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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

1. INTRODUCTION

1.1 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, of which the aggregate principal amount of Convertible Bonds remaining outstanding as at the date of this Announcement is HK\$150,000,000;
- (ii) the announcements dated 30 July 2015 (the “**Preferential Offering Launch Announcement**”), 25 August 2015, 9 September 2015, 23 September 2015, 28 September 2015 and 30 October 2015 in relation to the non-renounceable non-underwritten preferential offering (the “**Preferential Offering**”) of up to 633,756,189 new ordinary shares in the capital of the Company (the “**New Shares**”), at an issue price of S\$1.00 for each New Share (the “**Issue Price**”), on the basis of one (1) New Share for every two (2) existing ordinary shares in the capital of the Company (the “**Shares**”) held by shareholders of the Company (“**Shareholders**”) who are eligible to participate in the Preferential Offering (“**Entitled Shareholders**”) as at 5.00 p.m. (Singapore time) on 7 September 2015, fractional entitlements to be disregarded;
- (iii) the announcements (a) dated 30 July 2015 in connection with the interim one-tier tax exempt dividend (the “**Interim Dividend**”) of S\$0.035 per Share for the financial year ended 31 December 2015 (“**FY2015**”) and (b) dated 25 February 2016 in connection with the proposed final one-tier tax exempt dividend (the “**Final Dividend**”) of S\$0.035 per Share for FY2015; and
- (iv) the announcement dated 26 February 2016 in relation to adjustments to be made to the conversion price of the Convertible Bonds (the “**Conversion Price**”) due to the Preferential Offering as well as the Interim Dividend and the Final Dividend.

1.2 Pursuant to the Preferential Offering, 598,174,700 New Shares were allotted and issued by the Company to Entitled Shareholders on 28 September 2015. The New Shares were listed

and quoted on the Mainboard of the Singapore Exchange Securities Trading Limited on 29 September 2015.

- 1.3** The Interim Dividend was paid on 4 September 2015 to Shareholders whose names appeared in the Register of Members of the Company as at 5.00 p.m. (Singapore time) on 26 August 2015. The Final Dividend, if approved by Shareholders at the Annual General Meeting of the Company to be held on 28 April 2016, will be paid on 19 May 2016 to Shareholders whose names appear in the Register of Members of the Company as at 5.00 p.m. (Singapore time) on 5 May 2016 (the “**Books Closure Date**”).

2. ADJUSTMENT DUE TO PREFERENTIAL OFFERING

- 2.1** The terms and conditions of the Convertible Bonds (the “**Terms and Conditions**”) provide for adjustments to be made to the Conversion Price if the Company issues any Shares to all or substantially all Shareholders as a class by way of rights, or issues or grants to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for or purchase or otherwise acquire any Shares, in each case at less than the Current Market Price (as defined in the Terms and Conditions) per Share on the date of the announcement of the terms of the issue or grant.
- 2.2** The Current Market Price per Share on the date of the Preferential Offering Launch Announcement was S\$1.015 and the Conversion Price in effect at the time of the Preferential Offering was S\$0.776.
- 2.3** However, the Terms and Conditions also provide that no adjustment shall be made to the Conversion Price where such adjustment would be less than one (1) per cent. of the Conversion Price then in effect. Any such adjustment not required to be made shall be carried forward and taken into account in any subsequent adjustment.
- 2.4** Accordingly, as the adjustment to be made to the Conversion Price due to the Preferential Offering was less than one (1) per cent. of the Conversion Price in effect at the time of the Preferential Offering, no adjustment was made at the time of the Preferential Offering and such adjustment has been carried forward and will be taken into account in the adjustment to be made to the Conversion Price due to the Interim Dividend and the Final Dividend, as set out in detail below.

3. ADJUSTMENT DUE TO INTERIM DIVIDEND AND FINAL DIVIDEND

- 3.1** 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).
- 3.2** In accordance with the Terms and Conditions, the Company has appointed DBS Bank Ltd. as the 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**”).

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.

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

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

Where:

Conversion Price = S\$0.776 per Share²

A = The Current Market Price 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

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 FY2015, as specified in Condition 6(C)(3) of the Terms and Conditions.*

- 3.4** 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\$0.775 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 further adjustment due to the Preferential Offering) shall be S\$0.761.**

4. FINAL ADJUSTED CONVERSION PRICE

- 4.1** As mentioned above, a further adjustment will be made to the Adjusted Conversion Price due to Dividends to take into account the Preferential Offering. The Company has also appointed DBS Bank Ltd. as the Independent Investment Bank to determine the final adjusted Conversion Price (after adjustment for the Interim Dividend, the Final Dividend and the Preferential Offering) (the “**Final Adjusted Conversion Price**”).

² As announced by the Company on 30 April 2015.

- 4.2** Pursuant to Condition 6(C)(4) of the Terms and Conditions, the Final Adjusted Conversion Price is to be determined as follows:

$$\text{Final Adjusted Conversion Price} = \text{Conversion Price} \times \frac{(A + B)}{(A + C)}$$

Where:

Conversion Price = S\$0.761 per Share (i.e. the Adjusted Conversion Price due to Dividends)

A = The number of Shares in issue immediately before the Preferential Offering Launch Announcement

B = The number of Shares that would be subscribed, purchased or otherwise acquired, at the Current Market Price per Share on the date of the Preferential Offering Launch Announcement, with the aggregate amount payable for the New Shares issued under the Preferential Offering

C = The aggregate number of New Shares issued under the Preferential Offering

- 4.3** The Company wishes to announce that, for the purposes of computing the Final Adjusted Conversion Price, the Independent Investment Bank has determined that the Conversion Price shall be the Adjusted Conversion Price due to Dividends, "A" shall be 1,167,260,937, "B" shall be 589,450,828 and "C" shall be 598,174,700, 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 the Final Adjusted Conversion Price shall be S\$0.757.**
- 4.4** Pursuant to the Terms and Conditions, the Final Adjusted Conversion Price will take effect on 6 May 2016, being the date immediately after the Books Closure Date.
- 4.5** 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, 22 April 2016

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.