

EASTON OVERSEAS LIMITED

(Company Registration No.: 111542)
(Incorporated in the British Virgin Islands)

18 July 2016

To: The Shareholders of China Merchants Holdings (Pacific) Limited

Dear Sir/Madam

COMPULSORY ACQUISITION OF SHARES IN CHINA MERCHANTS HOLDINGS (PACIFIC) LIMITED BY EASTON OVERSEAS LIMITED PURSUANT TO SECTION 215(1) OF THE COMPANIES ACT (CHAPTER 50 OF SINGAPORE) (THE “COMPANIES ACT”)

1. INTRODUCTION

- 1.1 **Offer.** We, Easton Overseas Limited (the “**Offeror**”) refer to the voluntary conditional cash offer (the “**Offer**”) by DBS Bank Ltd. (“**DBS Bank**”), for and on behalf of the Offeror, for all the issued and paid-up ordinary shares (the “**Shares**”) in the capital of China Merchants Holdings (Pacific) Limited (the “**Company**”), other than those Shares owned, controlled or agreed to be acquired by the Offeror.

All capitalised terms used and not defined in this letter (this “**Letter**”) shall have the same meanings ascribed to them in the offer document dated 30 May 2016 despatched to Shareholders containing, *inter alia*, the terms of the Offer, unless otherwise expressly stated or the context otherwise requires.

Please disregard this Letter and the accompanying Form 57 and Form 58 (as defined below) if you have already (a) validly accepted the Offer in respect of all your Shares, or (b) sold all your Shares on the SGX-ST prior to the date of this Letter.

- 1.2 **Offer Closed.** On 11 July 2016, DBS Bank had announced, for and on behalf of the Offeror, that the Offer closed at 5.30 p.m. (Singapore time) on 11 July 2016. Accordingly, the Offer is no longer open for acceptance and any acceptances received thereafter will be rejected.
- 1.3 **Compulsory Acquisition.** As at the date of this Letter, the Offeror has acquired not less than 90% of the total Shares as at the date of the Offer (other than those already held by the Offeror, its related corporations and their respective nominees as at the date of the Offer and excluding, for the avoidance of doubt, any Shares held in treasury). Accordingly, the Offeror is entitled to, and intends to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act to compulsorily acquire all the Shares of the Shareholders who have not accepted the Offer at the Offer Price of S\$1.020 for each Share (the “**Consideration**”).
- 1.4 **Shareholders Who Did Not Accept the Offer.** According to the records as at 14 July 2016 maintained by The Central Depository (Pte) Limited (“**CDP**”) and/or Boardroom Corporate & Advisory Services Pte. Ltd. (the “**Share Registrar**”), as the case may be, you did not accept the Offer in respect of your Shares. Accordingly, we are writing to inform you that the Offeror wishes to exercise its right of compulsory acquisition to acquire all the Shares held by you at the Consideration. We enclose for this purpose, a Notice to Dissenting Shareholder in the form prescribed under the Companies Act (“**Form 57**”).

- 1.5 **Consultation.** If you are in any doubt about this Letter or the action you should take, you should consult your stockbroker, bank manager, solicitor or other professional adviser immediately.

2. COMPULSORY ACQUISITION UNDER SECTION 215(1) OF THE COMPANIES ACT

- 2.1 **Compulsory Acquisition.** The Offeror will exercise its right of compulsory acquisition under Section 215(1) of the Companies Act to acquire all the Shares held by you on a date (the “**Transfer Date**”) that is after 18 August 2016, being one (1) month from the date on which Form 57 is given, subject to and on the terms set out in the enclosed Form 57.
- 2.2 **Registration of Transfer.** Upon the payment of the Consideration to the Company by the Offeror on the Transfer Date, the Company will cause to be transferred to the Offeror all the Shares held by you and register the Offeror as the holder of all those Shares as soon as practicable. The Consideration will be credited by the Company into a separate bank account and held by the Company in trust for you and paid to you in accordance with the settlement procedures set out in paragraph 2.3 below.
- 2.3 **Settlement.** Subject to and in accordance with the provisions of Section 215(1) of the Companies Act and the terms set out in the enclosed Form 57, as soon as practicable after the Transfer Date:
- (a) if your Shares are held through a Securities Account maintained with CDP, CDP will, on behalf of the Company, despatch remittances in the form of cheques in Singapore currency drawn on a bank in Singapore for the appropriate amount of the Consideration payable in respect of your Shares to you by ordinary post, at your own risk, to your address as it appears in the records of CDP, or by such other manner as you may have agreed with CDP for the payment of any cash distributions; and
 - (b) if your Shares are held in certification form, the Share Registrar will, on behalf of the Company, despatch a cheque in Singapore currency drawn on a bank in Singapore for the appropriate amount of the Consideration payable to you in respect of your Shares to you by ordinary post, at your own risk, to your address as it appears in the register of members of the Company, as maintained by the Share Registrar.
- 2.4 **No Action Needed.** No action needs to be taken by you in relation to Form 57 to entitle you to payment, which will be made to you in accordance with paragraphs 2.2 and 2.3 above.

3. RIGHTS UNDER SECTION 215(3) OF THE COMPANIES ACT

- 3.1 **Non-Assenting Shareholder.** Under Section 215(3) of the Companies Act, you have the right to require the Offeror to acquire your Shares. In connection therewith, a Notice to Non-Assenting Shareholder in the form prescribed under the Companies Act (“**Form 58**”) is enclosed with this Letter. You may, within three (3) months from the date of Form 58 (that is, by 18 October 2016), require the Offeror to acquire your Shares and the Offeror shall be entitled and bound to acquire your Shares at the Consideration.

3.2 **No Action Needed.** As the Offeror will be proceeding to compulsorily acquire your Shares pursuant to Section 215(1) of the Companies Act as described in paragraph 2 above, you need not take any action in relation to Form 58. Shareholders who wish to exercise their right under Section 215(3) of the Companies Act are advised to seek their own independent legal advice.

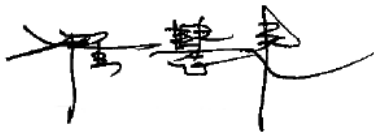
Yours faithfully,

For and on behalf of

CORNERSTONE HOLDINGS LIMITED

as sole director of

EASTON OVERSEAS LIMITED

A handwritten signature in black ink, consisting of stylized Chinese characters, positioned above a horizontal line.

Luo Hui Lai

Authorised Signatory