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招商局港口控股有限公司

CHINA MERCHANTS PORT HOLDINGS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)

(Stock Code : 00144)

Directors:

Executive Directors:

Mr. FU Gangfeng (*Chairman*)

Mr. SU Jian

Mr. XIONG Xianliang

Mr. BAI Jingtao (*Managing Director*)

Mr. GE Lefu

Mr. WANG Zhixian

Mr. ZHENG Shaoping

Registered Office:

38th Floor

China Merchants Tower

Shun Tak Centre

168-200 Connaught Road

Central

Hong Kong

Independent Non-executive Directors:

Mr. KUT Ying Hay

Mr. LEE Yip Wah Peter

Mr. LI Ka Fai David

Mr. BONG Shu Ying Francis

10 October 2019

To the Shareholders,

Dear Sir or Madam,

Interim Dividend for the Six Months Ended 30 June 2019

INTRODUCTION

On 30 August 2019, the Board of Directors (the “**Board**”) of China Merchants Port Holdings Company Limited (the “**Company**”) had declared an interim dividend for the six months ended 30 June 2019 (the “**Interim Dividend**”) of HK\$0.22 per ordinary share (the “**Share**”) of the Company

in scrip form to shareholders whose names appear on the register of members of the Company (the “**Register of Members**”) on 3 October 2019 (the “**Record Date**”) with an alternative to the shareholders of the Company (the “**Shareholders**”) to elect to receive the Interim Dividend in cash in lieu of all or part of their scrip dividend entitlements (the “**Scrip Dividend Scheme**”).

The purpose of this document is to set out the procedures which apply in relation to the Scrip Dividend Scheme and the actions which should be taken by the Shareholders in relation thereto.

DETAILS OF THE SCRIP DIVIDEND SCHEME

Under the Scrip Dividend Scheme, each Shareholder has the choice of receiving:

- (a) an allotment of new Shares (the “**New Shares**”) credited as fully paid and having an aggregate market value (as defined below) equal to, save for adjustment for fractions, the total amount of Interim Dividend which such Shareholder could elect to receive in cash in respect of HK\$0.22 per Share; or
- (b) cash of HK\$0.22 per Share; or
- (c) partly cash and partly New Shares.

For the purpose of calculating the number of New Shares to be allotted, the market value of a New Share will be calculated as an amount equal to the average closing price of one Share on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) for the five consecutive trading days (on which such price is available) up to and including 21 October 2019 (the “**Average Closing Price**”). Consequently, it will not be possible to determine until the close of business on 21 October 2019 the exact number of the New Shares to which those Shareholders electing to receive the New Shares will be entitled. Accordingly, the number of New Shares which the Shareholders will receive in respect of the existing Shares registered in their names as at 3 October 2019 will be calculated as follows:

$$\begin{array}{l} \text{Number of the} \\ \text{New Shares to be received} \end{array} = \begin{array}{l} \text{Number of existing Shares held} \\ \text{on the Record Date for which} \\ \text{cash election is not made} \end{array} \times \frac{\text{HK\$0.22}}{\text{Average Closing Price}}$$

An announcement setting out the basis of allotment of the New Shares will be published on the designated website of the Stock Exchange at www.hkexnews.hk and on the Company’s own website at www.cmport.com.hk after the close of business on 21 October 2019. **The last day and time on which the Shareholders will be entitled to elect their desired form of Interim Dividend is 4:30 p.m. on Monday, 4 November 2019.** The number of the New Shares to be received will be rounded down to the nearest whole number of the New Shares. Fractional entitlements to the New Shares in respect of alternatives (a) and (c) above will be aggregated and sold and the benefit thereof will accrue to the Company. The New Shares to be issued pursuant to the Scrip Dividend Scheme will rank *pari passu* in all respects with the existing Shares except that they shall not rank for the Interim Dividend.

In accordance with the relevant regulations in the People's Republic of China (the "PRC"), the Company understands that it is not required to withhold and pay enterprise income tax in the PRC when it distributes the Interim Dividend, whether in scrip form or in cash, to its non-resident enterprise Shareholders.

ADVANTAGES OF THE SCRIP DIVIDEND SCHEME

The Scrip Dividend Scheme will give the Shareholders the opportunity to increase their investment in the Company without incurring brokerage fee, stamp duty or dealing costs. The Scrip Dividend Scheme will also be to the advantage of the Company because, to the extent that the Shareholders do not elect to receive cash in lieu of the New Shares, in whole or in part, such cash as would otherwise have been paid to the Shareholders will be retained for use as working capital by the Company.

EFFECT OF THE SCRIP DIVIDEND SCHEME

If all the Shareholders elect to receive cash, the total cash dividend payable by the Company would be HK\$752,050,758.36 on the basis of 3,418,412,538 Shares in issue as at the Record Date.

Shareholders should note that the New Shares to be issued pursuant to the Scrip Dividend Scheme may give rise to notification requirements under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") for those Shareholders who may have notifiable interests (under the SFO, 5% or more interest in the issued voting Shares) in the Company. Furthermore, if as a result of the election to receive the Interim Dividend by way of New Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purposes of The Code on Takeovers and Mergers (the "**Takeovers Code**"). Accordingly, a Shareholder, or group of Shareholders acting in concert, could, depending upon the level of increase in shareholding interest(s), obtain or consolidate control of the Company and thereby become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. **Shareholders are advised to consider these provisions when electing their desired form of the Interim Dividend. Shareholders who are in any doubt as to how these provisions may affect them as a result of the New Shares arising from the Scrip Dividend Scheme are recommended to seek their own professional advice.**

FORM OF ELECTION

A form of election (the "**Form of Election**") is enclosed with this document for use by the Shareholders who wish to receive the Interim Dividend wholly in cash or partly in cash and partly by the issue of the New Shares, or to make a permanent election to receive cash in lieu of any future dividend in scrip form.

If you elect to receive the Interim Dividend wholly in the form of the New Shares, you should not complete the Form of Election.

If you elect to receive wholly in cash, or partly cash and partly New Shares, you must use the enclosed Form of Election. If you complete the Form of Election but do not specify the number of Shares in respect of which you wish to receive cash under the Scrip Dividend Scheme, or if you elect to receive cash in respect of a greater number of Shares than your registered shareholding on the Record Date, you will be deemed to have exercised your election to receive cash in respect of all the Shares of which you were then registered as the holder.

Any Shareholder who does not wish to receive the Interim Dividend in the form of the New Shares must make an appropriate election on the Form of Election in accordance with the instructions printed thereon and return it to the Company's Share Registrars, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Monday, 4 November 2019. No acknowledgment of receipt of the Form of Election will be issued. If any Shareholder does not complete and return the Form of Election by not later than 4:30 p.m. on Monday, 4 November 2019, the Shareholder will receive the Interim Dividend in the form of the New Shares.

No Form of Election will be sent to any Shareholder who has made earlier a permanent election to receive cash in lieu of any future dividend in scrip form. Any such Shareholder wishing to change his existing permanent election for cash and to elect to receive the New Shares or partly New Shares and partly cash must give notice in writing not later than 4:30 p.m. on 4 November 2019 to Computershare Hong Kong Investor Services Limited at the address stated above.

OVERSEAS SHAREHOLDERS

The Company has made enquiries with legal counsels where its overseas Shareholders are based regarding possible legal and regulatory restrictions in allowing such overseas Shareholders to participate in the Scrip Dividend Scheme. The Directors have been advised by the relevant local counsels that there are no restrictions or requirements on the issue of scrip dividend to overseas Shareholders. Accordingly, a copy of this document, together with the Form of Election, is also sent to all overseas Shareholders whose names appear on the Register of Members on the Record Date, who are entitled to elect for receiving the New Shares under the Scrip Dividend Scheme as set out in this document.

The issue of the New Shares has not been, and will not be, registered under any applicable securities legislation and/or regulation of any territory outside Hong Kong. The participation in the Scrip Dividend Scheme by overseas Shareholders may be affected by the laws of their relevant jurisdictions. No Shareholders receiving a copy of this document and/or a Form of Election in any territory outside Hong Kong may treat the same as an invitation to elect for the New Shares unless in the relevant territory such invitation could lawfully be made to him without having to comply with any unfulfilled registration or other legal requirements. Shareholders with a registered address outside Hong Kong or otherwise resident outside Hong Kong should consult their professional advisers as to whether or not they are permitted to receive the Interim Dividend in the form of an issue of the New Shares or if any governmental or other consent is required or other formalities need to be observed, as to the taxation consequences of their decision and as to whether there are any restrictions in relation to future sale of any Shares so acquired. Overseas Shareholders residing in a jurisdiction where it would be illegal for them to participate in the Scrip Dividend Scheme will be deemed to have received this document and/or the Form of Election for information only.

This document and the Form of Election will not be registered in Hong Kong or in any other jurisdiction.

For the avoidance of doubt, this document and the Form of Election do not constitute or form part of an offer or solicitation of any offer to buy securities of the Company to the public, and the Form of Election is non-transferable.

LISTING AND DEALINGS

Application will be made to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the New Shares to be issued pursuant to the Scrip Dividend Scheme. Subject to the said application being granted by the Stock Exchange, it is expected that share certificates for the New Shares and/or cheques for cash dividend will be posted by ordinary mail to those Shareholders entitled thereto at their own risk on or around Friday, 15 November 2019. Dealings of the New Shares on the Stock Exchange are expected to commence on Monday, 18 November 2019 after despatch to the Shareholders of the certificates for the New Shares.

The primary listing of the existing Shares and debt securities of the Company are on the Stock Exchange, and there is no official secondary listing of the existing Shares and debt securities of the Company on any other stock exchange. No listing of, or permission to deal in, any of the existing Shares, debt securities of the Company and/or the New Shares on any stock exchange other than the Stock Exchange is being or is proposed to be sought.

Subject to the granting of listing of, and permission to deal in, the New Shares to be issued under the Scrip Dividend Scheme on the Stock Exchange, such New Shares will be accepted as eligible securities by Hong Kong Securities Clearing Company Limited for deposit, clearance and settlement in the Central Clearing and Settlement System. You should seek the advice of your stockbroker or other professional adviser for details of these settlement arrangements and how such settlement arrangements will affect your rights and interests.

RECOMMENDATION AND ADVICE

Whether or not it is to the Shareholders' advantages to receive the New Shares or cash, in whole or in part, depends upon their own individual circumstances. The effect on the tax position of any Shareholder will depend on that Shareholder's particular circumstances. If you are in any doubt as to what to do, you should consult your professional advisers. Shareholders who are trustees are recommended to take professional advice as to whether the choice to receive cash or the New Shares is within their powers and as to its effect having regard to the terms of the relevant trust instrument.

EXPECTED TIMETABLE

The last date on which transfers were accepted for registration for participation in the issue of the New Shares	4:30 p.m. on Tuesday, 24 September 2019
Closure of Register of Members	Wednesday, 25 September 2019 to Thursday, 3 October 2019
Fix the market value of a New Share (five consecutive trading days average)	Tuesday, 15 October 2019 to Monday, 21 October 2019
Announcement setting out the basis of allotment of the New Shares posted on the designated website of the Stock Exchange and the Company's website	after the close of business on Monday, 21 October 2019
Latest time and date for return of the Form of Election	4:30 p.m. on Monday, 4 November 2019
Despatch of share certificates for the New Shares and/or cheques for cash dividend	on or around Friday, 15 November 2019
Commencement of dealings in the New Shares	Monday, 18 November 2019

Yours faithfully,
By Order of the Board
China Merchants Port Holdings Company Limited
Fu Gangfeng
Chairman