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## **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:

- (i) 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;
- (ii) the announcements (a) 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 and (b) 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;
- (iii) the announcement dated 27 February 2015 in connection with the proposed bonus issue of 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**”);
- (iv) the announcement dated 27 February 2015 in relation to adjustments to be made to the conversion price of the Convertible Bonds (the “**Conversion Price**”) due to the Interim Dividend and the Final Dividend as well as the Proposed Bonus Issue; and
- (v) the circular to Shareholders dated 15 April 2015 in connection with the Proposed Bonus Issue of up to 60,283,007 Bonus Shares (the “**Circular**”).

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. The Final Dividend will be paid on 3 June 2015 to Shareholders whose names appear in the Register of Members of the Company as at 5.00 p.m. on 14 May 2015 (the “**Books Closure Date**”).

The Bonus Shares will also be credited on 3 June 2015 to Shareholders whose names appear in the Register of Members of the Company as at 5.00 p.m. on the Books Closure Date.

### **Adjustment due to Interim Dividend and Final Dividend**

The terms and conditions of the Convertible Bonds (the “**Terms and Conditions**”) provide for adjustments to be made to the Conversion Price in the event that the Company pays or makes an Extraordinary Dividend (as defined in the Terms and Conditions).

In accordance with the Terms and Conditions, the Company has appointed DBS Bank Ltd. as the Independent Investment Bank<sup>1</sup> to determine the adjustments to be made to the Conversion Price due to the Interim Dividend and the Final Dividend (the “**Adjusted Conversion Price due to Dividends**”).

Pursuant to Condition 6(C)(3) of the Terms and Conditions, the Adjusted Conversion Price due to Dividends is to be determined as follows:

$$\text{Adjusted Conversion Price due to Dividends} = \text{Conversion Price} \times ((A - B) / A)$$

Where:

$$\text{Conversion Price} = \text{S\$0.826 per Share}^2$$

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 a part

$$\begin{aligned} \text{Extraordinary Dividend} &= (\text{Interim Dividend} + \text{Final Dividend}) - \text{S\$0.055}^* \\ &= (\text{S\$0.035} + \text{S\$0.035}) - \text{S\$0.055} \\ &= \text{S\$0.015} \end{aligned}$$

\* *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.*

**The Company wishes to announce that, for the purposes of computing the Adjusted Conversion Price due to Dividends, the Independent Investment Bank has determined that, “A” shall be S\$1.08 and “B” shall be S\$0.015, both of which were derived by the Independent Investment Bank in accordance with the Terms and Conditions. Consequently, the Independent Investment Bank has determined that the Adjusted Conversion Price due to Dividends (but before adjustment due to the Proposed Bonus Issue) shall be S\$0.815.**

<sup>1</sup> “**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.

<sup>2</sup> As announced by the Company on 2 May 2014.

### **Adjustment due to Proposed Bonus Issue**

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 has also appointed DBS Bank Ltd. as the Independent Investment Bank to determine the adjusted Conversion Price due to the Proposed Bonus Issue (the “**Adjusted Conversion Price due to Capitalisation**”).

The Terms and Conditions also provide that 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, 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 the Independent Investment Bank to be in its opinion appropriate in order to give such intended result.

Pursuant to Condition 6(C)(2)(i) of the Terms and Conditions, the Adjusted Conversion Price due to Capitalisation (and taking into account the Adjusted Conversion Price due to Dividends) is to be determined as follows:

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

Where:

Conversion Price = S\$0.815 per Share (i.e. the Adjusted Conversion Price due to Dividends)

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

**The Company wishes to announce that, for the purposes of computing the Adjusted Conversion Price due to Capitalisation, the Independent Investment Bank has determined that, the Conversion Price shall be the Adjusted Conversion Price due to Dividends, “A” shall be within the range of 1,064,557,405 to 1,205,660,143 (depending on the number of Shares in issue as at the Books Closure Date)<sup>3</sup>, “B” shall be within the range of 1,117,785,275 to 1,265,943,150 (the range of which corresponds proportionately to the range of “A”), such that the resultant value of “(A / B)” shall be fixed at approximately 0.95238, all of which were derived by the Independent Investment Bank in accordance with the Terms and Conditions. Consequently, the Independent Investment Bank has determined that**

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<sup>3</sup> The maximum number of Shares in issue as at the Books Closure Date will be 1,205,660,143 (taking into account the Shares which may be issued pursuant to the exercise of the outstanding options granted under the China Merchants Holdings (Pacific) Limited Share Option Scheme 2002 (“**Options**”) and the conversion of the Convertible Bonds in full and assuming there is no change to the number of issued Shares from 8 April 2015, being the latest practicable date prior to the printing of the Circular (the “**Latest Practicable Date**”), to the Books Closure Date) and the minimum number of Shares in issue as at the Books Closure Date will be 1,064,557,405 (not taking into account the Shares which may be issued pursuant to the exercise of the Options and the conversion of the Convertible Bonds and assuming there is no change to the number of issued Shares from the Latest Practicable Date to the Books Closure Date).

**the final adjusted Conversion Price (after adjustment for the Interim Dividend, Final Dividend and Proposed Bonus Issue) (the “Final Adjusted Conversion Price”) shall be S\$0.776.**

Pursuant to the Terms and Conditions, the Final Adjusted Conversion Price 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, 30 April 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.