge CMHP's toll road portfolio, expand its geographical coverage into the fast developing Guangxi, PRC, and strengthen its 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

The Guixing Expressway, the Guiyang Expressway and the Yangping Expressway (collectively, the "**Guangxi Expressways**") are sited on the main routes of Guangxi, PRC, connecting destinations that provide traffic growth opportunities. Further details on the key strategic locations of each of the Guangxi Expressways are set out below:

- (a) the Guixing Expressway connects Guilin Municipality, PRC (a popular tourist destination famous for its scenic landscapes) with Xing'an County, PRC, and links up to the expressway network that extends to Quanzhou Municipality, PRC, and Nanning Municipality, PRC (the provincial capital of Guangxi);
- (b) the Guiyang Expressway connects Guilin Municipality, PRC, with Yangshuo Municipality, PRC (a popular tourist destination famous for its scenery), and links up to the expressway network that extends to Baotou Municipality, PRC (the provincial capital of Inner Mongolia) and Maoming Municipality in Guangdong Province, PRC; and
- (c) the Yangping Expressway connects Yangshuo Municipality, PRC, with Pingle County, PRC, and links up to the expressway network that extends to Baotou Municipality, PRC (the provincial capital of Inner Mongolia) and Maoming Municipality, PRC.

The Guangxi Expressways, together with the Guiliu Expressway in which the CMHP Group has an existing 40 per cent. equity interest, form a mutually open and linked corridor with a total length of 298 kilometres, thus achieving a synergistic effect from an expanded and linked network.

9. FINANCIAL EFFECTS

9.1 **The Acquisitions on an Aggregate Basis.** The pro forma financial effects of the Acquisitions (on an aggregate basis) on the share capital, NAV per ordinary share in the capital of CMHP in issue (“**Share**”), NTA per Share, earnings per Share (“**EPS**”), gearing and working capital of the CMHP Group are set out below.

(a) **Bases and Assumptions.** The pro forma financial effects for the Acquisitions have been prepared based on the audited consolidated financial statements of the CMHP Group adjusted for the bonus issue of 54,740,985 new Shares to entitled Shareholders on 2 June 2015 (the “**Bonus Issue**”) and the audited financial statements of the Targets for FY2014, which have been prepared on a going concern basis, and are purely **for illustration purposes only and do not reflect the future actual financial position of the CMHP Group following the Acquisitions**. The pro forma financial effects have also been 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 CMHP Group;
- (ii) that the Acquisitions had been effected on 1 January 2014 for illustrating the financial effects on the consolidated earnings of the CMHP Group;
- (iii) the financial statements of the CMHP Group are reported in HK\$. They have been translated where necessary, in respect of profit and loss items using the average exchange rate of HK\$1.2602 per RMB for FY2014. In respect of the balance sheet items, they have been translated using the closing exchange rate of HK\$1.2676 per RMB as at 31 December 2014;
- (iv) that the Company will be able to gain control of the Targets and account for the Targets as wholly-owned subsidiaries;
- (v) the Guixing Consideration, the Guiyang Consideration, the Yangping Consideration, the repayment of the Guixing Related Party Loans as well as the Guiyang Related Party Loans, and the contract amount of RMB154,390,000 payable pursuant to the Guixing Supplemental Construction Contract will be satisfied wholly in cash, to be funded by either of the following two financing plans:
 - (A) Plan I: An equity fund-raising by CMHP amounting to HK\$1,375,731,000 (based on an exchange rate of S\$1.00 : HK\$5.8756), assuming that 231,824,861 new Shares (which represent 20 per cent. of the Shares in issue as at 22 June 2015) will be issued at S\$1.01 per Share, being the NAV per Share as at 31 March 2015 adjusted for the final dividend in respect of FY2014 and the Bonus Issue, in conjunction with external bank borrowings of up to approximately HK\$3,739,420,000 based on an interest rate of 3 per cent.; or
 - (B) Plan II: An equity fund-raising by CMHP amounting to HK\$3,439,328,000 (based on an exchange rate of S\$1.00 : HK\$5.8756), assuming that 579,562,153 new Shares (which represent 50 per cent. of the Shares in issue as at 22 June 2015) will

be issued at S\$1.01 per Share, being the NAV per Share as at 31 March 2015 adjusted for the final dividend in respect of FY2014 and the Bonus Issue, in conjunction with external bank borrowings of up to approximately HK\$1,647,880,000 based on an interest rate of 3 per cent..

The terms set out in this paragraph 9.1(a)(v) are purely for illustrative purposes only and may not represent the actual terms of any equity fund-raising (if effected) and/or external bank borrowings by the Company after the date of this Announcement;

- (vi) that the transaction costs associated with the Acquisitions are assumed to be insignificant;
- (vii) that the interest expenses on bank borrowings are assumed to be non-deductible for tax purposes;
- (viii) the fair value of the net identifiable assets was provisionally determined after considering the Guixing Target Valuation Report, the Guiyang Target Valuation Report and the Yangping Target Valuation Report. The fair value of individually identifiable assets and liabilities acquired, including any goodwill arising, pursuant to the Acquisitions may be substantially different from their corresponding values used in the preparation of the unaudited pro forma financial effects;
- (ix) that the Related Party Loans have been fully repaid;
- (x) with the financial support provided by existing and future shareholders, the Targets are able to meet in full their financial obligations as they fall due in the foreseeable future and the Targets are able to continue as going concerns; and
- (xi) the financial effects before the Acquisitions are based on the audited consolidated financial statements of the CMHP Group for FY2014, adjusted for the Bonus Issue.

(b) **Share Capital**

	Plan I	Plan II
	(‘000)	(‘000)
<hr/>		
Number of issued Shares		
Before the Acquisitions:		
- Before any conversion of the Convertible Bonds ⁽¹⁾	1,100,403	1,100,403
- Assuming full conversion of the Convertible Bonds	1,263,158	1,263,158
After the Acquisitions:		
- Before any conversion of the Convertible Bonds	1,332,228	1,679,965
- Assuming full conversion of the Convertible Bonds	1,494,983	1,842,720

Note:

- (1) In this Announcement, the term “**Convertible Bonds**” refers to 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.

(c) NAV

For illustrative purposes only and assuming the Acquisitions had been completed on 31 December 2014, the pro forma financial effects on the consolidated NAV of the CMHP Group for FY2014 are as follows:

	Plan I	Plan II
NAV before the Acquisitions:		
- Before any conversion of the Convertible Bonds (HK\$'000)	6,374,063	6,374,063
- Assuming full conversion of the Convertible Bonds (HK\$'000)	7,147,027	7,147,027
Issue of new Shares (HK\$'000)	1,375,731	3,439,328
Negative goodwill arising from the Guixing Acquisition (HK\$'000)	209,156	209,156
Negative goodwill arising from the Guiyang Acquisition (HK\$'000)	2,535	2,535
Negative goodwill arising from the Yangping Acquisition (HK\$'000)	6,338	6,338
Adjusted NAV after the Acquisitions:		
- Before any conversion of the Convertible Bonds (HK\$'000)	7,967,823	10,031,420
- Assuming full conversion of the Convertible Bonds (HK\$'000)	8,740,787	10,804,384
NAV per Share		
Before the Acquisitions:		
- Before any conversion of the Convertible Bonds (HK\$)	5.79	5.79
- Assuming full conversion of the Convertible Bonds (HK\$)	5.66	5.66
After the Acquisitions:		
- Before any conversion of the Convertible Bonds (HK\$)	5.98	5.97
- Assuming full conversion of the Convertible Bonds (HK\$)	5.85	5.86

(d) NTA

For illustrative purposes only and assuming the Acquisitions had been completed on 31 December 2014, the pro forma financial effects on the consolidated NTA of the CMHP Group for FY2014 are set out below. The NTA is determined by the consolidated NAV of the CMHP Group less the CMHP Group's share of intangible

assets, which comprises mainly the toll operating rights of the Yongtaiwen Expressway acquired in 2011, the toll operating rights of the Beilun Port Expressway acquired in 2012, the toll operating rights of the Jiurui Expressway acquired in 2014 and the toll operating rights of the Guangxi Expressways to be acquired pursuant to the Acquisitions.

	Plan I	Plan II
NTA before the Acquisitions:		
- Before any conversion of the Convertible Bonds (HK\$'000)	(2,918,136)	(2,918,136)
- Assuming full conversion of the Convertible Bonds (HK\$'000)	(2,145,172)	(2,145,172)
Share of toll operating rights of the Guixing Expressway (HK\$'000)	(5,110,539)	(5,110,539)
Share of toll operating rights of the Guiyang Expressway (HK\$'000)	(3,438,536)	(3,438,536)
Share of toll operating rights of the Yangping Expressway (HK\$'000)	(2,339,672)	(2,339,672)
Issue of new Shares (HK\$'000)	1,375,731	3,439,328
Negative goodwill arising from the Guixing Acquisition (HK\$'000)	209,156	209,156
Negative goodwill arising from the Guiyang Acquisition (HK\$'000)	2,535	2,535
Negative goodwill arising from the Yangping Acquisition (HK\$'000)	6,338	6,338
Adjusted NTA after the Acquisitions:-		
- Before any conversion of the Convertible Bonds (HK\$'000)	(12,213,123)	(10,149,526)
- Assuming full conversion of the Convertible Bonds (HK\$'000)	(11,440,159)	(9,376,562)
NTA per Share		
Before the Acquisitions:		
- Before any conversion of the Convertible Bonds (HK\$)	(2.65)	(2.65)
- Assuming full conversion of the Convertible Bonds (HK\$)	(1.70)	(1.70)
After the Acquisitions:		
- Before any conversion of the Convertible Bonds (HK\$)	(9.17)	(6.04)
- Assuming full conversion of the Convertible Bonds (HK\$)	(7.65)	(5.09)

Note:

- (1) The increased negative NTA per Share following the Acquisitions arose primarily as a result of the exclusion of the CMHP 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).

(e) **EPS**

For illustrative purposes only and assuming the Acquisitions had been completed on 1 January 2014, the pro forma financial effects on the consolidated earnings of the CMHP Group for FY2014 are as follows:

	Before the Acquisitions	After the Acquisitions	
		Plan I	Plan II
Profit after tax and minority interests (HK\$'000)	739,415	926,755	989,502
Net profit attributable to ordinary shareholders (HK\$'000)	739,415	926,755	989,502
<u>Basic EPS</u>			
No. of issued Shares ('000)	880,701	1,112,526	1,460,263
Basic EPS (HK cents)	83.96	83.30	67.76
<u>Fully diluted EPS</u>			
No. of issued Shares ('000)	1,172,125	1,403,950	1,751,688
Fully diluted EPS (HK cents)	66.54	68.90	58.80

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 earnings per Share, 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 any synergistic benefits arising from the Acquisitions are assumed to be immaterial.

(f) **Gearing**

For illustrative purposes only and assuming that the Acquisitions had been completed on 31 December 2014, the pro forma financial effects on the gearing of the CMHP Group for FY2014 are as follows:

	Plan I HK\$'000	Plan II HK\$'000
Debts (interest bearing liabilities)⁽¹⁾		
Before the Acquisitions:		
- Before any conversion of the Convertible Bonds	4,247,038	4,247,038
- Assuming full conversion of the Convertible Bonds	3,474,074	3,474,074
After the Acquisitions:		
- Before any conversion of the Convertible Bonds	12,885,881	10,794,341
- Assuming full conversion of the Convertible Bonds	12,112,917	10,021,377
Shareholders' equity⁽²⁾		
Before the Acquisitions as previously reported:		
- Before any conversion of the Convertible Bonds	8,929,794	8,929,794
- Assuming full conversion of the Convertible Bonds	9,702,758	9,702,758
Issue of new Shares	1,375,731	3,439,328
Negative goodwill arising from the Guixing Acquisition (HK\$'000)	209,156	209,156
Negative goodwill arising from the Guiyang Acquisition (HK\$'000)	2,535	2,535
Negative goodwill arising from the Yangping Acquisition (HK\$'000)	6,338	6,338
After the Acquisitions:		
- Before any conversion of the Convertible Bonds	10,523,554	12,587,151
- Assuming full conversion of the Convertible Bonds	11,296,518	13,360,115
Gearing⁽³⁾		
Before the Acquisitions:		
- Before any conversion of the Convertible Bonds	32%	32%
- Assuming full conversion of the Convertible Bonds	26%	26%
After the Acquisitions:		
- Before any conversion of the Convertible Bonds	55%	46%

	Plan I	Plan II
	HK\$'000	HK\$'000
- Assuming full conversion of the Convertible Bonds	52%	43%

Notes:

- (1) "Debts" means the aggregate of interest bearing liabilities.
- (2) "Shareholders' equity" refers to the aggregate of the issued and paid-up share capital, capital and other reserves of the CMHP Group and minority interests.
- (3) "Gearing" is computed based on the ratio of Debts to the sum of Debts and Shareholders' equity.

(g) **Working Capital**

For illustrative purposes only and assuming that the Acquisitions had been completed on 31 December 2014, the pro forma financial effects of the Acquisitions on the working capital of the CMHP Group as at 31 December 2014 are as follows:

	Plan I	Plan II
	HK\$'000	HK\$'000
<u>Current assets</u>		
Before the Acquisitions:		
- Before any conversion of the Convertible Bonds	1,249,909	1,249,909
- Assuming full conversion of the Convertible Bonds	1,249,909	1,249,909
After the Acquisitions:		
- Before any conversion of the Convertible Bonds	1,601,235	1,573,292
- Assuming full conversion of the Convertible Bonds	1,601,235	1,573,292
<u>Current liabilities</u>		
Before the Acquisitions:		
- Before any conversion of the Convertible Bonds	(1,695,413)	(1,695,413)
- Assuming full conversion of the Convertible Bonds	(1,695,413)	(1,695,413)
After the Acquisitions:		
- Before any conversion of the Convertible Bonds	(2,858,545)	(2,858,545)
- Assuming full conversion of the Convertible Bonds	(2,858,545)	(2,858,545)

	Plan I	Plan II
	HK\$'000	HK\$'000
<u>Working capital</u>		
Before the Acquisitions:		
- Before any conversion of the Convertible Bonds	(445,504)	(445,504)
- Assuming full conversion of the Convertible Bonds	(445,504)	(445,504)
After the Acquisitions:		
- Before any conversion of the Convertible Bonds	(1,257,310)	(1,285,253)
- Assuming full conversion of the Convertible Bonds	(1,257,310)	(1,285,253)

The increased pro forma negative working capital position of the CMHP Group following the Acquisitions is due to the consolidation of the financial results of the Targets, including the Guixing Target's, the Guiyang Target's and the Yangping Target's negative working capital position as at 31 December 2014 of HK\$340 million, HK\$363 million and HK\$155 million respectively.

With the existing and expected cash flows from the operations of the CMHP Group, the CMHP Group will be able to meet its short term financial obligations following the Acquisitions.

9.2 **The Acquisitions on a Standalone Basis.** The pro forma financial effects of the Acquisitions (on a standalone basis) on the share capital, NAV per Share, NTA per Share, EPS, gearing and working capital of the CMHP Group are set out below.

(a) **Bases and Assumptions.** The pro forma financial effects for the Acquisitions have been prepared based on the audited consolidated financial statements of the CMHP Group adjusted for the Bonus Issue and the audited financial statements of the Targets for FY2014, which have been prepared on a going concern basis, and are purely **for illustration purposes only and do not reflect the future actual financial position of the CMHP Group following the Acquisitions**. The pro forma financial effects have also been 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 CMHP Group;
- (ii) that the Acquisitions had been effected on 1 January 2014 for illustrating the financial effects on the consolidated earnings of the CMHP Group;
- (iii) the financial statements of the CMHP Group are reported in HK\$. They have been translated where necessary, in respect of profit and loss items using the average exchange rate of HK\$1.2602 per RMB for FY2014. In respect of the balance sheet items, they have been translated using the closing exchange rate of HK\$1.2676 per RMB as at 31 December 2014;
- (iv) that the Company will be able to gain control of the Targets and account for the Targets as wholly-owned subsidiaries;

- (v) the Guixing Consideration, the Guiyang Consideration, the Yangping Consideration, the repayment of the Guixing Related Party Loans as well as the Guiyang Related Party Loans and the contract amount of RMB154,390,000 payable pursuant to the Guixing Supplemental Construction Contract will be satisfied wholly in cash, to be funded by internal cash resources and external bank borrowings as follows:
- (A) Guixing Acquisition: up to approximately HK\$1,791,117,000 based on an interest rate of 3 per cent.;
- (B) Guiyang Acquisition: up to approximately HK\$1,178,868,000 based on an interest rate of 3 per cent.; and
- (C) Yangping Acquisition: up to approximately HK\$1,074,925,000 based on an interest rate of 3 per cent..

The terms set out in this paragraph 9.2(a)(v) are purely for illustrative purposes only and may not represent the actual terms of any external bank borrowings by the Company after the date of this Announcement;

- (vi) that the transaction costs associated with the Acquisitions are assumed to be insignificant;
- (vii) that the interest expenses on bank borrowings are assumed to be non-deductible for tax purposes;
- (viii) the fair value of the net identifiable assets was provisionally determined after considering the Guixing Target Valuation Report, the Guiyang Target Valuation Report and the Yangping Target Valuation Report. The fair value of individually identifiable assets and liabilities acquired, including any goodwill arising, pursuant to the Acquisitions may be substantially different from their corresponding values used in the preparation of the unaudited pro forma financial effects;
- (ix) that the Related Party Loans have been fully repaid;
- (x) with the financial support provided by existing and future shareholders, the Targets are able to meet in full their financial obligations as they fall due in the foreseeable future and the Targets are able to continue as going concerns; and
- (xi) the financial effects before the Acquisitions are based on the audited consolidated financial statements of the CMHP Group for FY2014, adjusted for the Bonus Issue.

(b) **Share Capital**

	Guixing Acquisition	Guiyang Acquisition	Yangping Acquisition
	('000)	('000)	('000)
<hr/>			
Number of issued Shares			
Before and after the Acquisitions:			
- Before any conversion of the Convertible Bonds	1,100,403	1,100,403	1,100,403

	Guixing Acquisition	Guiyang Acquisition	Yangping Acquisition
	('000)	('000)	('000)
- Assuming full conversion of the Convertible Bonds	1,263,158	1,263,158	1,263,158

(c) **NAV**

For illustrative purposes only and assuming the Acquisitions had been completed on 31 December 2014, the pro forma financial effects on the consolidated NAV of the CMHP Group for FY2014 are as follows:

	Guixing Acquisition	Guiyang Acquisition	Yangping Acquisition
NAV before the Acquisitions:			
- Before any conversion of the Convertible Bonds (HK\$'000)	6,374,063	6,374,063	6,374,063
- Assuming full conversion of the Convertible Bonds (HK\$'000)	7,147,027	7,147,027	7,147,027
Negative goodwill arising from the Guixing Acquisition (HK\$'000)	209,156	-	-
Negative goodwill arising from the Guiyang Acquisition (HK\$'000)	-	2,535	-
Negative goodwill arising from the Yangping Acquisition (HK\$'000)	-	-	6,338
Adjusted NAV after the Acquisitions:			
- Before any conversion of the Convertible Bonds (HK\$'000)	6,583,219	6,376,598	6,380,401
- Assuming full conversion of the Convertible Bonds (HK\$'000)	7,356,183	7,149,562	7,153,365

NAV per Share

Before the Acquisitions:

- Before any conversion of the Convertible Bonds (HK\$)	5.79	5.79	5.79
- Assuming full conversion of the Convertible Bonds (HK\$)	5.66	5.66	5.66

After the Acquisitions:

- Before any conversion of the Convertible Bonds (HK\$)	5.98	5.79	5.80
- Assuming full conversion of the Convertible Bonds (HK\$)	5.82	5.66	5.66

(d) **NTA**

For illustrative purposes only and assuming the Acquisitions had been completed on 31 December 2014, the pro forma financial effects on the consolidated NTA of the

CMHP Group for FY2014 are set out below. The NTA is determined by the consolidated NAV of the CMHP Group less the CMHP Group's share of intangible assets, which comprises mainly the toll operating rights of the Yongtaiwen Expressway acquired in 2011, the toll operating rights of the Beilun Port Expressway acquired in 2012, the toll operating rights of the Jiurui Expressway acquired in 2014 and the toll operating rights of the Guangxi Expressways to be acquired pursuant to the Acquisitions.

	Guixing Acquisition	Guiyang Acquisition	Yangping Acquisition
NTA before the Acquisitions:			
- Before any conversion of the Convertible Bonds (HK\$'000)	(2,918,136)	(2,918,136)	(2,918,136)
- Assuming full conversion of the Convertible Bonds (HK\$'000)	(2,145,172)	(2,145,172)	(2,145,172)
Share of toll operating rights of the Guixing Expressway (HK\$'000)	(5,110,539)	-	-
Share of toll operating rights of the Guiyang Expressway (HK\$'000)	-	(3,438,536)	-
Share of toll operating rights of the Yangping Expressway (HK\$'000)	-	-	(2,339,672)
Negative goodwill arising from the Guixing Acquisition (HK\$'000)	209,156	-	-
Negative goodwill arising from the Guiyang Acquisition (HK\$'000)	-	2,535	-
Negative goodwill arising from the Yangping Acquisition (HK\$'000)	-	-	6,338
Adjusted NTA after the Acquisitions:			
- Before any conversion of the Convertible Bonds (HK\$'000)	(7,819,519)	(6,354,137)	(5,251,470)
- Assuming full conversion of the Convertible Bonds (HK\$'000)	(7,046,555)	(5,581,173)	(4,478,506)
NTA per Share⁽¹⁾			
Before the Acquisitions:			
- Before any conversion of the Convertible Bonds (HK\$)	(2.65)	(2.65)	(2.65)
- Assuming full conversion of the Convertible Bonds (HK\$)	(1.70)	(1.70)	(1.70)
After the Acquisitions:			
- Before any conversion of the Convertible Bonds (HK\$)	(7.11)	(5.77)	(4.77)
- Assuming full conversion of the Convertible Bonds (HK\$)	(5.58)	(4.42)	(3.55)

Note:

- (1) The increased negative NTA per Share following the Acquisitions arose primarily as a result of the exclusion of the CMHP 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).

(e) EPS

For illustrative purposes only and assuming the Acquisitions had been completed on 1 January 2014, the pro forma financial effects on the consolidated earnings of the CMHP Group for FY2014 are as follows:

	Before the Acquisitions	After the Acquisitions		
		Guixing Acquisition	Guiyang Acquisition	Yangping Acquisition
Profit after tax and minority interests (HK\$'000)	739,415	927,779	787,988	680,653
Net profit attributable to ordinary shareholders (HK\$'000)	739,415	927,779	787,988	680,653
<u>Basic EPS</u>				
No. of issued Shares ('000)	880,701	880,701	880,701	880,701
Basic EPS (HK cents)	83.96	105.35	89.47	77.29
<u>Fully diluted EPS</u>				
No. of issued Shares ('000)	1,172,125	1,172,125	1,172,125	1,172,125
Fully diluted EPS (HK cents)	66.54	82.61	70.69	61.53

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 earnings per Share, 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 any synergistic benefits arising from the Acquisitions are assumed to be immaterial.

(f) Gearing

For illustrative purposes only and assuming that the Acquisitions had been completed on 31 December 2014, the pro forma financial effects on the gearing of the CMHP Group for FY2014 are as follows:

	Guixing Acquisition	Guiyang Acquisition	Yangping Acquisition
	('000)	('000)	('000)
Debts (interest bearing liabilities)⁽¹⁾			
Before the Acquisitions:			
- Before any conversion of the Convertible Bonds	4,247,038	4,247,038	4,247,038
- Assuming full conversion of the Convertible Bonds	3,474,074	3,474,074	3,474,074
After the Acquisitions:			
- Before any conversion of the Convertible Bonds	8,074,070	6,928,012	6,683,365
- Assuming full conversion of the Convertible Bonds	7,301,106	6,155,048	5,910,401
Shareholders' equity⁽²⁾			
Before the Acquisitions as previously reported:			
- Before any conversion of the Convertible Bonds	8,929,794	8,929,794	8,929,794
- Assuming full conversion of the Convertible Bonds	9,702,758	9,702,758	9,702,758
Negative goodwill arising from the Guixing Acquisition (HK\$'000)	209,156	-	-
Negative goodwill arising from the Guiyang Acquisition (HK\$'000)	-	2,535	-
Negative goodwill arising from the Yangping Acquisition (HK\$'000)	-	-	6,338
After the Acquisitions:			
- Before any conversion of the Convertible Bonds	9,138,950	8,932,329	8,936,132
- Assuming full conversion of the Convertible Bonds	9,911,914	9,705,293	9,709,096
Gearing⁽³⁾			
Before the Acquisitions:			
- Before any conversion of the Convertible Bonds	32%	32%	32%
- Assuming full conversion of the Convertible Bonds	26%	26%	26%

	Guixing Acquisition	Guiyang Acquisition	Yangping Acquisition
	('000)	('000)	('000)
After the Acquisitions:			
- Before any conversion of the Convertible Bonds	47%	44%	43%
- Assuming full conversion of the Convertible Bonds	42%	39%	38%

Notes:

- (1) "Debts" means the aggregate of interest bearing liabilities.
- (2) "Shareholders' equity" refers to the aggregate of the issued and paid-up share capital, capital and other reserves of the CMHP Group and minority interests.
- (3) "Gearing" is computed based on the ratio of Debts to the sum of Debts and Shareholders' equity.

(g) **Working Capital**

For illustrative purposes only and assuming that the Acquisitions had been completed on 31 December 2014, the pro forma financial effects of the Acquisitions on the working capital of the CMHP Group as at 31 December 2014 are as follows:

	Guixing Acquisition	Guiyang Acquisition	Yangping Acquisition
	('000)	('000)	('000)
<u>Current assets</u>			
Before the Acquisitions:			
- Before any conversion of the Convertible Bonds	1,249,909	1,249,909	1,249,909
- Assuming full conversion of the Convertible Bonds	1,249,909	1,249,909	1,249,909
After the Acquisitions:			
- Before any conversion of the Convertible Bonds	735,701	865,335	1,429,776
- Assuming full conversion of the Convertible Bonds	735,701	865,335	1,429,776
<u>Current liabilities</u>			
Before the Acquisitions:			
- Before any conversion of the Convertible Bonds	(1,695,413)	(1,695,413)	(1,695,413)
- Assuming full conversion of the Convertible Bonds	(1,695,413)	(1,695,413)	(1,695,413)
After the Acquisitions:			
- Before any conversion of the Convertible Bonds	(2,094,902)	(2,124,236)	(2,030,233)

	Guixing Acquisition	Guiyang Acquisition	Yangping Acquisition
	('000)	('000)	('000)

- Assuming full conversion of the Convertible Bonds	(2,094,902)	(2,124,236)	(2,030,233)
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Working capital

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	(1,359,201)	(1,258,901)	(600,457)
- Assuming full conversion of the Convertible Bonds	(1,359,201)	(1,258,901)	(600,457)

The increased pro forma negative working capital position of the CMHP Group following the Acquisitions is due to the consolidation of the financial results of the Targets, including the Guixing Target's, the Guiyang Target's and the Yangping Target's negative working capital position as at 31 December 2014 of HK\$340 million, HK\$363 million and HK\$155 million respectively.

With the existing and expected cash flows from the operations of the CMHP Group, the CMHP Group will be able to meet its short term financial obligations following the Acquisitions.

10. CHAPTER 10 OF THE LISTING MANUAL

10.1 **Guixing Acquisition.** The relative figures in relation to the Guixing Acquisition computed on the applicable bases set out in Rule 1006 ("Rule 1006") of the Listing Manual of the SGX-ST (the "Listing Manual") are as follows:

Rule 1006	Bases	Guixing Acquisition	CMHP Group	Relative Figures (%)
(b)	Net profits based on 100% of the aggregate net profits of the Guixing Target compared with the CMHP Group's net profits ⁽¹⁾ (HK\$ million)	44.535	1,348.114	3.30
(c)	The Guixing Consideration payable compared with CMHP's market capitalisation ⁽²⁾ (HK\$ million)	1,783.91	6,865.024	25.99

Notes:

- (1) The net profits before tax, minority interests and exceptional items attributable to the Guixing Target for FY2014 have been compared with the CMHP Group's net profits before tax, minority interests and exceptional items for FY2014.

- (2) CMHP's market capitalisation is based upon 1,159,124,305 Shares as at 22 June 2015 at a volume weighted average price of S\$1.051 for each Share, and expressed in HK\$ based on an exchange rate of S\$1.00 : HK\$5.6352.

As the relative figure in relation to the Guixing Acquisition under Rule 1006(c) exceeds 20 per cent., the Guixing Acquisition (on a standalone basis) constitutes a major transaction for CMHP as defined in Chapter 10 of the Listing Manual. Accordingly, the Guixing Acquisition is subject to the approval of Shareholders.

- 10.2 **Guiyang Acquisition.** The relative figures in relation to the Guiyang Acquisition computed on the applicable bases set out in Rule 1006 are as follows:

Rule 1006	Bases	Guiyang Acquisition	CMHP Group	Relative Figures (%)
(b)	Net profits based on 100% of the aggregate net profits of the Guiyang Target compared with the CMHP Group's net profits ⁽¹⁾ (HK\$ million)	109.446	1,348.114	8.12
(c)	The Guiyang Consideration payable compared with CMHP's market capitalisation ⁽²⁾ (HK\$ million)	1,174.126	6,865.024	17.10

Notes:

- (1) The net profits before tax, minority interests and exceptional items attributable to the Guiyang Target for FY2014 have been compared with the CMHP Group's net profits before tax, minority interests and exceptional items for FY2014.
- (2) CMHP's market capitalisation is based upon 1,159,124,305 Shares as at 22 June 2015 at a volume weighted average price of S\$1.051 for each Share, and expressed in HK\$ based on an exchange rate of S\$1.00 : HK\$5.6352.

As the relative figures in relation to the Guiyang Acquisition under Rule 1006(b) and Rule 1006(c) exceed 5 per cent. but do not exceed 20 per cent., the Guiyang Acquisition (on a standalone basis) constitutes a discloseable transaction for CMHP as defined in Chapter 10 of the Listing Manual.

- 10.3 **Guixing Acquisition and Guiyang Acquisition.** As Guizheng Construction and Guangxi Guizheng are sellers under both the sale of the Guixing Target Shares and the sale of the Guiyang Target Shares under the Guixing Acquisition and the Guiyang Acquisition respectively, the Company has computed the relative figures in relation to the Guixing Acquisition and the Guiyang Acquisition on the applicable bases set out in Rule 1006 on an aggregate basis as follows:

Rule 1006	Bases	Guixing Acquisition and Guiyang Acquisition	CMHP Group	Relative Figures (%)
(b)	Net profits based on 100% of the aggregate net profits of the Guixing Target and the Guiyang Target compared with the CMHP Group's net profits ⁽¹⁾ (HK\$ million)	153.980	1,348.114	11.42

Rule 1006	Bases	Guixing Acquisition and Guiyang Acquisition	CMHP Group	Relative Figures (%)
(c)	The aggregate Guixing Consideration and Guiyang Consideration payable compared with CMHP's market capitalisation ⁽²⁾ (HK\$ million)	2,958.036	6,865.024	43.09

Notes:

- (1) The net profits before tax, minority interests and exceptional items attributable to the Guixing Target and the Guiyang Target in aggregate for FY2014 have been compared with the CMHP Group's net profits before tax, minority interests and exceptional items for FY2014.
- (2) CMHP's market capitalisation is based upon 1,159,124,305 Shares as at 22 June 2015 at a volume weighted average price of S\$1.051 for each Share, and expressed in HK\$ based on an exchange rate of S\$1.00 : HK\$5.6352.

As the relative figure in relation to the Guixing Acquisition and the Guiyang Acquisition computed on an aggregate basis under Rule 1006(c) exceeds 20 per cent., the Guixing Acquisition and the Guiyang Acquisition on an aggregate basis constitute a major transaction for CMHP as defined in Chapter 10 of the Listing Manual. Accordingly, the Guixing Acquisition and the Guiyang Acquisition on an aggregate basis are subject to the approval of Shareholders.

- 10.4 **Yangping Acquisition.** The relative figures in relation to the Yangping Acquisition computed on the applicable bases set out in Rule 1006 are as follows:

Rule 1006	Bases	Yangping Acquisition	CMHP Group	Relative Figures (%)
(b)	Net losses based on 100% of the Yangping Target's net losses compared with the CMHP Group's net profits ⁽¹⁾ (HK\$ million)	(40.146)	1,348.114	(2.98)
(c)	The Yangping Consideration payable compared with CMHP's market capitalisation ⁽²⁾ (HK\$ million)	1,070.600	6,865.024	15.59

Notes:

- (1) The net losses before tax, minority interests and exceptional items attributable to the Yangping Target for FY2014 have been compared with the CMHP Group's net profits before tax, minority interests and exceptional items for FY2014.
- (2) CMHP's market capitalisation is based upon 1,159,124,305 Shares as at 22 June 2015 at a volume weighted average price of S\$1.051 for each Share, and expressed in HK\$ based on an exchange rate of S\$1.00 : HK\$5.6352.

As the relative figure in relation to the Yangping Acquisition under Rule 1006(c) exceeds 5 per cent. but does not exceed 20 per cent., the Yangping Acquisition constitutes a discloseable transaction for CMHP as defined in Chapter 10 of the Listing Manual. However, as the relative figure in relation to the Yangping Acquisition under Rule 1006(b) is a negative figure, CMHP will nonetheless seek the approval of Shareholders for the Yangping Acquisition.

- 10.5 **EGM.** A circular to Shareholders (the “**Circular**”) setting out information on the Acquisitions, together with a notice of EGM to be convened, will be despatched to Shareholders in due

course. In the meantime, Shareholders are advised to refrain from taking any action in relation to their Shares which may be prejudicial to their interests until they or their advisers have considered the information and the recommendations to be set out in the Circular.

11. FURTHER INFORMATION

- 11.1 **Directors' Service Contracts.** No person is proposed to be appointed as a Director of the Company in connection with the Acquisitions. Accordingly, no service contract is proposed to be entered into between the Company and any such person.
- 11.2 **Interests of Directors and Controlling Shareholders of the Company.** Save as disclosed in this Announcement, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Acquisitions.
- 11.3 **Documents for Inspection.** Copies of the following documents are available for inspection during normal business hours at the registered office of the Company at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, for a period of three months commencing from the date of this Announcement:
- (a) the Guixing SPA;
 - (b) the Guiyang SPA;
 - (c) the Yangping SPA;
 - (d) the Guixing Traffic Consultant's Report;
 - (e) the Guiyang Traffic Consultant's Report;
 - (f) the Yangping Traffic Consultant's Report;
 - (g) the Guixing Target Valuation Report;
 - (h) the Guiyang Target Valuation Report; and
 - (i) the Yangping Target Valuation Report.

BY ORDER OF THE BOARD

Lim Lay Hoon
Company Secretary
Singapore, 23 June 2015

APPENDIX 1

ADDITIONAL INFORMATION ON THE GUIXING EXPRESSWAY

Guixing Expressway

Location	Guilin Municipality, Guangxi, PRC
No. of road sections	1
Length (kilometres)	53.4
Classification	Expressway
Access control	Restricted users (motorised goods and passengers only)
Direction / lanes	Two directions, two 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

APPENDIX 2

ADDITIONAL INFORMATION ON THE GUIYANG EXPRESSWAY

Guiyang Expressway

Location	Guilin Municipality, Guangxi, PRC
No. of road sections	1
Length (kilometres)	67
Classification	Expressway
Access control	Restricted users (motorised goods and passengers only)
Direction / lanes	Two directions, two 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

APPENDIX 3

ADDITIONAL INFORMATION ON THE YANGPING EXPRESSWAY

Yangping Expressway

Location	Guilin Municipality, Guangxi, PRC
No. of road sections	1
Length (kilometres)	39.52
Classification	Expressway
Access control	Restricted users (motorised goods and passengers only)
Direction / lanes	Two directions, two 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

APPENDIX 4

EXECUTIVE SUMMARY OF THE GUIXING TRAFFIC CONSULTANT'S REPORT

APPENDIX 5

EXECUTIVE SUMMARY OF THE GUIYANG TRAFFIC CONSULTANT'S REPORT

APPENDIX 6

EXECUTIVE SUMMARY OF THE YANGPING TRAFFIC CONSULTANT'S REPORT

APPENDIX 7

EXECUTIVE SUMMARY OF THE GUIXING TARGET VALUATION REPORT

APPENDIX 8

EXECUTIVE SUMMARY OF THE GUIYANG TARGET VALUATION REPORT

APPENDIX 9

EXECUTIVE SUMMARY OF THE YANGPING TARGET VALUATION REPORT