Fruitful results from diligent and industrious efforts-CMHI's Recurrent Net Profit for 2010's first

- **Recurrent Net Profit from operations went up 63.9% to HKArticleContent,878 million**
- **Basic earnings per share from continuing operations increased by 55.5% to 79.25 HK cents (2009: 50.98 HK cents)**
- **Throughput of containers handled by the Group rose 22.5% to 24,933,000 TEUs (2009: 20,346,000 TEUs)**
- **Throughput of bulk cargoes handled totalled 135,445,000 tonnes (2009: 108,078,000 tonnes), up 25.3%**

China Merchants Holdings (International) Company Limited (the "Company", Hong Kong Stock Exchange stock code: 00144) was pleased to announce its interim results for the period ended 30 June 2010. Profit from continuing operations attributable to the equity holders of the Company amounted to HKArticleContent,929 million, representing an increase of 56.1% year-on-year. Of this amount, Recurrent Net Profit[1] posted better performance than that for the same period last year, having grown 63.9% to HKArticleContent,878 million. Basic earnings per share from continuing operations increased 55.5% to approximately 79.25 HK cents.

"We are very pleased with the Company's results for the first half of 2010," Chairman Dr Fu Yuning said. "This performance reflects the combined effect of a global trade recovery which benefits the international maritime sectors, the quality of our ports assets and the efforts of our management team towards improving our operational efficiency."

"We believe China's position as the world's centre for the manufacturing industries will remain fundamentally unchanged. Whilst we stay cautious about the outlook of the global economy, with the traditional busy season for ports operation peaking in the second half of this year, we expect the Company's impressive growth to continue into the second half."

Earnings from core businesses at historical peak

In the first half of 2010, the Group (the Company and its subsidiaries) benefited from the rebound in the growth of China's foreign trade and the recovery of the global shipping market. More importantly, the Group benefited from the active and effective efforts made towards intensifying its management control, increasing its operating efficiency, providing quality services to customers and strictly controlling its costs, resulting in fruitful operating results.

The Group recorded revenue[2] of HK$12,142 million, representing an increase of 50.9% year-on-year. Of this amount, revenue derived from the Group's ports operation amounted to HK$6,106 million, an increase of 13.6%.The Group's core segment of ports operation recorded an EBITDA[3] and EBIT[4] of HK$3,602 million and HK$2,762 million respectively, representing an year-on-year increase of 36.6% and 56.4% respectively. The share of EBITDA from ports operation relative to the Group's total EBITDA rose to 85.9%, up from 82.5% of last year. The share of EBIT from its ports operation accounted for 85.8% of the Group's overall EBIT, up from 79.7% in the same period last year.

During the first half of 2010, EBIT generated by the Group's ports-related operation, China International Marine Containers (Group) Co., Ltd ("CIMC"), grew in line with expectation, amounting to HK$389 million, an increase of 13.7% when compared to that for the same period last year.

To reward investors for their consistent support to the Company, the Directors proposed an interim dividend for 2010 of 25 HK cents, giving an interim payout ratio of 31.6%. Shareholders have an option to elect to receive all or part of their interim dividend entitlements as shares.

Container operations outperformed peers

In the first half of the year, all ports invested or invested and managed by the Company achieved good performance in both container and bulk cargo operations. Containers handled totalled 24,933,000 TEUs, an increase of 22.5% year-on-year. Of this total, the volume handled by the Company's ports in Mainland China reached approximately 21,916,000 TEUs, a 24.6% increase year-on-year, which was higher than the overall growth of 22.3% recorded by key ports in Mainland China.

Among the terminals invested or invested and managed by the Company, Shenzhen Western Port Zone posted the most outstanding performance: a total of 5,568,000 TEUs was handled in the first half of this year, representing a year-on-year growth of 31.7% which was higher than the overall growth of 29% achieved by all ports in Shenzhen. Shanghai International Port (Group) Co., Ltd. ("SIPG") handled 13,855,000TEUs, an increase of 18.8% year-on-year, whereas Ningbo Daxie China Merchants International Terminals Co., Ltd recorded a throughput of 755,000 TEUs, an increase of 46.1% year-on-year. Qingdao Qianwan United Container Terminal Limited, a joint venture established with Qingdao New Qianwan Container Terminal Co., Ltd., made a breakthrough in its operations and handled 459,000 TEUs. (Details of container throughputs of major ports of the Company are set out in the following table.)

Table: Schedule of container throughput of major ports of CMHI

Port	Throughput for 1H10 (10,000 TEUs)	Year-on-year change
Shenzhen Western Port Zone	556.8	31.7%
SIPG	1,385.5	18.8%
Ningbo Daxie	75.5	46.1%
Other ports of CMHI in Mainland China	173.8	47.5 %
Total throughput of CMHI in Mainland China	2,191.6	24.6%
Total throughput of CMHI in	301.6	9.7%

Hong Kong		
Total throughput of CMHI (Mainland China + Hong Kong)	2,493.3	22.5%
Total throughput of large ports in Mainland China	6,780.0	22.3%

In the first half of the year, the Company's port bulk cargo operation also revealed good performance and recorded a cargo throughput of 135,445,000 tonnes, an increase of 25.3% year-on-year. Of this amount, Zhanjiang Port (Group) Co., Ltd. achieved a throughput of 31,374,000 tonnes, an increase of 8.9% year-on-year. Shenzhen Western Port Zone achieved a throughput of 18,032,000 tonnes, an increase of 5.5% over that for the corresponding period last year. Zhangzhou China Merchants Port achieved a throughput of 3,471,000 tonnes, an increase of 3.0% year-on-year. SIPG achieved a bulk cargo throughput of 76,822,000 tonnes, an increase of 31.4% year-on-year.

CIMC's container manufacturing and road vehicle divisions have respectively seen very strong rebound. Overall sales of dry boxes and refrigerated boxes grew sharply to 458,000 TEUs during the period under review, up from 28,000 TEUs for the same period last year. Sales of special road vehicles rose to 83,000 units in the first half of the year, an increase of 85.3% year-on-year.

Continuing to reduce the Company's costs

In the first half of this year, having made remarkable achievements in cutting costs last year, the Group has continued to pursue further cost control measures through the rolling out of a series of continuing refinements in this regard, including improvements in areas such as cost-control indicator system, cost-analysis models, equipment and production technologies, centralizing procurements and spare-parts management, and cost-control incentive systems.

To enable the Company to enhance its operating effectiveness, provide quality customer services and establish green and energy-saving ports, the Company has undertaken a series of internal measures, including technology upgrading and procedural streamlining, all aimed towards reducing energy consumption by ports, which the Company regards as an important task for its operation. Converting equipment from diesel-driven to electric energy-driven and adopting AMP-Alternative Maritime Power are among them. Implementation of such relevant measures have significantly reduced energy consumption per unit at terminals in the first half of the year, thus entitling Shekou Container Terminals with incentives and special subsidies from government authorities in China for its energy-saving and emission-reduction project.

Western Shenzhen Port Zone's integrated operating level further elevated

To further raise the operating efficiency at Western Shenzhen Port Zone and to better provide quality services to customers, the Company has further synchronised its port resources, operations and operating models within the zone aimed towards an even greater improvement in its integrated operating capability.

The Company's port logistics operations located at Shenzhen Qianhaiwan Bonded Port Zone has, since the inauguration of the Port Zone last year, attracted a number of reputable international logistics companies to establish regional distribution centres in the Port Zone with its warehouse facilities virtually fully let. Cargo volume handled by this logistics unit increased two times year-on-year, reflecting its potential in stabilizing quality routes for the terminals.

The Company continued to exert itself to develop value-added services relating to shipping logistics as a strong support for the development of the terminal business. In the first half of 2010, the throughput volume derived from the South China shuttle barge service increased by 46.6% over the same period last year. Locations linked by the network increased from 17 as at the end of last year to 21 by the end of this June, currently servicing 47 terminals with more being planned. In addition, the Company has sought to forge a deeper working relationship with Chu Kong Shipping Development Company Limited ("CKS"), with whom a strategic co-operation framework agreement was recently signed. The agreement entails the Company to, inter alia, conditionally acquire a 20% stake in a wholly-owned subsidiary of CKS engaging in river terminals along the Pearl River. This tie-up, when complete, will avail the Company with a stable feeder- port network in Pearl River Delta. In anticipation of expansion in foreign trade at the middle and western regions of Mainland China, the Company has also continued to actively establish sea-rail connectivity.

The Company was entrusted with the voting right for a 23.493% stake in its 37.014% associate, China Nanshan Development (Group) Inc. ("CND") held by Guangdong Guangye Investment Holdings Limited. This will allow the Company to better synchronize the port operations between CND and the Company, thereby strengthening the Company's influence in Western Shenzhen Port Zone and, in turn, drawing in incremental strategic benefits to the Company.

New businesses: new growth

To capture business opportunities brought by China's conscientious efforts to drive domestic demand alongside improving affluence£¬in July this year the Company, through China Merchants Americold Logistics Company Limited ("CMAC"), a joint venture established by the Company and Americold Reality Trust of USA, acquired a 70% stake in China Merchants International Cold Chain (Shenzhen) Company Limited and entered into agreements to acquire from Rich Products Corporation the entire capital of Kang Xin Logistics (Tianjin) Co., Ltd. and its related companies. CMAC's cold chain logistics operation, which the Company regards as an important extension of its ports operation, will supplement and complement CMHI's existing businesses and will, no doubt, emerge as a new business segment and earnings driver for the Company in future.

In the first half of the year, the Company's Sri Lanka and Vietnam container terminal project teams actively continued their dialogues with local partners with a view to facilitating communications with the respective local governments from whom maximum support for the projects is solicited. Apart from the aforesaid overseas projects, the Company has also been actively following opportunities in investment and/or management projects in other countries and regions. Progress breakthrough in overseas port investment projects is expected to come during the year.

Sustainable development with enormous growth prospects

In the first half of 2010, the total container throughput of ports in Mainland China saw relatively significant recovering growth and some ports even experienced growth higher than the historical peak level in 2008. Nevertheless, the lagged effect of the European sovereign debt crisis on the real economy, the cannot-be-ignored base effect in the first half of the year as well as the weak growth momentum the global economy now faces, combined, will result in the Chinese economy trending towards gradually losing speed from those high levels prevailed in the last 6 months to the stage of steady growth. It is expected that the growth of the container throughput of ports in China will slow down in the second half of the year.

"Although we cannot be optimistic about the global economy," Dr. Fu pointed out, "the official launch of the China-ASEAN Free Trade Area along with the bilateral trade between China and respectively Brazil, India and other emerging markets will, it is expected, be the main growth drivers for China's foreign trade. In addition, trade volume between China and the ASEAN countries is expected to exceed that with Japan and the ASEAN will likely become the third largest trading partner of China. Despite an understandable slowdown in its economic growth, China will still be the region with the fastest economic development in the world."

Dr. Fu Yuning emphasized: "The growth potential of CMHI's existing ports operation is still huge and the Company's leading position in the port market of Mainland China will be further reinforced. The Company is also actively pursuing new business operations both within and outside of China, from which we expect to derive fruitful results in due course. The Company will continue to base its operations on optimising shareholders' interests and adhere to the customer-oriented principle to further improve its operating efficiency so as to build the Company into a harmonious enterprise with international competitiveness. We firmly believe the Company's ports and relevant operations to progress in a firm and sustainable pace and our prospects are enormous."

Note 1: Profit attributable to equity holders after deducting non-recurrent gains, net of tax.

Note 2: Include revenue of the Company, its subsidiaries and share of revenue from its associates and jointly controlled entities.

Note 3: 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 4: 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.

On 30 August 2010, CMHI holds its Intrim Results Press Conference, at which Managing Director Hu Jianhua (middle), Deputy Managing Director Liu Yunshu(left) and Deputy General Manager Cynthia Wong(right) were present.

CMHI Managing Director Hu Jianhua answers questions to the media.

At the Press Conference