CMHI 2012 Annual Results Press Conference

Container Throughput Surpassed 60 Million TEUs
puts CMHI Among World's Top 3 Port Operator
2012's Profit Attributable to Equity holders exceeds HK$3.8 billion

- Container throughput handled totaled 60.21 million TEUs (2011: 57.29 million TEUs, up 5.1% year-on-year)

- Total bulk cargo volume handled was 327 million tonnes (2011: 325 million tonnes, up 0.8% year-on-year)

- Port operations recorded an EBITDA of HK$8,373 million (2011: HK$8,316 million, up 0.7% year-on-year)

- Profit attributable to equity holders from the core ports operation totaled HK$3,518 million (2011: HK$3,304 million, up 6.5% year-on-year)

- Basic earnings per share was 153.26 HK cents (2011 (restated): 225.89 HK cents)

- Proposed Final dividend was 48 HK cents (2011: 68 HK cents), total dividend for the year was 70 HK cents, representing a payout ratio of 45.7% (Total dividend for 2011: 98 HK cents, representing a payout ratio of 43.5%)

The Board of Directors (the "Board") of China Merchants Holdings (International) Company Limited (the "Company", HKSE Code: 0144) is pleased to announce the annual results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2012.

Dr. Fu Yuning, Chairman of the Board, said, "The Group achieved another record-high container throughput volume that surpassed the 60 million TEUs benchmark, and strengthened its core competitiveness through effective integration and optimization of its existing resources. Notwithstanding the prevailing of unfavourable factors including decelerated global economic growth, lowered profit contribution from CIMC, and mounting cost pressure, the Group's core ports operation, which accounts for 92.1% of the year's profit, still recorded a profit attributable to equity holders of HK$3,518 million during the year, up 6.5% year-on-year and in line with our expectation The Group has, by capturing windows currently available, been actively expanding domestically and overseas, with most acquisitions and/or businesses concluded in 2012 and early 2013 being immediately earnings-contributing, thus providing new drivers for the Group's profitability in the years to come."

The Group recorded revenue (Note 1) of HK$42,225 million during the year ended 31 December 2012, representing a year-on-year increase of 3.1%. Recurrent profit attributable to equity holders amounted to HK$3,373 million for the year, down 17.1% year-on-year. Basic earnings per share for the year amounted to 153.26 HK cents, showing a year-on-year decrease of 32.2%, owing to the absence of one-off gains similar to that recorded in 2011.

Revenue generated from the Group's core segment of ports operations amounted to HK$17,580 million, up 17.2% year-on-year. Ports operations recorded an EBITDA (Note 2) totaling HK$8,373 million, representing a year-on-year increase of 0.7%, and an EBIT (Note 3) of HK$6,049 million, flattish from last year.

China International Marine Containers (Group) Co., Ltd ("CIMC") saw a 47.5% decline in its profit attributable to equity holders during the year to RMB1,939 million, contributing an EBIT of HKArticleContent,057 million to the Group, down 36.6% year-on-year.

To reward shareholders for their continuous support, the Board proposed a final dividend of 48 HK cents per share, deriving a full year dividend of 70 HK cents per share which translates into a dividend payout ratio of 45.7%. Shareholders may elect to receive the final dividend in cash or by way of scrip dividend.

Throughput handled exceeds a record high 60 million TEUs, rank among the top three global port operation

Notwithstanding the declining growth in international trade activities and the challenges presented to port operators, the Group has been adhering to the three strategies of "internationalisation, homebase port integration and upgrade, and supply chain extension", and has been actively pursuing development on various fronts in 2012, achieving significant breakthroughs in expansion of international port network, integration of Shenzhen homebase port, achieving streamlined management, and development of bonded port zone.

The Group handled more than 60 million TEUs of container throughput for the first time, up 5.1% year-on-year, ranked third among the global port operators. Bulk cargo volume handled amounted to 327 million tonnes, representing a slight increase of 0.8% over 2011. Container throughput handled by the Group ports in China rose by 7.0% year-on-year, while the performances of other ports are illustrated below.

Table: Throughput Volume of Major Ports of CMHI in 2012

Port	Throughput (000'TEU)	Year-on-year change (%)
West Shenzhen	11,580	0.8%
Chu Kong River Trade Terminal	1,120	22.9%
SIPG	32,530	2.5%
Ningbo Daxie	1,920	9.9%
Zhangzhou	430	-2.7%
Tianjin Five Continents	2,180	3.8%
Qingdao	4,300	107.5%
Zhanjiang Port Group	310	-1.7%
CMHI Total in Mainland China	54,370	7.0%
Nigeria	400	4.3%
Hong Kong	5,440	-10.6%
CMHI Total	**60,210**	**5.1%**

Expansion of international footprint through overseas acquisition

Internationalisation has been one of the key strategic directions of the Group since 2008, and following years of dedicated efforts in overseas acquisition, results started to yield in 2012.

From 2012 to early 2013, the Group hascompleted the acquisition of 50% equity interest in Lom?Container Terminal in Togo, West Africa, 10% equity interest in Kao Ming Container Terminal Corporation in Taiwan, 23.5% equity interest in Port de Djibouti S.A. in Djibouti that lies strategically along the Red Sea and East Africa, and an additional 30% equity interest in Colombo Port South Container Terminal in Sri Lanka, followed by the conclusion of an agreement with CMA CGM, the world's third largest shipping liner, to acquire its 49% stake in Terminal Link SAS in January 2013, scaling up the Group's ports network and anchoring the Group's position in the international container terminal industry.

Meanwhile, the Group continues to explore potential investments in other overseas port projects. The Group's gradual extension of international footprint and the enhancement and augmentation of its port network along coastal China's three major economic regions in the Pearl River Delta, Yangtze River Delta and Bohai Rim would enable it to rank among the world's top global port operators.

Continuous consolidation and optimization of the Group's existing resources in China to achieve sustainable business growth

Despite the achievements in the internationalization process through the several acquisitions completed during the year, the Group has simultaneously maintained its leading position in China's port industry by continuing to devote resources in its Mainland China ports operations.

In 2012, the Group has brought Shenzhen Chiwan Wharf Holdings Limited ("Shenzhen Chiwan") and West Shenzhen Port Zone under its full and direct management and control through the completion in early 2013 of acquisition of an additional 25% equity interest of Shenzhen Chiwan announced in November 2012, as well as the entrustment over shares in Shenzhen Chiwan held by China Nanshan Development (Group) Incorporation. In July 2012, the Group signed with Shunde State-owned Assets Supervision and Administration Office the "Strategic Cooperation Framework Agreement on Liaogeshan", further fortifying the network layout of the homebase port and strengthening the control over the nearby feeder ports. On the other hand, the Group's self-developed container operation system, CM Port, was successfully launched in West Shenzhen Port Zone in May 2012, enabling the Group to elevate its operational efficiency, promote its best practices and develop its core competitiveness with the system's advanced design and reliability. The Group is also in the process of pursuing other initiatives, including upgrade of berths, smoothening of sea-rail inter-modal connectivity in conjunction with establishment of "waterless" ports, and betterment of customs-inspection environment.

In 2012, the Group has made notable progress in streamlining management processes in terms of development of a management platform, innovative development, the construction of "green ports" and information technology application, as signified, for instance, by the recognition of the Group's green ports as one of the demonstration units in China by the Ministry of Transport, the entitlement to special funding dedicated for the development of the "National Container Sea-railway Inter-modal Transportation Network Application (Shenzhen Port) Demonstration Project" with the approval granted by the Ministry of Transport, and the wider application of the Group's self-developed container and bulk cargo operation system in domestic and foreign markets.

Bonded logistics and cold chain operations maintained double-digit growth

In 2012, the Group's bonded logistics and cold chain operation, extending along the supply chain from its ports operations, has seen double-digit growth amidst a challenging environment, recording revenue of HK$2,414 million (up 20.9% year-on-year). EBIT derived from the bonded logistics and cold chain operations was HKArticleContent,152 million (up 98.3% year-on-year).

China Merchants Bonded Logistics Co., Ltd. ("CMBL"), Qingdao Logistics Park and Tianjin Haitian Logistics Park had all seen improvement in the utilization rate of their storage facilities, the enlargement of business scale and the exploration of new businesses. The robust growth in cargo volume handled and expansion of the customs declaration business of CMBL has led to doubling of its operating results, while its introduction of key customers has conveniently promoted the rapid development of the logistics parks and closer collaboration between the logistics parks and their corresponding port zones. Driven by an ever-increasing utilization rate, the Qingdao Logistics Park has recorded steady growth in its operation, while the Tianjin Haitian Logistics Park has experienced rapid growth thanks to the addition of new newly-introduced automobile warehouse rental service.

The Group's cold chain logistics operation still remained at the nurturing stage. In order to achieve the strategic goal of becoming a "leading public cold chain service-provider in China", the Group has been, on the one hand, focusing on the establishment of a public platform for cold chain services and, on the other, actively promoting the innovative development of cold chain services. During the year, supported by the backbone of a cold chain network currently comprising presences in 10 cities in China, China Merchants Americold Holdings Company Limited has increased its efforts in developing the cold chain market, lifting the efficiency in resource deployment, further optimizing the business structure, as well as taking leaps in the expansion of new market.

Enhance competitiveness through extension of international footprint and optimization of resources in Mainland China

Ports business globally is expected to rebound modestly in 2013 amid the uncertainties in international trade activities. The Group's existing ports are mainly located in China, and are therefore conveniently positioned to benefit from the momentum derived from the targeted growth of China's GDP by 7.5%, from the Asia region's thriving trade activities and from the gradual recovery of the European, American and Japanese economies. Meanwhile, the commencement of operation of the Group's overseas green-field projects and the addition of the newly-acquired operating projects are expected to add new growth drivers to the Group.

On the operational management front, the Group will continue to refine its streamlined management so as to promote the innovative development of ports, including the application of a state-of-the-art information technology and advanced ports-related knowledge to establish modern homebase ports.

In 2013, the Group will continue to build its global ports network with an emphasis on international and regional hub ports. In addition, the Group will continue to actively groom its team of internationalised port operation professionals through more frequent personnel exchanges, training, learning and cooperation on the international front. Meanwhile, the Group will work towards building an integrated port operation model that can be adopted globally, particularly in the emerging markets. As for the integration and upgrading of its home base ports in Shenzhen, along with the attainment of management control in Shenzhen Chiwan, the Group is committed to ensure ports' operational management is fully integrated so as to facilitate the transformation and upgrade of its home base ports, through which to enhance these assets' overall operational efficiency and profitability. The Group will continue to elevate these ports' ability to attract cargo flows by persuading the government to enlarge the bonded port zone alongside transforming these ports into free-trade, and streamlining the customs clearance process with improved port service quality. On the operational management front, the Group will continue to refine its streamlined management so as to promote the innovative development of ports, including the application of a state-of-the-art information technology and advanced ports-related knowledge to establish modern homebase ports. For new operations such as bonded logistics and cold chain logistics, the Group will continue its efforts to identify new growth drivers and explore possibilities to appropriately expand the logistic flows' supply chain or value chain.

As Dr. Fu Yuning highlighted, "Macro-economic environment will remain to be volatile in the coming year. Yet, the Group is confident in effectively capturing the port investment opportunities in both emerging and developed economies, as well as in making further investments in container terminals, bulk cargo terminals and river trade terminals in China with promising potential, with a view of improving the domestic port network and ultimately anchoring its market position and enhancing its influence as a global port operator. Meanwhile, the Group will continue to adopt sound treasury policies, through more stringent risk management and better utilization of capital, in order to ensure the sufficiency of funds required to support the Group's expansion. I am confident that the Group will be able to achieve the goal of becoming a world's leading global port operator, and am looking forward to a bright and promising future."

Note 1: Including revenues of the Company and its subsidiaries, and its share of revenues of associates and jointly controlled entities.

Note 2: Earnings before net interest expenses, taxation, depreciation and amortisation, unallocated income less expenses and non-controlling interests ("Defined Earnings") for the Company and its subsidiaries, and its share of Defined Earnings of associates and jointly controlled entities.

Note 3: Earnings before net interest expenses, taxation, unallocated income less expenses and non-controlling interests ("Adjusted Earnings") for the Company and its subsidiaries, and its share of Adjusted Earnings of associates and jointly controlled entities.


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