2012 Interim Results Press Release

Record-High Container Thru-put through Market Exploration Efforts amid Softened Demand Growth
Profit to Equity Holders Lowered to HKArticleContent,756 million in the Absence of One-off Gain, and Significant Decline in CIMC's Net Profit

Key indicators:

- Throughput of containers handled rose 5.6% to 29.18 million TEUs (1H 2011: 27.61 million TEUs)
- Bulk cargoes handled was 162 million tons (1H 2011: 161 million tons),up 1.1%;
- Total revenue[1] amounted to HK$19,615 million[4]
- Core port business EBITDA[2] amounted to HK$4,179 million
- Profit[3] attributable to equity holders amounted to HKArticleContent,756 million
- Basic earnings per share was 70.97 HK cents
- Interim dividend proposed was 22 HK cents with a corresponding payout ratio of 31.2%

The Board of Directors (the "Board") of China Merchants Holdings (International) Company Limited (the "Company", HKSE Code: 0144) is pleased to announce the interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2012. Dr Fu Yuning, Chairman of the Board, said, "Our on-going efforts to seek to refine our operational and management processes while further expanding its business footprint to Asian and other emerging markets have combined led to another year of record-high container through-put handle. However, the softening global demand growth and cost escalation, combined with a 66.8% decline in the profitability of CIMC, our associate, have altogether led the Group's profit attributable to equity holders for the first half of 2012 to decline after excluding the one-off exceptional gain recorded in the same period fiscal year. Overall, we regard the Group's performance to be basically in line with our expectation."

For the six months ended 30 June, 2012, the Group recorded revenue of HK$19,615 million, down 6.0% year on year. Profit attributable to the equity holders of the Company amounted to HK$1,756 million, reflecting a corresponding basic earnings per share of 70.97 HK cents.

Revenue derived from the Group's core segment of ports operation amounted to HK$7,662million[4], an increase of 6.0% year-on-year. The Group's core segment of ports operation recorded an EBITDA of HK$4,179 million, representing an increase of 3.0% year-on-year. EBIT[3]increased by 0.3% to HK$3,013 million. A weakened global economy coupled with fragile international maritime market has led to the obvious shrinkage in the volumes of all types of container orders of China International Marine Container (Group) Co., Ltd. ("CIMC Group") during the first half year. CIMC Group realized a net profit of RMB934 million, representing a decrease of 66.8% as compared to the same period last year.

To reward shareholders for their continuous support, the Board has proposed an interim dividend of 22 HK cents per share, representing a dividend payout of 31.2%, which is 12.4 percentage points higher than that of the same period last year. Shareholders may decide to receive their interim dividend in either cash or scrip.

Container volume handled by Mainland ports up 7.9% - higher than that for the aggregate of foreign-trade-derived container throughput by all China ports

"During the first half of 2012," Dr Fu indicated, "the Group's growth in total container volume was higher than that of the global volume, whereas the growth for the container throughput handled in aggregate by our Mainland ports was higher than that for the foreign-trade-derived container throughput of all China ports. This highlights the international competitive advantage the Group's core segment of ports operation continues to enjoy and its leading position in the ports operating market in Mainland China continues to sustain."

During the period under review, the Group handled a total container throughput of 29.18 million TEUs, an increase of 5.6% year-on-year. Of this total, container throughput handled by Mainland ports grew 7.9% to 26.3 million TEUs, a growth rate 2 percentage point higher than that for the foreign-trade-derived container throughput all China ports in China. TICT in Nigeria handled 193,042 TEUs, up 15.8% year-on-year. The throughput volume of each port is demonstrated in the table below.

Table: Container Throughput Handled by Major Ports of CMHI (in the first half of 2012)

Region	**Port**	**TEUs**	**Year-on-year change**
Pearl River Delta	Terminals in Western Shenzhen Region	5.7 million	+2.8%
	CKRTT	506,008	+22.7%
Yangtze River Delta	SIPG	15.9 million	+3.6%
	Ningbo Daxie	940,717	+9.4%
Bohai Rim	Terminals in Qingdao	1.9 million	+104%
	Tianjin Five Continents	1.1 million	+7.3%
South-Eastern Coastal Region	Zhangzhou Port	209,161	-3.5%
South-Western Coastal Region	Zhanjiang Port	13,092	+2.6%
	The Group's ports in Mainland China	26.3 million	+7.9%
Hong Kong	Hong Kong (MTL and China Merchants Container Service)	2.7 million	-12.5%
Overseas	TICT in Nigeria	193,042	+15.8%
	The Group's Total	**29.2 million**	**+5.6%**

During the first half of 2012, the Group's bulk cargo handled rose slightly by 1.1% year-on-year to 162 million tons. Shenzhen Western Port Zone handled 16.0 million tons, similar to that handled last year. SIPG handled 92.1 million tons, up 4.7% year-on-year whereas Zhangzhou Port, Qingdao project and Zhanjiang Port Group handled respectively 4.2 million tons, 14.3 million tons and 33.5 million tons, representing respective decrease of 3.2%, 1.3% and 7.3% year-on-year. Dongguang Machong Terminal's throughput reached 2.0 million tons during this period, up 48.3% year-on-year due mainly to enhanced operating capacity.

CIMC Group, of which the Group is its single largest shareholder, has seen its business affected by the severe downturn of shipping market. Its container sales significantly dropped during the period under review to 639,000 TEUs of dry cargo and reefer units (down 40.0%) and 33,000 TEUs of special-purposed units (down 22.5%).

Ensuring sustainable development through enhancing technological innovation and integrating the value chain of ports operation

Burdened by a weakening macroeconomic environment and rising cost pressure in China, the Group has sought to derive new driving forces to sustain its development through refining its operational management process, promoting technological innovation to achieve cost reduction, increasing labor productivity and optimizing asset efficiency, whilst continuing its efforts to gradually extend the value chain of its ports operation into central and western China.

During the first half of 2012, management processes was further refined. An operational management indicator system that was "based on standard indicators, focused on management improvement, targeted at enhancement of performance", was established, which would elevate the refinement of management processes in the aspects of value creation, management innovation, risk management and control to a new level. The container terminal operational management system (CMPORT) developed by the Group commenced its operation successfully in the Shenzhen Western Port Zone. This system will lay a foundation for the Group's to further enhance its operational efficiency.

The Group will facilitate collaboration among its ports in mainland China, and proactively develop its businesses in Asian and other emerging markets. Shekou Container Terminals demonstrated a strong performance in a weak environment, while the container volume growth of the Qingdao Project surged. Zhangzhou Port delivered a record high performance for the period under review due to its effective adjustments in cargoes mix. Chu Kong River Trade Terminal, in which the Group acquired an equity stake in early 2011, and Shenzhen Western Port Zone rose by 23%, thus reflecting the synergy so realized from the collaboration. In June 2012, "Hunan Xianing Inland Port Co., Ltd." (湖南霞凝內陸港有限公司) invested by the ports in Western Shenzhen, was officially established in Changsha, which is a milestone that signifies a ground-breaking step towards the rolling-out of this "inland port" network by the homebase ports in Western Shenzhen.

Double-digit percentage growth for bonded logistics operation while cold chain operation steadily expanding its Mainland network

For the period under review, the Group's bonded logistics and cold chain logistic operations combined recorded a total revenue of HKArticleContent,095 million, up 25.9% year on year. EBIT for this segment reached HK$748 million, up 116.8%. The Group's bonded logistics segment is steadily progressing into fruition.

China Merchants Bonded Logistics ("CMBL"), the Group's bonded logistics service unit located at Qianhai Bonded Port Zone of Shenzhen, has recorded significant growth in its net profit when compared to that of the same period last year. CMBL has strived to create core capabilities through sales and marketing, operational efficiency and innovation, thereby having attracted new key customers including some of the Global Top 500 Companies, further elevating its brand reputation and influence within the industry. Tianjin Haitian Logistics Park recorded significant increases in both revenue and net profit. During the period under review, Qingdao Logistics Park has successively adjusted its business structure and functions, which has led to increases in its freight volume and, in turn, 16% increase in its net profit.

China Merchants Americold, the Group's cold chain logistics operation platform, has added to its network two cold storage operations in respectively Shanghai and Hong Kong alongside an increased utilization rate of its cold storage space. Development efforts to explore core commercial customers such as Tesco, Yum! Brands, etc. have been effective, leading to a significant increase in the percentage share of regional/urban delivery services, thus optimization in the business structure was achieved. New services such as purchasing and distribution have grown rapidly, thereby enriching the existing modes of business and profit.

Steady progress for existing projects overseas alongside striving efforts towards another breakthrough to expand the Group's international business

In addition to the optimizing the Group's port asset's positioning in mainland China, and apart from the steady development progress demonstrated in the existing overseas projects in Nigeria and Sri Lanka, the Group will take the initiative to capture new investment opportunities in ports- and logistics- related businesses overseas, aiming to strive for another breakthrough in the Group's overseas expansion.

The project in Lagos of Nigeria (TICT) has been delivering significant economic returns, with double-digit percentage growth in both its container throughput and its profit, therefore strengthened the Group's confidence to further invest in various African container terminals. The Colombo South Terminal project in Sri Lanka, the Group's first greenfield project, with its construction works started eight months ago, has showed steady progress. All of the four berths will be put into operation before the April 2014.

In August 2012, the Group invested Euro 150 million for its second container terminal project in West Africa, a 50% stake in Lomé Container Terminal (LCT) in Togo. As Dr. Fu put it, "The project - LCT is located in the neighbouring region of TICT in Lagos, Nigeria, another existing project of the Group. The geographical location would enable collaboration to take place between the two terminals, and is strategically important for the Group to further expand to other African and overseas container terminals. Furthermore, it will enhance the Group's competitive advantages in Western Shenzhen Region, domestic China and within the globe."

Overseas business expansion would remain to be one of the long term focuses of the Group. We believe that with the successful experience gained in the establishment and operation of our mainland ports over the past 20 years, the Group will obtain further success in its expansion on ports operations and other port-related logistics businesses in overseas

A prosperous future leveraged on optimizing the positioning of the Group's port assets in China along with progressing steady overseas

Global economic growth for the second half of 2012 will inevitably remain daunted by numerous uncertain factors. The slowing growth trend for the global economy, alongside with the global trade will continued to prevail. The port industry is also expected to encounter pressure of growth deceleration. However, barring any unforeseen unfavorable factors that may suddenly devastate the global economy, the Group will, with the dedicated efforts from all staffs, strive to deliver in the second half a better performance than that of the first half of 2012.

"While the Group has recorded another decline in its performance since the one we experienced for 2009, impacted by various adverse economic factors," Dr Fu stressed, " with the comprehensive port network stemmed from our hub ports in mainland coupled with the Group's core competence in the terms of our human resources, technological advancement, customer resources, operational management capability and financial management ability, the Group is fully equipped to preserve our competitive edge and our leading position in China. Furthermore, the Group's endeavours to proactively expand overseas have seen initial success. I am confident that the Group is treading on a prosperous development path and its future is bright and promising."

Notes:

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

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.

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

4. Due to the change of accounting treatment in one of the Company's associates, 1H2012 revenue is adjusted to align with that for 1H2011 for comparison purposes. HK$20,610 million represented 1H2012 revenue stated in the interim report, in which the ports operation revenue was HK$8,657 million


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