

Public-Private Partnerships

Toll Road Divestment for Chongqing Expressway Group, China

In December 2009, an Aide Memoire was signed between SCE and the Chongqing Municipal Government to develop a cooperative assistance programme under the World Bank – Singapore Urban Hub initiative. The cooperation was for the restructuring and reforming of China’s toll road development, construction and operation systems. It will focus on the potential divestment of expressway assets for one of the largest municipal state-owned enterprises in China - Chongqing Expressway Group Co. Ltd (CEG) and State-owned Assets Supervision and Administration Commission of Chongqing Municipal People’s Government (Chongqing SASAC).

As the lead agency, SCE appointed the financial advisor, PricewaterhouseCoopers (PwC), and legal advisor, Hogan Lovells Lee & Lee, to provide financial and legal advisory services to CEG on the selection of the expressway assets for potential divestment. At the end of the first phase of work, one particular expressway, Yuhe Expressway, was selected. This first phase of work was completed in June/July 2010 and both PwC and Hogan Lovells were retained by CEG to act as its lead financial and legal advisors to execute the second phase of the project, which was the transaction to divest up to 49% stake in Yuhe Expressway Co. Ltd.

SCE worked closely with the Singapore advisors, World Bank to engage CEG and SASAC for the project. The transaction was conducted through a bidding process according to international standards and attracted much international institutional investors and financial institutions’ attention.

The project was completed within three months from the date on which bid invitations commenced. In December 2011, the transaction reached a successful financial close with the winning bidder from ITNL International Pte Ltd, for 49% share in Yuhe Expressway Co. Ltd.

ITNL is a wholly owned subsidiary of IL&FS Transportation Networks Limited, the leading Indian toll road developer and operator listed on the Mumbai Stock Exchange.

This precedent-setting deal is likely to be used as a template for other toll road divestments in China.

Singapore Partners

- PricewaterhouseCoopers
- Hogan Lovells Lee & Lee