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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. The board of directors (the “**Board**”) of China Merchants Holdings (Pacific) Limited (the “**Company**”) refers to:
 - 1.1 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;
 - 1.2 the announcements (i) dated 6 September 2013 in connection with the interim one-tier tax exempt dividend (the “**Interim Dividend**”) of S\$0.0275 per ordinary share in the capital of the Company (a “**Share**”), and (ii) dated 27 February 2014 in connection with the final one-tier tax exempt dividend (the “**Final Dividend**”) of S\$0.0425 per Share, for the financial year ended 31 December 2013; and
 - 1.3 the announcement dated 27 February 2014 in relation to an adjustment to the conversion price (the “**Initial Adjustment Announcement**”).
2. The Interim Dividend was paid on 8 November 2013 to shareholders of the Company (“**Shareholders**”) whose names appeared in the Register of Members of the Company as at 5.00 p.m. on 22 October 2013, and the Final Dividend will be paid on 3 June 2014 to Shareholders whose names appear in the Register of Members of the Company as at 5.00 p.m. on 15 May 2014 (the “**Books Closure Date**”).
3. 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 has appointed DBS Bank Ltd. as the Independent Investment Bank¹ to determine the adjusted Conversion Price (the “**Adjusted Conversion Price**”).
4. 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:

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.

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

Where:

Conversion Price = S\$0.84 per Share

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\$0.0275 + 0.0425) - 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 2013, as specified in Condition 6(C)(3) of the Terms and Conditions.*

5. **The Company wishes to announce that for the purposes of computing the Adjusted Conversion Price, the Independent Investment Bank has determined that, “A” shall be S\$0.90 and “B” shall be S\$0.015, both of which, were derived by the Independent Investment Bank in accordance with the Terms and Conditions.**
6. **The Company wishes to further announce that accordingly, based on the formula above, the Independent Investment Bank has determined the Adjusted Conversion Price to be S\$0.826.**
7. Pursuant to the Terms and Conditions, the Adjusted Conversion Price will take effect on the date immediately after the Books Closure Date.
8. 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

Jiang Yan Fei
Executive Director
Singapore, 2 May 2014

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.