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*This document is not an offer of securities for sale in the United States or elsewhere. The Convertible Bonds (as defined below) have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or with any securities regulatory authority of any state or other jurisdiction of the United States. The Convertible Bonds may not be offered, sold or delivered within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Convertible Bonds are being offered and sold only in offshore transactions as defined in and in reliance on Regulation S under the Securities Act.*

CHINA MERCHANTS HOLDINGS (PACIFIC) LIMITED

(Incorporated in the Republic of Singapore)

Company Registration No. 198101278D

ANNOUNCEMENT

CONVERTIBLE BONDS DUE 2017 - ADJUSTMENT TO THE CONVERSION PRICE

The board of directors (the “**Board**”) of China Merchants Holdings (Pacific) Limited (the “**Company**”) refers to the aggregate principal amount of HK\$1,163,000,000 1.25 per cent. convertible bonds due 2017 (credit enhanced until 2015) (the “**Convertible Bonds**”) issued by the Company and (i) the announcement dated 16 September 2014 in connection with the interim one-tier tax exempt dividend (the “**Interim Dividend**”) of S\$0.035 per ordinary share in the capital of the Company (a “**Share**”) for the financial year ended 31 December 2014, (ii) the announcement dated 27 February 2015 in connection with the proposed final one-tier tax exempt dividend (the “**Final Dividend**”) of S\$0.035 per Share for the financial year ended 31 December 2014 and (iii) the announcement dated 27 February 2015 in connection with the proposed bonus issue of 52,703,503 new Shares (the “**Bonus Shares**”), on the basis of one (1) Bonus Share to be credited as fully paid for every twenty (20) existing Shares held by shareholders of the Company (the “**Shareholders**”), fractional entitlements to be disregarded (the “**Proposed Bonus Issue**”).

The books closure date for the Final Dividend as well as for the purpose of determining the entitlements of the Shareholders under the Proposed Bonus Issue (the “**Books Closure Date**”) will be determined by the directors and announced by the Company in due course.

Adjustment due to Interim Dividend and Final Dividend

The Interim Dividend was paid on 7 November 2014 to Shareholders whose names appeared in the Register of Members of the Company as at 5.00 p.m. on 20 October 2014, while the Final Dividend remains subject to the approval of Shareholders at the Annual General Meeting to be held by 30 April 2015.

The terms and conditions of the Convertible Bonds (the “**Terms and Conditions**”) provide for adjustments to be made to the conversion price of the Convertible Bonds (the “**Conversion Price**”) in the event that the Company pays or makes an Extraordinary Dividend (as defined in the Terms and Conditions). The Company will appoint an Independent Investment Bank¹ to determine the adjusted Conversion Price due to the Interim Dividend and the Final Dividend (the “**Adjusted Conversion Price due to Dividends**”).

A summary of the adjustment to the Conversion Price due to the Interim Dividend and the Final Dividend based on the formula in Condition 6(C)(3) of the Terms and Conditions is set out below:

¹ “**Independent Investment Bank**” means an investment or commercial bank, financial institution, broker, valuer or accountancy firm of international repute independent to the Company or any of its affiliates selected and appointed by the Company at its own expense.

Adjusted Conversion Price due to Dividends = Conversion Price x ((A - B) / A)

Where:

Conversion Price = S\$0.826 per Share²

A = The Current Market Price (as defined in the Terms and Conditions) of one Share on the Trading Day (as defined in the Terms and Conditions) immediately preceding the date of the first public announcement of the relevant Extraordinary Dividend

B = The portion of the Fair Market Value (as defined in the Terms and Conditions) of the Extraordinary Dividend attributable to one Share, with such portion being determined by dividing the Fair Market Value of the aggregate Extraordinary Dividend by the number of Shares entitled to receive the relevant Dividend (as defined in the Terms and Conditions) of which the Extraordinary Dividend forms part

Extraordinary Dividend = (Interim Dividend + Final Dividend) – S\$0.055*
= (S\$0.035 + S\$0.035) – S\$0.055
= S\$0.015

* *The amount per Share for the purpose of calculating the Extraordinary Dividend for a Dividend issued in the financial year ended 31 December 2014, as specified in Condition 6(C)(3) of the Terms and Conditions.*

Adjustment due to Proposed Bonus Issue

The Proposed Bonus Issue will be effected by capitalising up to approximately HK\$334,441,000 by way of a transfer from the accumulated profits of the Company to the share capital account of the Company (based on an issue price of approximately S\$1.08 per Bonus Share) and applying the same towards payment in full for the Bonus Shares. The Proposed Bonus Issue remains subject to the approval of Shareholders at an Extraordinary General Meeting.

The Terms and Conditions also provide for adjustments to be made to the Conversion Price in the event that the Company issues any Shares credited as fully paid to Shareholders by way of capitalisation of profits or reserves (including any share premium account), including Shares paid up out of distributable profits or reserves and/or share premium account, save for any Scrip Dividend (as defined in the Terms and Conditions) and which would not have constituted an Extraordinary Dividend. The Company will appoint an Independent Investment Bank to determine the adjusted Conversion Price due to the Proposed Bonus Issue (the “**Adjusted Conversion Price due to Capitalisation**”).

A summary of the adjustment to the Conversion Price due to the Proposed Bonus Issue based on the formula in Condition 6(C)(2)(i) of the Terms and Conditions is set out below:

Adjusted Conversion Price due to Capitalisation = Conversion Price x (A / B)

Where:

Conversion Price = S\$0.826 per Share

² As announced by the Company on 2 May 2014.

- A = Aggregate nominal amount of the issued Shares immediately before the Proposed Bonus Issue
- B = Aggregate nominal amount of the issued Shares immediately after the Proposed Bonus Issue

In accordance with the Terms and Conditions, where more than one event which gives rise to an adjustment to the Conversion Price occurs within such a short period of time that in the opinion of the Independent Investment Bank to be appointed by the Company, the relevant provisions of the Terms and Conditions would need to be operated subject to some modification in order to give the intended result, such modification shall be made to the operation of the relevant provisions of the Terms and Conditions as may be advised by such Independent Investment Bank to be in its opinion appropriate in order to give such intended result. Consequently, the effect of the Adjusted Conversion Price due to Dividends and the Adjusted Conversion Price due to Capitalisation will be determined by the Independent Investment Bank to be appointed by the Company based on the formulas set out above.

The adjustment to the Conversion Price due to the Interim Dividend and the Final Dividend as well as the Proposed Bonus Issue, which will be announced by the Company in due course following consultations with the Independent Investment Bank to be appointed by the Company, will take effect on the date immediately after the Books Closure Date.

A copy of this Announcement will be despatched to Citicorp International Limited, the Trustee, for distribution to the holders of the Convertible Bonds in due course.

BY ORDER OF THE BOARD

Lim Lay Hoon
Company Secretary
Singapore, 27 February 2015

Important Notice

This Announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for or a sale of Convertible Bonds in the United States or any other jurisdiction.

The Convertible Bonds to be issued have not been, and will not be registered under the Securities Act and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Neither this notice nor any portion hereof may be sent or transmitted into the United States or any jurisdiction where to do so is unlawful. Any failure to comply with these restrictions may constitute a violation of the United States securities law or the securities laws of any such other jurisdiction.