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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 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 the announcements dated 31 July 2015 and 25 February 2016 in connection with (i) 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**”) and (ii) the proposed final one-tier tax exempt dividend (the “**Final Dividend**”) of S\$0.035 per Share, for the financial year ended 31 December 2015.

The Interim Dividend was paid on 4 September 2015 to shareholders of the Company (“**Shareholders**”) whose names appeared in the Register of Members of the Company as at 5.00 p.m. on 26 August 2015, while the books closure date for the Final Dividend (the “**Books Closure Date**”), which remains subject to the approval of Shareholders at the Annual General Meeting to be held by 30 April 2016, will be announced by the Company in due course.

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). In accordance with the Terms and Conditions, the Company will appoint an Independent Investment Bank¹ to determine the adjusted Conversion Price (the “**Adjusted Conversion Price**”).

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

Adjusted Conversion Price = Conversion Price x ((A - B) / A)

Where:

Conversion Price = S\$0.776 per Share

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.

- 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 + 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 2015, as specified in Condition 6(C)(3) of the Terms and Conditions.*

The Adjusted Conversion Price will be determined by the Independent Investment Bank to be appointed by the Company based on the formula set out above and taking into account any previous adjustment not required to be made in relation to the Preferential Offering², and will be announced by the Company in due course.

The adjustment to the Conversion Price will take effect on the date on which the Shares will commence trading on an ex-Final Dividend basis (i.e. on the date immediately after the Books Closure Date), which will be announced by the Company in due course.

A copy of this Announcement will be despatched to Citicorp International Limited, the Trustee (as defined in the Terms and Conditions), for distribution to the holders of the Convertible Bonds in due course.

BY ORDER OF THE BOARD

Lim Lay Hoon
 Company Secretary
 Singapore, 26 February 2016

² "Preferential Offering" refers to the non-renounceable non-underwritten preferential offering of up to 633,756,189 new Shares, as detailed in the Company's announcements dated 30 July 2015, 25 August 2015, 9 September 2015, 23 September 2015, 28 September 2015 and 30 October 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.