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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)

Executive Directors:

Mr. Fu Gangfeng (*Chairman*)
Mr. Su Jian
Mr. Xiong Xianliang
Mr. Bai Jingtao (*Managing Director*)
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 Kwok Heem John
Mr. Li Ka Fai David
Mr. Bong Shu Ying Francis

29 April 2019

To the Shareholders

Dear Sir or Madam,

The purpose of this circular (the “**Circular**”) is to give shareholders (the “**Shareholders**”) of China Merchants Port Holdings Company Limited (the “**Company**”) information on matters to be dealt with at the annual general meeting of the Company (the “**AGM**”) scheduled on 3 June 2019, which include the following proposals: (i) the re-election of retiring Directors, (ii) the grant of mandate to grant options, and (iii) the renewal of the general mandates for buy-back and issue of shares, as set out in the notice of the AGM (the “**AGM Notice**”) dated 29 April 2019. This circular also provides particulars of Directors subject to re-election and sets out an explanatory statement regarding the buy-back mandate, as required to be sent to the Shareholders under the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). This circular also constitutes the memorandum required under section 239 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the “**Companies Ordinance**”). Reference in this document to “**Shares**” means fully-paid share(s) of all classes in the share capital of the Company.

1 RE-ELECTION OF RETIRING DIRECTORS

As at 18 April 2019 (the “**Latest Practicable Date**”), the board of Directors (the “**Board**”) comprises Mr. Fu Gangfeng, Mr. Su Jian, Mr. Xiong Xianliang, Mr. Bai Jingtao, Mr. Wang Zhixian, and Mr. Zheng Shaoping who are the executive directors, and Mr. Kut Ying Hay, Mr. Lee Yip Wah Peter, Mr. Li Kwok Heem John, Mr. Li Ka Fai David, and Mr. Bong Shu Ying Francis who are the independent non-executive directors.

Pursuant to article 89 of the articles of association of the Company (the “**Articles of Association**”), Mr. Wang Zhixian, Mr. Zheng Shaoping, Mr. Lee Yip Wah Peter and Mr. Bong Shu Ying Francis shall retire from office by rotation at the AGM and shall be eligible and offer themselves for re-election. Details of the directors of the Company (the “**Directors**”) proposed to be re-elected at the AGM are set out in Appendix I to this circular.

2 MANDATE TO GRANT OPTIONS AND GENERAL MANDATES TO BUY BACK AND ISSUE SHARES

Under section 141 of the Companies Ordinance, directors of a company shall not, without shareholders’ prior approval in general meeting, allot new shares or grant rights to subscribe for, or to convert any security into shares in the company. The Company has a Share Option Scheme which was approved by the Shareholders on 9 December 2011 under which the Directors may grant to any participants of the Share Option Scheme share options to subscribe for Shares, subject to the terms and conditions as stipulated therein. Therefore, the Directors propose to seek the approval of the Shareholders at the AGM to grant to the Directors an unconditional mandate to grant share options under the Share Option Scheme, as set out in item 5A of the AGM Notice.

In addition, the Directors propose to seek the approval of the Shareholders at the AGM for the grant of:

- (a) the Buy-back Mandate (as defined in Appendix II to this circular) to buy back Shares up to a maximum of 10% of the Shares in issue as at the date of passing of the relevant resolutions, as set out in item 5C of the AGM Notice;
- (b) the issue mandate to issue Shares up to a maximum of 20% of the Shares in issue as at the date of passing of the relevant resolutions, as set out in item 5B of the AGM Notice; and
- (c) authority to the Directors to increase the maximum number of new Shares which may be issued under the general issue mandate (as referred to in paragraph (b) above) by adding to it the number of the Shares bought back pursuant to the Buy-back Mandate (as referred to in paragraph (a) above), as set out in item 5D of the AGM Notice.

An explanatory statement containing all information required pursuant to Rule 10.06(1)(b) of the Listing Rules is set out in Appendix II to this circular.

As at the Latest Practicable Date, 3,329,849,550 Shares were in issue. On the basis of such figure, the Directors would be authorised to issue up to 665,969,910 Shares during the period up to the next annual general meeting in 2020 or the expiration of the period within which the next annual general meeting of the Company is required by law to be held or the revocation or variation of the general issue mandate by an ordinary resolution of the Shareholders in a general meeting of the Company, whichever occurs first.

3 RECOMMENDATION

The Directors believe that the proposals for (i) the re-election of retiring Directors, (ii) the grant of the mandate to grant options, and (iii) the renewal of the general mandates for buy-back and issue of Shares are in the best interest of the Company and the Shareholders as a whole. The Board recommends the Shareholders to vote in favour of all related resolutions to be proposed at the AGM.

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

APPENDIX I TO THE CIRCULAR

The following are the particulars of the Directors (as required by Rule 13.51(2) of the Listing Rules) that are subject to retirement at the AGM and proposed for re-election in accordance with the Articles of Association at the AGM. Unless otherwise stated, companies referred to in this Appendix I are unlisted companies.

Mr. Wang Zhixian, aged 54, he joined the Company in July 1992 and is the Executive Director of the Company. He is also as Chairman of China Nanshan Development (Group) Incorporation. He graduated from Tianjin University, Shanghai Jiaotong University with a Master degree of Science. He obtained a master degree of Business Administration from Guanghua School of Management of Peking University. Mr. Wang has extensive management experience in port and shipping industry. Prior to joining the Company, he worked in Hempel-Hai Hong Paint Company as sales manager. After joining the Company, he was the Deputy General Manager of Industrial Management Department, General Manager of Business Planning Department, and he was the Deputy General Manager of Shenzhen Mawan Port Services Co., and Ltd., the Chairman and CEO of Ningbo Daxie China Merchants International Terminal Co., Ltd. and the Managing Director of China Merchants Port Services (Shenzhen) Co., Ltd., Shenzhen Haixing Harbour Development Co., Ltd., Deputy General Manager of the Company and a Non-executive Director of China International Marine Containers (Group) Co., Ltd., shares of which are listed on both the Shenzhen Stock Exchange and The Stock Exchange of Hong Kong Limited. He was appointed to the Board of Directors as Executive Director on 18 February 2016.

Mr. Wang's directorship with the Company is subject to retirement by rotation pursuant to the Articles of Association. Mr. Wang is an Executive Director of the Company. As at the Latest Practicable Date, Mr. Wang does not hold any interest in the Shares within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"). Mr. Wang has not received and is not entitled to any Director's fee. There is an existing service contract between Mr. Wang and the Company for a term of three years commencing on 18 February 2019.

Mr. Zheng Shaoping, aged 56, he is the Executive Director and Deputy General Manager of the Company. He graduated from Dalian Maritime University with Postgraduate Diploma in International Maritime Law, and obtained a Master Degree of Business Administration at University of Wales. Mr. Zheng has over 20 years' experience in the field of port management and successively served as the Vice Chairman of China Merchants Bonded Logistics Co., Ltd., the Chairman of Shekou Container Terminals Ltd., the General Manager and Chairman of Chiwan Container Terminal Co., Ltd., the General Manager and the Chairman of Shenzhen Chiwan Harbour Container Co., Ltd. and the Managing Director and the Chairman of Shenzhen Chiwan Wharf Holdings Limited, shares of which are listed on the Shenzhen Stock Exchange. He is also currently the Deputy General Manager of China Merchants Port Group Co., Ltd., shares of which are listed on the Shenzhen Stock Exchange, a Non-executive Director of Dalian Port (PDA) Company Limited, shares of which are listed on both The Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange, Director of Shanghai International Port (Group) Co., Ltd. and Director of Ningbo Zhoushan Port Co., Ltd., both shares of which are listed on the Shanghai Stock Exchange. He was appointed to the Board of Directors as Executive Director on 10 February 2012.

Mr. Zheng's directorship with the Company is subject to retirement by rotation pursuant to the Articles of Association. Mr. Zheng is an Executive Director of the Company. As at the Latest Practicable Date, Mr. Zheng does not hold any interest in the Shares within the meaning of Part XV of the SFO. Mr. Zheng has not received and is not entitled to any Director's fee. There is an existing service contract between Mr. Zheng and the Company for a term of three years commencing on 29 March 2018.

Mr. Lee Yip Wah Peter, aged 77, is a retired solicitor. Following the delisting of shares of Sinotrans Shipping Limited on 16 January 2019, he ceased to act an Independent non-executive Director of Sinotrans Shipping Limited on the same day. He is currently as an Independent Non-executive Director of SHK Hong Kong Industries Limited, shares of which are listed on The Stock Exchange of Hong Kong Limited. He was appointed to the Board of Directors as Independent Non-executive Director on 20 June 2001. He is also the chairman of the audit committee and a member of the nomination committee and remuneration committee of the Company.

Mr. Lee's directorship with the Company is subject to retirement by rotation pursuant to the Articles of Association. Mr. Lee is an Independent Non-executive Director of the Company. As at the Latest Practicable Date, Mr. Lee has personal interest in 209,376 Shares within the meaning of Part XV of the SFO. For the year ended 31 December 2018, Mr. Lee received a Director's fee of HK\$280,000. There is an existing appointment letter between Mr. Lee and the Company for a term of three years commencing on 22 March 2017.

Mr. Bong Shu Ying Francis, aged 77, OBE, JP, he is currently a Non-executive Director of Cosmopolitan International Holdings Limited, shares of which are listed on The Stock Exchange of Hong Kong Limited. Mr. Bong holds a Bachelor's degree of Sciences in Engineering from the University of Hong Kong and was the Chairman of the Hong Kong University Engineering Advisory Committee. He is a former President of the Hong Kong Institution of Engineers, a former President of Hong Kong Academy of Engineering Sciences, a Fellow of the Institution of Civil Engineers (UK) and a Fellow of the Institution of Structural Engineers (UK). Mr. Bong is an Honorary Fellow of the University of Hong Kong and he was appointed a Justice of Peace in 1992 by the Government of Hong Kong and he received an OBE award in 1997 for his outstanding contribution to the development of the engineering profession in Hong Kong. Mr. Bong was a former Director of AECOM Technology Corporation, a company listed on the New York Stock Exchange. He was appointed to the Board of Directors as Independent Non-executive Director on 14 July 2010. He is also a member of the audit committee, nomination committee and remuneration committee of the Company.

Mr. Bong's directorship with the Company is subject to retirement by rotation pursuant to the Articles of Association. Mr. Bong is an Independent Non-executive Director of the Company. As at the Latest Practicable Date, Mr. Bong does not hold any interest in the Shares within the meaning of Part XV of the SFO. For the year ended 31 December 2018, Mr. Bong received a director's fee of HK\$280,000. There is an existing appointment letter between Mr. Bong and the Company for a term of three years commencing from 14 July 2016.

The nomination committee of the Company had assessed and reviewed the annual written confirmation of independence of each of the independent non-executive Directors for the year ended 31 December 2018 based on the independence criteria as set out in rule 3.13 of the Listing Rules, including Mr. Lee Yip Wah Peter and Mr. Bong Shu Ying Francis. The nomination committee of the Company had considered and nominated the above retiring Directors to the Board for it to propose to the Shareholders for re-election at the AGM.

Accordingly, with the recommendation of the nomination committee of the Company, the Board has proposed that each of the above retiring Directors, namely Mr. Wang Zhixian, Mr. Zheng Shaoping, Mr. Lee Yip Wah Peter and Mr. Bong Shu Ying Francis stands for re-election as Director by way of separate resolution at the AGM.

Mr. Lee Yip Wah Peter and Mr. Bong Shu Ying Francis have served as independent non-executive Directors for more than 9 years and almost 9 years respectively and their re-election will be subject to separate resolutions to be approved by the Shareholders. Mr. Lee Yip Wah Peter and Mr. Bong Shu Ying Francis have given their written annual confirmation of independence to the Company and the nomination committee of the Company had assessed and reviewed them based on the independence criteria as set out in rule 3.13 of the Listing Rules. Mr. Lee Yip Wah Peter and Mr. Bong Shu Ying Francis are and were not connected with any Directors, senior management or substantial or controlling Shareholders of the Company. The Board is also not aware of any circumstance that might influence Mr. Lee Yip Wah Peter and Mr. Bong Shu Ying Francis in exercising independent judgment, and is satisfied that they have the required character, integrity, independence and experience to fulfill the role of an independent non-executive Director and they will be able to maintain an independent view of the Group's affairs. The Board considers them to be independent. The Board is of the view that Mr. Lee Yip Wah Peter and Mr. Bong Shu Ying Francis are beneficial to the Board with diversity of their comprehensive business experience that contribute to invaluable expertise, continuity and stability to the Board and the Company has benefited greatly from their contribution and valuable insights derived from their in-depth knowledge of the Company. The Board believes that they will continue to contribute effectively to the Board.

Save as disclosed above, each of Mr. Wang Zhixian, Mr. Zheng Shaoping, Mr. Lee Yip Wah Peter and Mr. Bong Shu Ying Francis did not hold any directorship in other listed public companies in the last three years or any position with the Company or other members of the Group. Save as disclosed above, each of Mr. Wang Zhixian, Mr. Zheng Shaoping, Mr. Lee Yip Wah Peter and Mr. Bong Shu Ying Francis is independent of and not connected with any Director, senior management or substantial or controlling shareholder of the Company.

Save as disclosed above, each of Mr. Wang Zhixian, Mr. Zheng Shaoping, Mr. Lee Yip Wah Peter and Mr. Bong Shu Ying Francis has confirmed that there are no other matters relating to their re-election that need to be brought to the attention of the Shareholders and there is no other information in relation to their re-election which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

APPENDIX II TO THE CIRCULAR

This explanatory statement contains all the information required pursuant to Rule 10.06(1)(b) and other relevant provisions of the Listing Rules.

SHAREHOLDER APPROVAL

All buy-backs of securities by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of general mandate or by specific approval in relation to specific transactions.

SOURCE OF FUNDS

Buy-backs by a company may only be funded out of funds legally available for the purpose in accordance with its articles of association and the laws of Hong Kong.

TRADING RESTRICTIONS

The total number of shares which a company is authorised to buy back on the Stock Exchange is limited to the shares representing up to a maximum of 10% of the existing issued shares, and warrants representing 10% of all such warrants at the date of the resolution approving the grant of the general mandate.

EXERCISE OF THE BUY-BACK MANDATE

Whilst the Directors do not presently intend to buy back any Shares, they believe that the flexibility afforded by the mandate granted to them if the ordinary resolution set out as item 5C of the AGM Notice (the “**Buy-back Mandate**”) is passed would be beneficial to the Company.

It is proposed that up to 10% of the Shares in issue at the date of the passing of the resolution to approve the Buy-back Mandate may be bought back. As at the Latest Practicable Date, 3,329,849,550 Shares were in issue. On the basis of such figure, the Directors would be authorised to buy back up to 332,984,955 Shares during the period up to the next annual general meeting in 2020 or the expiration of the period within which the next annual general meeting of the Company is required by law to be held or the revocation or variation of the Buy-back Mandate by an ordinary resolution of the Shareholders in a general meeting of the Company, whichever occurs first.

REASONS FOR BUY-BACKS

Buy-backs of Shares will only be made when the Directors believe that such a buy-back will benefit the Company and its Shareholders. Such buy-backs may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and its assets and/or its earnings per Share.

FUNDING OF BUY-BACKS

Buy-backs pursuant to the Buy-back Mandate would be financed entirely from the Company’s available cash flow or working capital facilities. Any buy-backs will be made out of funds of the Company legally permitted to be utilised in this connection in accordance with its articles of association and the laws of Hong Kong. Under the Companies Ordinance, payment in respect of a share buy-back may be made out of the Company’s distributable profits and/or out of the proceeds of a fresh issue of shares made for the purpose of the buy-back.

There might be a material adverse impact on the working capital, or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the annual report for the year ended 31 December 2018) in the event that the Buy-back Mandate is exercised in full. However, the Directors do not propose to exercise the Buy-back Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which, in the opinion of the Directors, are from time to time appropriate for the Company.

DISCLOSURE OF INTERESTS

None of the Directors, and to the best of their knowledge, having made all reasonable enquiries, none of their close associates, has any present intention, if the Buy-back Mandate is exercised, to sell any Shares to the Company or its subsidiaries.

No core connected persons of the Company (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, if the Buy-back Mandate is exercised.

DIRECTORS' UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Buy-back Mandate in accordance with the Listing Rules and the applicable laws of Hong Kong.

SHARE BUY-BACK MADE BY THE COMPANY

The Company had not bought back any Shares during the last six months (whether on the Stock Exchange or otherwise).

TAKEOVERS CODE CONSEQUENCES

If as a result of a buy-back of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**"). As a result, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase in the Shareholder's interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. A waiver of this provision would not normally be given except in extraordinary circumstances.

The Directors are not aware of any consequence which may arise under the Takeovers Code as a result of any buy-backs if the Buy-back Mandate is exercised in full. As at the Latest Practicable Date, China Merchants Group Limited ("**CMG**"), the ultimate holding company of the Company, has a 62.18% shareholding interest in the Company. If the Buy-back Mandate is exercised in full, based on the number of Shares in issue as at the Latest Practicable Date, CMG will hold up to 69.08% shareholding interest in the Company, depending on the extent to which the Buy-back Mandate is exercised. The Company may not buy back Shares which would result in the proportion of Shares held by the public being reduced to less than 25%.

MARKET PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the previous twelve months before the printing of this circular were:

	Share Prices (per share)	
	Highest (HK\$)	Lowest (HK\$)
2018		
April	18.00	16.96
May	19.16	17.04
June	18.36	15.60
July	16.80	15.28
August	16.56	15.18
September	16.00	14.38
October	15.10	13.08
November	14.92	13.36
December	15.40	13.70
2019		
January	15.60	13.80
February	17.08	15.42
March	17.38	16.08
April (up to and including the Latest Practicable Date)	17.14	16.24