CMHI's profit attributable to shareholders of HK$3,238 million fulfilled the Company's target, thanks to proactive operational efficiency enhancement and remarkably effective cost control measures

31 March 2010, Hong Kong - China Merchants Holdings (International) Company Limited ("the Company" or "CMHI"; HKSE code: 144) is pleased to announce that, for the year ended 31 December 2009, the profit attributable to shareholders of the Company amounted to approximately HK$3,238 million, down 12.6% when compared to that for the same period last year. Basic earnings per share decreased by 12.9% to approximately HK133.18 cents.

Further contraction in the global market in 2009 resulted in China recording an unprecedented double-digit decline in foreign trade, thus severely impacting upon the ports operations of the Group ("the Company and its subsidiaries"). Revenue1 of the Group and EBITDA2 respectively fell 38.6% and 10.9% year-on-year to HK$17,286 million and HK$ 6,687 million. Furthermore, EBITDA from the Group's core ports operations amounted to HK$5,857 million, representing a decrease of 7.4% when compared to that for last year. Exceptional gain for the Group amounted to HK$649 million.

The Group's ports-related operations for the year had been adversely affected by the unfavorable external environment and hence, the Group's share of profit amounted to approximately HK$268 million only. The Group's share of EBITDA amounted to about HK$630 million, down 17.9% year-on-year.

To reward shareholders for their continuous support to CMHI, the Board of Directors has recommended a final scrip dividend (with cash option) of HK 32 cents, representing a dividend of HK 57 cents for each share for the full year, and a payout ratio of 42.8%.

Negative growth of global trade has inevitably led the Group's ports operations to fall

Following the financial crisis in 2008, a decline in global trade including China's import and export was recorded in the year; which had inevitably led to a decline in the annual container throughput of the Group for the first time. The terminals in which the Group had interests handled a total container throughput of 43.87 million TEUs, dropped by 13.1% on a year-on-year basis; and the terminals in which the Group had interests handled a total bulk cargo throughput of 2320 million tons, up 10.0% as compared to last year due to the high demand of bulk cargo from China.

The port projects in the mainland as invested by the Group handled an aggregate throughput of 38.1 million TEUs, a decline of 12.6% when compared to the corresponding period last year. The terminals invested and managed by the Group in Western Shenzhen port area recorded a total throughput of 9.43 million TEUs, a decrease of 18.6%. Shanghai International Port (Group) Co., Ltd ("SIPG") handled 25 million TEUs, a decrease of 10.8%. The throughput of Ningbo Daxie China Merchants International Terminals Co., Ltd. grew by 9.3% to 1.19 million TEUs. Tianjin Five Continents International Container Terminal Co., Ltd. recorded a throughput of 1.94 million TEUs, an increase of 0.1%. Zhangzhou China Merchants Port Co., Ltd. handled a throughput of 310,000 TEUs, dropped by 13.0%. Zhanjiang Port (Group) Co., Ltd. handled a throughput of 210,000 TEUs, dropped by 14.4%. The terminals by the Group in Hong Kong recorded a total throughput of 5.77 million TEUs, dropped by 16.4%.

Benefited from the growth of bulk and general cargo business in 2009 including iron ore, crude oil and soya bean, the total bulk cargo throughput of the Group reached 2320 million tons, increased by 10.0%. The bulk cargo throughput in Western Shenzhen port area reached 37.48 million tons, increased by 12.9%. Zhangzhou China Merchants Port Co., Ltd. handled 7.17 million tons, an increase of 23.0%. Zhanjiang Port (Group) Co., Ltd. handled 61.31 million tons of goods, up 9.4%. China Merchants International Container Terminal (Qingdao) and SIPG's bulk cargo throughput amounted to 0.94 million 940,000 tons and 12530 million tons, representing a growth comparing to last year.

Affected by the maritime market, China International Marine Containers (Group) Co., Ltd. ("CIMC Group"), invested by the Group, temporarily suspended its dry box production in 2009. Dry box sale amounted to 60,400 TEUs, refrigerated box sale to 30,400 units and special box sale to 43,200 units, representing a year-on-year drop of 95.1%, 56.0% and 66.5% respectively. It recorded a sale of 97,400 units for special road vehicles, decreased by 7.6% due to the weakening of Europe and America market.

Multiple measures adopted to stabilize market and to lower cash costs with a view to stabilizing the Group's profit

"In 2009, in an effort that aimed to decelerate the falling operating earnings so as to safeguard the interests of the Group's investors, the Group has adopted a number of measures to slow down, depending on local and specific circumstances and market conditions, its investment programmes unless where the expansion was committed and essential, and to exercise strict control over costs and expenses through enhanced resources integration and intensified technological upgrading. Measures have been taken to stabilize the market and to secure the existing customers, and various profit indicators for the year 2009 showed that the Company's profit reached expectation." Dr. Hu

Jianhua, the Managing Director of CMHI said.

Remaining as the Group's continuous and key task is the integrating and aligning of its business operations at the Western Shenzhen Port Zone. These efforts aim at elevating the Group's overall competitiveness at West Shenzhen Zone through leveraging on the combined capabilities of the ports at the location that, in turn, will help market expansion and tackle market challenges at its entirety for all the ports. In the year under review, the integration of the Group's container handling and bulk cargo handling operations at the Western Shenzhen Port area evidenced a systematic roll-out, aided alongside by an even more smoothened coordination and cooperation between the ports' commercial and operating functions, thereby effectively ensuring the Group's share of container handling business in Shenzhen. With enhanced cooperation among units, the Group's bulk cargo throughput in Shenzhen achieved an increase of 13%. The Group's efforts in port environmental performances and supply chain safety performances were recognized, the Company and its Western Shenzhen terminals have obtained the ISO14001 and ISO28000 certifications from international certification organizations, which marked another milestone for the Group in establishing and maintaining environmentally-friendly and cost-effective ports.

The Group continued its efforts in 2009 to actively develop the integrated logistics service business at its ports. During the year, 14 river-trade terminals at three cities were added to the network of the South China shuttle barge services that is anchored at the Western Shenzhen Port Zone. As for sea-rail connectivity stemmed from Western Shenzhen, following upon the launch of the Changsha route in 2008, container train routes linking Western Shenzhen with respectively another five cities were added in 2009, thus ensuring the further reaching out of the Western Shenzhen Port Zone into the Mainland hinterland. With the respective commencement during the year of the Qianwan Bonded Port Zone in Qingdao and the Qianhaiwan Bonded Port Zone in Shenzhen, both of which have been granted multiple function policies, the Group is expected to derive benefits from these two operations.

At the end of 2009, the Group's Qingdao Container Terminal entered into a joint venture agreement with Qingdao New Qianwan Container Terminal. The performance of the joint venture company for its containers, bulk and general cargo business for the months of January and February in 2010 was satisfactory. The Group believes that such cooperation will turn the Group's container business in Qingdao to a new era.

Notwithstanding the impact brought by the global trade contraction, the Group has subsequently slowed down the pace of new port investment projects, the Group are still on course for negotiation of certain overseas projects as scheduled. The container terminal projects in Vung tau, Vietnam and Colombo, Sri Lanka in which the Group has been planning to invest have evidenced a number of key negotiation milestones. It is expected to have breakthrough of these two projects within 2010.

The Group is cautiously optimistic towards its ports operations along with global trade starting to recover in 2010

In general, the market expects that the global economic situation will start to recover in 2010. Against the likelihood of certain governments intending to gradually phase out their financial support and the uncertainties of the economic growth rate, thus making the global economic recovery a longer process to become sustainable, the Group is of the belief that global economy has bottomed and may even have begun to gradually come out from the trough and that the negative impact brought about by the sharp decline in world trade and the collapse of confidence in the market combined is gradually diminishing.

It is certain that China's foreign trade will grow in 2010 along with global economic recovery and the emergence of favorable factors such as increased inventory level expected of major importer and of consumer countries, and the full rolling out of the China-ASEAN Free Trade Zone since 1 January 2010. These factors combined will further boost the development of China's foreign trade for a double-digit growth and ports business of the Group. Notwithstanding the unprecedented impact on the ports business of the Group, the Group has also committed to integrating internal resources, optimizing cost structure and increasing operational efficiency in recent years besides improving the network layout of coastal ports. In this regard, the Group has established and developed related ancillary businesses with which to support the Group's core business of its ports, thus providing room to expand the capability of the Group's ports operation, stimulate the cold chain business development and the profit of the Group.

Dr. Fu Yuning, Chairman of the Company reiterated, "As the largest port operator in mainland China, the Group possesses a solid base in its port business. Anchored upon its core container handling and bulk cargo handling operations which are involved in both domestic and foreign trade, the Group also has integrated into providing related logistics services such as barge shuttle network, sea-rail connectivity, and bonded logistics parks adjacent to and in collaboration with its port operations. The Group firmly believes that the establishments of these integrated logistics services will in turn enhance the capability of its core ports business. Furthermore, the close equity-based relationship established by the Group with a number of port groups in China not only will lead to a deepened co-ordination between equity partners but also could pave a solid foundation for possible further co-operation in future. CMHI will have better performance after riding out the financial crisis."

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

2.Earnings before interest and tax, unallocated income less expenses, profit from discontinued operation and minority interest, if applicable, ("Adjusted Earnings") for the Company and its subsidiaries, and its share of Adjusted Earnings of associates and jointly controlled entities.


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