

CIRCULAR DATED 15 APRIL 2015

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action that you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of China Merchants Holdings (Pacific) Limited (the “**Company**”), you should immediately forward this Circular, the Notice of Extraordinary General Meeting and the attached Proxy Form to the purchaser or the transferee or to the bank, stockbroker or agent through whom the sale or the transfer was effected for onward transmission to the purchaser or this transferee.

The Singapore Exchange Securities Trading Limited (“**SGX-ST**”) assumes no responsibility for any statement made, opinion expressed or report contained in this Circular.

Approval in-principle granted by the SGX-ST for the listing of and quotation for the Bonus Shares (as defined herein) on the Main Board of the SGX-ST is not to be taken as an indication of the merits of any of the Proposed Bonus Issue (as defined herein), the Bonus Shares, the Shares (as defined herein), the Company and/or its subsidiaries (as defined herein).



招商局 亚太有限公司
China Merchants Holdings (Pacific) Limited

(Incorporated in the Republic of Singapore)
(Company Registration Number 198101278D)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED BONUS ISSUE OF UP TO 60,283,007 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY (THE “BONUS SHARES”) ON THE BASIS OF ONE (1) BONUS SHARE CREDITED AS FULLY PAID FOR EVERY TWENTY (20) EXISTING ORDINARY SHARES IN THE CAPITAL OF THE COMPANY HELD BY THE SHAREHOLDERS OF THE COMPANY AS AT THE BOOKS CLOSURE DATE (AS DEFINED HEREIN), FRACTIONAL ENTITLEMENTS TO BE DISREGARDED (THE “PROPOSED BONUS ISSUE”)

IMPORTANT DATES AND TIMES

Latest date and time for lodgement of Proxy Form	:	28 April 2015 at 5.00 p.m.
Date and time of Extraordinary General Meeting	:	30 April 2015 at 5.00 p.m. (or as soon thereafter following the conclusion or adjournment of the annual general meeting of the Company to be held at 4.00 p.m. on the same day and at the same place)
Place of Extraordinary General Meeting	:	Convention & Exhibition Centre Room 326, Level 3 1 Raffles Boulevard, Suntec City Singapore 039593

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DEFINITIONS

For the purpose of this Circular, the following definitions apply throughout unless the context otherwise requires or otherwise stated:

"Announcement"	: The announcement in relation to the Proposed Bonus Issue released on SGXNET by the Company on 27 February 2015
"Board"	: The board of Directors as at the date of this Circular
"Bonus Shares"	: Up to 60,283,007 new Shares to be issued by the Company pursuant to the Proposed Bonus Issue
"Books Closure Date"	: Subject to Shareholders' approval being obtained for the Proposed Bonus Issue, 5.00 p.m. on 14 May 2015, being the time and date, at and on which the Share Transfer Books and Register of Members of the Company will be closed to determine Shareholders' entitlements under the Proposed Bonus Issue
"CDP"	: The Central Depository (Pte) Limited
"Circular"	: This circular to Shareholders dated 15 April 2015
"Companies Act"	: The Companies Act, Chapter 50 of Singapore, as may be amended or modified from time to time
"Companies (Amendment) Act"	: The Companies (Amendment) Act 2005 of Singapore
"Company"	: China Merchants Holdings (Pacific) Limited
"Convertible Bonds"	: HK\$1,163,000,000 in aggregate principal amount of 1.25 per cent. convertible bonds due 2017 (credit enhanced until 2015) issued by the Company on 6 November 2012
"Directors"	: The directors of the Company as at the date of this Circular
"EGM"	: The extraordinary general meeting of the Company to be held on 30 April 2015 at 5.00 p.m. (or as soon thereafter following the conclusion or adjournment of the annual general meeting of the Company to be held at 4.00 p.m. on the same day and at the same place), notice of which is set out on page 11 of this Circular
"EPS"	: Earnings per Share
"FY"	: Financial year ended or ending 31 December
"FY2009"	: Financial year ended 31 December 2009
"FY2010"	: Financial year ended 31 December 2010
"FY2011"	: Financial year ended 31 December 2011
"FY2012"	: Financial year ended 31 December 2012
"FY2013"	: Financial year ended 31 December 2013
"FY2014"	: Financial year ended 31 December 2014
"Group"	: The Company and its subsidiaries
"HK\$" and "cents"	: Hong Kong dollar and cents respectively, unless otherwise stated
"Latest Practicable Date"	: 8 April 2015, being the latest practicable date prior to the printing of this Circular

DEFINITIONS

“Listing Manual”	: The Listing Manual of the SGX-ST, as may be amended or modified from time to time
“NAV”	: Net asset value
“NTA”	: Net tangible assets
“Options”	: Outstanding options granted to employees of the Group pursuant to the Scheme
“Proposed Bonus Issue”	: The proposed bonus issue of up to 60,283,007 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 as at the Books Closure Date, fractional entitlements (if any) being disregarded and dealt with in such manner as the Directors may deem fit for the benefit of the Company
“Record Date”	: A date on which, at the close of business, Shareholders must be registered with the Company or CDP in order to participate in any dividends, rights, allotments or other distributions
“Scheme”	: The China Merchants Holdings (Pacific) Limited Share Option Scheme 2002, as approved and adopted by the Company on 30 May 2002 and modified by the Company on 27 April 2006 and 25 April 2008
“Securities Account”	: A securities account maintained by a Depositor with CDP (but does not include a securities sub-account maintained with a Depository Agent)
“SGX-ST”	: Singapore Exchange Securities Trading Limited
“Shareholders”	: Registered holders of Shares in the Register of Members of the Company except that where CDP is the registered holder, the term “Shareholders” shall, in relation to such Shares and where the context so admits, mean Depositors who have Shares entered against their names in the Depository Register. Any reference to Shares held by Shareholders shall include Shares standing to the credit of the respective Shareholders’ Securities Accounts
“Shareholders’ Funds”	: The aggregate of the issued and paid up share capital and reserves of the Group
“Shares”	: Ordinary shares in the capital of the Company
“%” or “per cent.”	: Percentage or per centum
“S\$” and “cents”	: Singapore dollar and cents respectively, unless otherwise stated

The terms **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

The term **“subsidiary”** shall have the meaning ascribed to it in Section 5 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or the Listing Manual or any modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act or the Listing Manual or such modification thereof, as the case may be.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

Any discrepancies in figures included in this Circular between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

LETTER TO SHAREHOLDERS

CHINA MERCHANTS HOLDINGS (PACIFIC) LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number 198101278D)

Directors

Mr Luo Hui Lai (*Executive Chairman and Chief Executive Officer*)
Mr Zheng Hai Jun (*Non-executive Vice Chairman*)
Mr Jiang Yan Fei (*Vice Chairman, General Manager and Chief Operating Officer*)
Ms Shi Xiu Li (*Executive Director*)
Dr Lim Heng Kow (*Lead Independent Director*)
Dr Hong Hai (*Independent Director*)

Registered Office

50 Raffles Place
#32-01
Singapore Land Tower
Singapore 048623

15 April 2015

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

Dear Sir/Madam

THE PROPOSED BONUS ISSUE

1. INTRODUCTION

- 1.1 Proposed Bonus Issue.** On 27 February 2015, the Company announced that, subject to the approvals of the SGX-ST and the Shareholders at the EGM to be convened, the Company is proposing to undertake a bonus issue. The Proposed Bonus Issue is in respect of up to 60,283,007 Bonus Shares, to be credited as fully paid on the basis of one (1) Bonus Share for every twenty (20) existing Shares held by the Shareholders as at the Books Closure Date, fractional entitlements to be disregarded.
- 1.2 Circular.** The purpose of this Circular is to provide Shareholders with information relating to, and to seek the approval of Shareholders for, the Proposed Bonus Issue at the EGM. The notice of the EGM is set out on page 11 of this Circular.

2. RATIONALE FOR THE PROPOSED BONUS ISSUE

The Company is proposing the Proposed Bonus Issue to increase the issued share capital base of the Company to reflect the growth and expansion of its business, and at the same time, to recognise and reward its Shareholders for their continuing support and loyalty to the Company. The Proposed Bonus Issue, if carried out, will also increase the accessibility of an investment in the Company, thereby improving the trading liquidity of the Shares, allowing for greater participation by investors and broadening the Shareholder base.

3. TERMS OF THE PROPOSED BONUS ISSUE

- 3.1** Based on a maximum issued and paid up share capital of the Company comprising 1,205,660,143 Shares as at the Latest Practicable Date (taking into account the Shares which may be issued pursuant to the exercise of the Options and the conversion of the Convertible Bonds in full and assuming there is no change to the number of issued Shares from the Latest Practicable Date to the Books Closure Date), 60,283,007 Bonus Shares ("**Maximum Bonus Shares**") will be issued pursuant to the Proposed Bonus Issue.

Based on an issued and paid up share capital of the Company comprising 1,064,557,405 Shares as at the Latest Practicable Date (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), 53,227,870 Bonus Shares ("**Minimum Bonus Shares**") will be issued pursuant to the Proposed Bonus Issue.

Fractional entitlements will be disregarded and will not be allotted to Shareholders but will be aggregated and disposed of or dealt with in such manner as the Directors in their absolute discretion deem fit for the benefit of the Company.

- 3.2** The actual number of Bonus Shares to be issued by the Company will depend on the total issued share capital of the Company as at the Books Closure Date.

LETTER TO SHAREHOLDERS

- 3.3** The Proposed Bonus Issue will be effected by capitalising up to approximately HK\$310,523,892 (expressed in HK\$ based on an exchange rate of S\$1.00 : HK\$5.736) by way of a transfer from the accumulated profits of the Company to the share capital account of the Company and applying the same towards payment in full for the Bonus Shares. If the Minimum Bonus Shares are issued, the issue price of the Bonus Shares will be approximately S\$1.02 per Bonus Share. If the Maximum Bonus Shares are issued, the issue price of the Bonus Shares will be approximately S\$0.90 per Bonus Share.
- 3.4** The Bonus Shares when allotted and issued, will rank *pari passu* in all respects with the existing issued Shares and with each other, except that the Bonus Shares will not be entitled to such dividends, rights, allotments and other distributions, the Record Date of which falls before the date of issue of the Bonus Shares.
- 3.5** The Directors confirm that based on the latest audited accounts of the Company as at 31 December 2014, the revenue reserves of the Company as at 31 December 2014 of HK\$700,844,000 is sufficient for the capitalisation of the Proposed Bonus Issue.

4. FINANCIAL EFFECTS OF THE PROPOSED BONUS ISSUE

The financial effects of the Proposed Bonus Issue have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2014 and the following key assumptions:

- (i) that the Proposed Bonus Issue had been effected on 31 December 2014 for illustrating the financial effects on the share capital, Shareholders' Funds, NAV, NTA, and gearing of the Group;
- (ii) that the Proposed Bonus Issue had been effected on 1 January 2014 for illustrating the financial effects on the earnings of the Group; and
- (iii) that the Maximum Bonus Shares, which represent 1/20 of the existing issued and paid up share capital of the Company comprising 1,205,660,143 Shares as at the Latest Practicable Date (taking into account the Shares which may be issued pursuant to the exercise of the Options and the conversion of the Convertible Bonds in full) will be issued pursuant to the Proposed Bonus Issue. For illustrative purposes only, the financial effects of the Proposed Bonus Issue have also been prepared on the assumption that the Minimum Bonus Shares, which represent 1/20 of the existing issued and paid up share capital of the Company comprising 1,064,557,405 Shares as at the Latest Practicable Date (not taking into account the Shares which may be issued pursuant to the exercise of the Options and the conversion of the Convertible Bonds) will be issued pursuant to the Proposed Bonus Issue.

The financial effects of the Proposed Bonus Issue are presented herein purely for illustrative purposes only and should not be taken to represent the actual financial situation of the Company and/or the Group immediately after the Proposed Bonus Issue nor the future financial situation of the Company and/or the Group.

4.1 Share Capital

The effect of the Proposed Bonus Issue on the share capital of the Company is illustrated as follows:

	Number of Shares ('000)	HK\$'000
Issued share capital before the Proposed Bonus Issue as at 31 December 2014	1,045,662	3,804,616
<u>Assuming Minimum Bonus Shares</u>		
Bonus Shares	53,228	310,524
Enlarged issued share capital (immediately following the Proposed Bonus Issue)	1,098,890	4,115,140
<u>Assuming Maximum Bonus Shares</u>		
Bonus Shares	60,283	310,524
Enlarged issued share capital (immediately following the Proposed Bonus Issue)	1,265,943	4,962,842

LETTER TO SHAREHOLDERS

4.2 Shareholders' Funds

The effect of the Proposed Bonus Issue on the Shareholders' Funds of the Company is illustrated as follows:

	As at 31 December 2014	Immediately following the Proposed Bonus Issue Assuming Minimum Bonus Shares	Assuming Maximum Bonus Shares
Issued share capital (HK\$'000)	3,804,616	4,115,140	4,962,842
Retained earnings (HK\$'000)	1,907,606	1,597,082	1,597,082
Shareholders' Funds (HK\$'000)	6,374,063	6,374,063	7,166,729

4.3 NAV

The effect of the Proposed Bonus Issue on the NAV of the Group is illustrated as follows:

	As at 31 December 2014	Immediately following the Proposed Bonus Issue
<u>Assuming Minimum Bonus Shares</u>		
NAV (HK\$'000)	6,374,063	6,374,063
Number of issued Shares ('000)	1,045,662	1,098,890
NAV per Share (HK\$)	6.10	5.80
<u>Assuming Maximum Bonus Shares</u>		
NAV (HK\$'000)	6,374,063	7,166,729
Number of issued Shares ('000)	1,045,662	1,265,943
NAV per Share (HK\$)	6.10	5.66

4.4 NTA

The effect of the Proposed Bonus Issue on the NTA⁽¹⁾ of the Group is illustrated as follows:

	As at 31 December 2014	Immediately following the Proposed Bonus Issue
<u>Assuming Minimum Bonus Shares</u>		
NTA (HK\$'000)	(2,918,136)	(2,918,136)
Number of issued Shares ('000)	1,045,662	1,098,890
NTA per Share (HK\$)	(2.79)	(2.66)
<u>Assuming Maximum Bonus Shares</u>		
NTA (HK\$'000)	(2,918,136)	(2,125,470)
Number of issued Shares ('000)	1,045,662	1,265,943
NTA per Share (HK\$)	(2.79)	(1.68)

Note:

- (1) The NTA is determined by the consolidated NAV of the Group less the Group's share of intangible assets, which comprises mainly the toll road operating rights of the Yongtaiwen Expressway acquired in 2011, the toll road operating rights of Beilun Port Expressway acquired in 2012, and the toll road operating rights of the Jiurui Expressway acquired in 2014.

LETTER TO SHAREHOLDERS

4.5 EPS

The effect of the Proposed Bonus Issue on the EPS of the Group is illustrated as follows:

	As at 31 December 2014	Immediately following the Proposed Bonus Issue Assuming Minimum Bonus Shares	Assuming Maximum Bonus Shares
Basic EPS			
Profit attributable to Shareholders (HK\$'000)	739,415	739,415	779,953
Weighted average number of issued Shares ('000)	825,960	879,188	1,046,241
EPS (HK cents)	89.52	84.10	74.55
Fully diluted EPS			
Profit attributable to Shareholders (HK\$'000)	739,415	739,415	N.A.
Adjustment on profit arising from full conversion of Convertible Bonds (HK\$'000)	40,538	40,538	N.A.
Adjusted profit attributable to Shareholders (HK\$'000)	779,953	779,953	N.A.
Weighted average number of issued Shares ('000)	1,117,384	1,170,612	N.A.
Fully diluted EPS (HK cents)	69.80	66.63	N.A.

4.6 Gearing

Gearing refers to the ratio of the aggregate of interest bearing liabilities to the sum of the aggregate of interest bearing liabilities and the aggregate of the issued and paid up share capital, capital and other reserves of the Group and minority interests. The Proposed Bonus Issue will not have any material impact on the gearing of the Group.

However, the exercise of the Options and the conversion of the Convertible Bonds in full will have an effect on the gearing of the Group illustrated as follows:

	As at 31 December 2014	Immediately following the Proposed Bonus Issue
Assuming Minimum Bonus Shares		
Debts (interest bearing liabilities)	4,247,038	4,247,038
Shareholders' equity	8,929,794	8,929,794
Gearing	32%	32%
Assuming Maximum Bonus Shares		
Debts (interest bearing liabilities)	4,247,038	3,474,074
Shareholders' equity	8,929,794	9,722,460
Gearing	32%	26%

LETTER TO SHAREHOLDERS

4.7 Dividends

4.7.1 The Company's dividend track record has been as follows:

	Gross dividend amount (interim) (HK\$'000)	Gross dividend amount (final) (HK\$'000)
FY2009	81,326	79,888
FY2010	86,023	90,650
FY2011	107,852	129,724
FY2012	125,306	121,925
FY2013	123,238	190,503
FY2014	217,276	212,975 ¹

4.7.2 Barring any unforeseen circumstances, the Directors are of the opinion that the Proposed Bonus Issue will have no impact on the current dividend policy, including the Board's long-term commitment to an annual dividend payout ratio of at least 50 per cent. of underlying net profit. However, any recommendation for future dividends will be subject to various factors such as the level of cashflow and retained earnings, actual and projected financial performance, projected levels of capital expenditure and investment plans and other operational conditions of the Company's businesses at the time of declaration of the proposed dividend, if any.

5. MORATORIUM FOR CERTAIN BONUS SHARES

The table below sets out information on Shares which are subject to a moratorium. Accordingly, the Bonus Shares which will be issued to the holders of Shares which are subject to a moratorium will also be subject to a moratorium for the same period.

Nature of transaction	Name of holder of moratorised Shares	Total number of moratorised Shares held before the Proposed Bonus Issue	Additional Shares that will be moratorised under the Proposed Bonus Issue	Total number of moratorised Shares held after the Proposed Bonus Issue	Moratorium period
Acquisition of Hong Kong Honest Queen International Investment Limited	Hongda International Asset Management Limited (as nominee of Liu Qiang and Gong Xiaoping)	39,791,662	1,989,583	41,781,245	9 September 2014 to 9 September 2015

6. ADJUSTMENTS TO OPTIONS GRANTED UNDER THE SCHEME

6.1 The Proposed Bonus Issue may give rise to adjustments to the number of Options which a holder of Options may be entitled to be issued with and/or the exercise price of the outstanding Options pursuant to the rules governing the Scheme.

6.2 Any adjustments which are required will be made in accordance with the provisions of the rules of the Scheme to mitigate any potential equity dilution resulting from the Proposed Bonus Issue and to ensure that the status of the holders of Options is not prejudiced thereafter. The rights and obligations of the holders of Options will remain unchanged, save for the adjustment to the number of Options granted under the Scheme and/or the exercise price in respect of the Options.

¹ Based on the latest issued share capital of the Company as at the Latest Practicable Date and the exchange rate of S\$1.00 : HK\$5.716.

LETTER TO SHAREHOLDERS

7. ADJUSTMENTS TO CONVERSION PRICE OF CONVERTIBLE BONDS

- 7.1** The Proposed Bonus Issue may give rise to adjustments to the conversion price of the Convertible Bonds pursuant to the terms and conditions of the Convertible Bonds.
- 7.2** Any adjustments which are required will be made in accordance with the provisions of the terms and conditions of the Convertible Bonds to mitigate any potential equity dilution resulting from the Proposed Bonus Issue and to ensure that the status of the holders of the Convertible Bonds is not prejudiced thereafter. The rights and obligations of the holders of the Convertible Bonds will remain unchanged, save for the adjustment to the conversion price in respect of the Convertible Bonds.

8. APPROVALS

Approval in-principle for the listing of and quotation for the Bonus Shares on the Official List of the Main Board of the SGX-ST has been granted by the SGX-ST on 31 March 2015, subject to the approval of the Shareholders being obtained at the EGM and compliance with the SGX-ST's listing requirements. Such approval by the SGX-ST is not to be taken as an indication of the merits of the Proposed Bonus Issue, the Bonus Shares, the Shares, the Company and/or its subsidiaries. The SGX-ST takes no responsibility for the accuracy of any statements or opinions made in this Circular.

9. NOTICE OF BOOKS CLOSURE

- 9.1** Notice is hereby given that, subject to the approval of the Shareholders for the Proposed Bonus Issue at the EGM, the Share Transfer Books and Register of Members of the Company will be closed at 5.00 p.m. on 14 May 2015, being the Books Closure Date for the purpose of determining Shareholders' entitlements under the Proposed Bonus Issue.
- 9.2** Shareholders (whose Shares are deposited with CDP) whose Securities Accounts with CDP are credited with Shares as at the Books Closure Date will be allotted Bonus Shares on the basis of the number of Shares standing to the credit of their Securities Accounts with CDP as at 5.00 p.m. on 14 May 2015, being the Books Closure Date.
- 9.3** Duly completed and stamped transfers in respect of Shares not registered in the name of CDP together with all relevant documents of title thereto received by the Company's share registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623, up to the close of business at 5.00 p.m. on 14 May 2015, being the Books Closure Date will be registered to determine Shareholders' entitlements under the Proposed Bonus Issue.
- 9.4** If the Proposed Bonus Issue is approved by the Shareholders at the EGM, crediting of the Bonus Shares will be made on 3 June 2015.

10. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page 11 of this Circular, will be held at Convention & Exhibition Centre, Room 326, Level 3, 1 Raffles Boulevard, Suntec City, Singapore 039593 on 30 April 2015 at 5.00 p.m. (or as soon thereafter following the conclusion or adjournment of the annual general meeting of the Company to be held at 4.00 p.m. on the same day and at the same place) for the purpose of considering and, if though fit, passing with or without any modifications, the Ordinary Resolution set out in the notice of EGM.

11. ACTION TO BE TAKEN BY SHAREHOLDERS

- 11.1** Shareholders who are unable to attend the EGM and who wish to appoint a proxy to attend on their behalf are requested to complete, sign and return the proxy form attached to this Circular in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the office of the Company's share registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623, not less than 48 hours before the time fixed for the EGM. The completion and lodgment of the proxy form by a Shareholder will not prevent him from attending and voting at the EGM in person if he so wishes.
- 11.2** If you are a Depositor, you shall not be entitled to attend and vote at the EGM unless you are shown to have Shares entered against your name in the Depository Register as at 48 hours before the time appointed for holding the EGM, as certified by CDP to the Company.

LETTER TO SHAREHOLDERS

12. DIRECTORS' RECOMMENDATION

The Directors, having considered, *inter alia*, the rationale for and the financial effects of the Proposed Bonus Issue as set out in this Circular, are of the opinion that the Proposed Bonus Issue is in the best interests of the Company and its Shareholders. The Directors accordingly recommend that Shareholders vote in favour of the Ordinary Resolution relating to the Proposed Bonus Issue at the EGM.

13. MATERIAL LITIGATION

As at the Latest Practicable Date, the Directors are not aware of any litigation, claims or proceedings pending or threatened against the Company or any of its subsidiaries or any facts likely to give rise to any litigation, claims or proceedings which may have or have had a material adverse effect on the financial position of the Company and/or its subsidiaries.

14. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Bonus Issue, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623 during normal business hours from the date of this Circular, up to and including the date of the EGM:

- (a) the memorandum and articles of association of the Company;
- (b) the Announcement; and
- (c) the annual report of the Company for the financial year ended 31 December 2014.

Yours faithfully

For and on behalf of the Board of Directors of

CHINA MERCHANTS HOLDINGS (PACIFIC) LIMITED

Mr Luo Hui Hai
Chairman

NOTICE OF EXTRAORDINARY GENERAL MEETING

CHINA MERCHANTS HOLDINGS (PACIFIC) LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number 198101278D)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of China Merchants Holdings (Pacific) Limited (the "**Company**") will be held at Convention & Exhibition Centre, Room 326, Level 3, 1 Raffles Boulevard, Suntec City, Singapore 039593 on 30 April 2015 at 5.00 p.m. (or as soon thereafter following the conclusion or adjournment of the annual general meeting of the Company to be held at 4.00 p.m. on the same day and at the same place) for the purpose of considering, and if thought fit, passing, with or without modifications, the resolution below as an ordinary resolution:

ORDINARY RESOLUTION – THE PROPOSED BONUS ISSUE

That:

- (a) the bonus issue (the "**Proposed Bonus Issue**") of up to 60,283,007 new ordinary shares in the capital of the Company (the "**Bonus Shares**"), such Bonus Shares to be allotted and issued at an issue price of between approximately S\$0.90 and S\$1.02 per Bonus Share, credited as fully paid, on the basis of one (1) Bonus Share for every twenty (20) existing ordinary shares in the capital of the Company (the "**Shares**") held by persons who as at 5.00 p.m. on 14 May 2015 or such other date as may be determined by the board of directors of the Company, are holders of Shares in the Company (the "**Shareholders**"), with fractional entitlements to be disregarded or disposed of in such manner as the directors of the Company in their absolute discretion deem fit for the benefit of the Company, be and is hereby approved; and
- (b) the directors of the Company and each of them be and are hereby authorised to enter into all such transactions, arrangements and agreements and approve, execute and deliver all documents and do all deeds and things as may be necessary, expedient, incidental or in the interests of the Company to give effect to the approvals given in this ordinary resolution or the transactions contemplated by the Proposed Bonus Issue.

BY ORDER OF THE BOARD

Lim Lay Hoon
Lynn Wan Tiew Leng
Company Secretaries

CHINA MERCHANTS HOLDINGS (PACIFIC) LIMITED

Singapore, 15 April 2015

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

- (1) A member of the Company entitled to attend and vote at the Extraordinary General Meeting may appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
- (2) If a proxy is to be appointed, the proxy form must be duly deposited at the registered office of the Company at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623 at least 48 hours before the time appointed for the holding of the Extraordinary General Meeting.
- (3) The instrument appointing a proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its seal or under the hand of any officer or attorney duly authorised.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

China Merchants Holdings (Pacific) Limited

(Incorporated in the Republic of Singapore)
(Company Registration Number 198101278D)

**EXTRAORDINARY GENERAL MEETING
PROXY FORM****IMPORTANT:****CPF Investors**

1. For investors who have used their CPF monies to buy the Company's shares, this circular is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is FOR USE ONLY BY MEMBERS whose shares in China Merchants Holdings (Pacific) Limited are registered in their names. It is not valid for use by CPF investors and persons whose shares are not registered in their own names, and shall be ineffective for all intents and purposes if used or purported to be used by them.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 15 April 2015.

(You are advised to read the notes below before completing this form)

I/We, _____

of _____

being a *member/members of China Merchants Holdings (Pacific) Limited (the "**Company**"), hereby appoint:

Name	Address	NRIC/Passport No.	Proportion of Shareholding (%)

*and/or

Name	Address	NRIC/Passport No.	Proportion of Shareholding (%)

or failing whom, the Chairman of the Meeting, as *my/our *proxy/proxies to vote for *me/us and on *my/our behalf and, if necessary to demand a poll, at an Extraordinary General Meeting of the Company to be held at Convention & Exhibition Centre, Room 326, Level 3, 1 Raffles Boulevard, Suntec City, Singapore 039593 on 30 April 2015 at 5.00 p.m. (or as soon thereafter following the conclusion or adjournment of the annual general meeting of the Company to be held at 4.00 p.m. on the same day and at the same place) and at any adjournment thereof. *I/We have indicated with an "X" in the appropriate box below how *I/We wish *my/our *proxy/proxies to vote. If no specific direction as to voting is given, *my/our *proxy/proxies may vote or abstain at *his/ their discretion as *he/they will on any other matters arising at the Extraordinary General Meeting.

Ordinary Resolution	For	Against
To approve the Proposed Bonus Issue		

Dated this _____ day of _____ 2015

**Total Number of
Shares Held**

Signature(s) of Member(s)/Corporation's Common Seal

**Delete as appropriate*

IMPORTANT: Please read notes overleaf.



Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register as well as registered in your name in the Register of Members of the Company, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this instrument appointing a proxy will be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint a proxy to attend and vote in his stead.
3. This instrument appointing a proxy must be deposited at the registered office of the Company at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623 not less than 48 hours before the time appointed for the Extraordinary General Meeting.
4. This instrument appointing a proxy must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under seal or under the hand of an official or attorney duly authorised.
5. A corporation which is a member may, by resolution of its directors, authorise any person to act as its representative at the Extraordinary General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
6. The Company shall be entitled to reject the instrument appointing a proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy. In addition, in the case of a member whose Shares are entered against his name in the Depository Register, the Company may reject any instrument appointing a proxy lodged if such member is not shown to have Shares entered against his name in the Depository Register not less than 48 hours before the time appointed for holding the Extraordinary General Meeting, as certified by The Central Depository (Pte) Limited to the Company.