CMHI 2015 Annaul Results Press Conference

Container Throughput of CMHI's Overseas Terminals Hits New Record in 2015
Container Throughput Handled Grew by 14.2% to 16.05 million TEUs

- Container throughput handled rose 3.5% year-on-year to 83.66 million TEUs (2014: 80.83 million TEUs);

- Bulk cargo volume handled was 353 million tonnes (2014: 363 million tonnes), a year-on-year decrease of 2.8%;

- Profit attributable to equity holders of the Company totaled HK$4,808 million (2014: HK$4,526 million), up 6.2% year-on-year;

- Recurrent profit attributable to equity holders of the Company amounted to HK$4,462 million (2014: HK$4,599 million), a year-on-year decrease of 3.0%;

- Profit derived from the core ports operation was HK$4,462 million (2014: HK$4,330 million), up 3.0% year-on-year;

- Ports operation recorded an EBITDA of HK$10,610 million (2014: HK$10,815 million), a decrease of 1.9% year-on-year

- Basic earnings per share was 155.07 HK cents (2014: 159.41 HK cents), down 2.7% year-on-year

- Full year dividend per ordinary share was 77 HK cents (2014: 77 HK cents), implying payout ratio of 41.6%

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 2015.
Mr. Li Xiaopeng, Chairman of the Board, said, "Whilst global economy showed a sluggish growth with varying performance across regions, international trade growth remained soft, resulting in a continued slowdown in global port industry. Despite an unfavorable macroeconomic environment which affects the development of its core ports operation, the Group delivered operating results better than the industry's average, with continuous growth seen in the overseas operations, breakthrough realized by innovative businesses and effective improvement in management capability. In 2015, container throughput handled by the Group rose 3.5% year-on-year to 83.66 million TEUs, ranking second in the world, with container throughput handled by overseas projects rising 14.2% year-on-year to 16.05 million TEUs, representing 19% of the Group's total."

Profit attributable to equity holders of the Company amounted to HK$4,808 million for the year ended 31 December 2015, representing an increase of 6.2%. Recurrent profit attributable to equity holders of the Company was HK$4,462 million, down 3.0% year-on-year. Basic earnings per share was 155.07 HK cents, down 2.7% year-on-year, while profit derived from the core ports operation increased by 3.0% to HK$4,462 million.

In 2015, revenue from the Group's core ports operation (note 1) amounted to $21,488 million, up 1.7% year-on-year. The Group's core ports operation recorded an EBITDA (note 2) of $10,610 million, a decrease of 1.9% year-on-year.

In 2015, the port-related manufacturing operation of the Group was impacted by the downturn of global shipping industry, as seen in a 14% year-on-year decline in sales of dry cargo containers and reefers to 1.30 million TEUs recorded by China International Marine Containers (Group) Co., Ltd. ("CIMC"). CIMC's profit attributable to equity holders was RMB1,974 million in 2015, down 20.3% year-on-year.

To reward shareholders for their continuous support, the Board of the Company proposed a 2015 final dividend of 55 HK cents per ordinary share, the same as last year, deriving a full year dividend of 77 HK cents per ordinary share which implies a dividend payout ratio of 41.6%. Shareholders may elect to receive the final dividend in cash or by way of scrip dividend.

The Group's Port Operation Maintained Its Global Leading Position and Outperformed the Industry

Generally speaking, 2015 was a year presented with a "muted and slowing growth" picture for the global ports industry, yet the Group's ports operation was able to outperform the industry by registering a total container throughput of 83.66 million TEUs, which represented a 3.5% year-on-year rise. Bulk cargo handling operation recorded a throughput of 353 million tonnes, a decrease of 2.8% year-on-year.

Looking into the regional performance, container throughput handled by the Group's ports in Mainland China totaled 61.47 million TEUs, up 3.2% year-on-year, a growth rate higher than that of foreign trade-derived container throughput handled by China's ports. Ports in Hong Kong and Taiwan handled a combined container throughput of 6.14 million TEUs, a decrease of 15.0% year-on-year, while overseas operations was showing a solid volume growth of 14.2% on a year-on-year basis, delivering a container throughput of 16.05 million TEUs. Among the Group's major ports, Shanghai International Port (Group) Co., Ltd., handling a container throughput of 36.54 million TEUs, or a year-on-year increase of 3.6%

in 2015, continued to be the world's largest operator for six consecutive years. Attributing to the decline in domestic volume as a result of the facilitation of business upgrade and transformation, container throughput handled by the Group's terminals in West Shenzhen was 10.75 million TEUs, down slightly by 2.5% year-on-year. In the overseas arena, CICT in Sri Lanka delivered a noticeable growth of 127.5% year-on-year, handling 1.56 million TEUs, while Lom¨¦ Container Terminal S.A. in Togo, which commenced operation towards the end of 2014, handled more than 0.50 million TEUs. Terminal Link SAS handled 12.61 million TEUs during the year, representing a year-on-year increase of 4.7%. Details of the Group's container throughput by region are set out in the table below.

<u>Table: Overview of Container Throughput Volume of CMHI's Ports in 2015</u>

Region	Name of Port	2015 Throughput (million TEUs)	Year-on-year change (%)
Mainland China	West Shenzhen	10.75	-2.5
	Chu Kong River Trade Terminal	1.03	6.9
	SIPG	36.54	3.6
	Ningbo Daxie	2.71	8.4
	Tianjin Five Continents	2.57	0.0
	Qingdao	6.66	11.4
	Zhanjiang Port Group	0.61	6.6
	Zhangzhou	0.32	-20.1
	Total - Mainland China	61.47	3.2
Hong Kong And Taiwan	Hong Kong	4.62	-21.6
	KMCT, Kaohsiung	1.53	14.4
	Total - Hong Kong and Taiwan	6.14	-15.0
Overseas	Nigeria	0.47	8.9
	Djibouti	0.9	4.8
	Terminal Link	12.61	4.7
	Sri Lanka	1.56	127.5
	Togo	0.50	1619.7
	Total - Overseas	16.05	14.2
CMHI Total		**83.66**	**3.5**

Continuing to Establish Presence in Major Overseas Hub Ports along "One Belt, One Road"

As for overseas expansion in 2015, tagging along the "One Belt, One Road" strategy promoted by China, the Group has yielded some fruitful results in capturing investment opportunities and expanding business scale, which, in turn, laid a solid foundation for the Group's future overseas expansion.

Through the acquisition of a 65% equity interest in "Kumport", the third largest container terminal in Turkey, by a consortium formed among the Group, COSCO Pacific Limited and CIC Capital Corporation in late 2015, the Group has established a strong foothold at the hub of the Eurasia continent, a major step in establishing presence at hubs along "One Belt, One Road".

At the same time, with the construction of a multi-purpose port at Doraleh under PDSA in Djibouti underway, and the preliminary planning and construction of the free trade zone in Djibouti, which the Group was actively pursuing, progressing as planned, a solid platform for the build-up of "Checkpoints along the Silk Road" has been set up, allowing the expedition of exploring a comprehensive port development model. Lom¨¦ Container Terminal in Togo, where business volume and service efficiency have both seen steady improvement, is enjoying synergies with Tin-Can Island Container Terminal in Nigeria, thus further anchoring the Group's presence and influence in the West Africa region.

New Breakthroughs were seen in Domestic Ports Layout, While the Implementation of Innovative Businesses Accelerated

In 2015, against the backdrop of sluggish import and export trading activities in China and a GDP growth that slowed to 6.9%, the Group was able to achieve new breakthrough in the domestic ports network layout and make substantial progress on its innovative businesses, while the Group's homebase port development was also showing initial success in its transformation and upgrade through tapping on the policy associated with the establishment of Qianhai-Shekou Free Trade Zone.

Aiming towards "optimizing existing assets, extending market influence and enhancing synergies", the Group has been proactively seeking to identify new investment and cooperation opportunities by capitalizing on the potential consolidation and reforms among coastal ports in China, as signified by the share subscription agreement entered into between the Group and Dalian Port on 12 January 2016, allowing the Group to become the second largest shareholder of Dalian Port, which represented a great leap forward by the

Group in consolidating port assets in China. With respect to innovation development in 2015, pilot projects such as cross-border e-commerce business and the establishment of electronic trading system for grains showed meaningful progress with business growth showing strong momentum, while on the front of management enhancement, the refined management information system, which the Group has implemented for a number of years, was awarded the Second Prize of the "22nd National Innovative Achievement in Modernized Management by China Corporations", reflecting wide recognition of the project.

With respect to homebase port development, the Group has been facilitating transformation and upgrades in West Shenzhen Port Zone by seizing the opportunities offered by the establishment of Qianhai-Shekou Free Trade Zone. The phase 2 work of the widening of Tonggu Channel, to be completed by early 2017, progressed as planned. The improvement of customs environment came along with the unification of custom zones and introduction of innovative custom supervision modes within Qianhai-Shekou Free Trade Zone. Operations were conducted in synchronization with the container operations of China Merchants Port Services (Shenzhen) Co., Ltd. As for transforming Shenzhen Haixing Harbor Development Co., Ltd. into a container terminal, preliminary work has been completed and construction will commence in 2016.

The Bonded Logistic Business Continued to Grow and the Cross-border E-commerce Business Delivered Outstanding Performance

2015 is a year where the Group's traditional bonded logistic business continued to grow and innovation initiatives showed initial success. The Group's bonded logistic businesses in Shenzhen, Qingdao and Tianjin all showed a noticeable growth momentum.

In Shenzhen, China Merchants Bonded Logistics Co., Ltd. ("CMBL") intensified its effort in promoting cross-border e-commerce business by cooperating with China Merchants Property Investment Company and China Resources Vanguard Co., Ltd. in launching projects including the Free Trade Mall and "ewj.com", and replicated the successful experience and the cross-border e-commerce business model in the Qianhai Bonded Port Zone to other bonded zones in China. CMBL has also launched an import and export distribution platform for cross-border e-commerce and an online B2B settlement platform in the Qianhai Free Trade Zone.

In Qingdao, under the philosophy of "optimisation of the custom environment of the bonded logistics park, development of innovative businesses and efficiency enhancement", China Merchants International Terminal (Qingdao) Co., Ltd., which operates its bonded logistics business in the Qingdao Logistics Park, has dedicated its efforts in solidifying market share of the consolidation and deconsolidation business for international transshipment cargoes, integrating with external logistics resources and improving service capabilities, thus continuing to keep the momentum in improving the operating results of the zone.

Leveraging on the incentive policies available at the Dongjiang Bonded Port Zone, Tianjin Haitian Bonded Logistics Company Limited, an associate of the Group, continued its effort to strengthen its business on handling of imported automobiles (whole vehicles), to enhance operational capacity by capitalizing on external resources, and to actively adjust existing business structure, with a view of ensuring a smooth business transformation.

Slow Recovery was Shown by Global Economy While the Group's Businesses Maintained Steady Growth

In 2016, global economy is expected to demonstrate a slow pickup in growth, with the presence of several unfavourable cyclical and structural factors adding further uncertainties. According to the latest forecast published by IMF, global economy will grow by 3.4% in 2016, up 0.3 percentage point from that in 2015, while world trade volume (including goods and services) will grow by 3.4% in 2016, an increase of 0.8 percentage point from 2015. Growth pace in China's economy is expected to continue to be milder in 2016 as structural economic adjustments and reforms continue.

Against the backdrop of a feeble global economic recovery and the Chinese economy entering the new normal, the global port industry is again anticipating a picture of slow growth in 2016 with performance varying across regions. On top of all these, the persistence of an oversupply in the shipping industry, the deployment of mega-vessels, the prevalence of shipping alliances and the intensifying regional competition of ports all pose challenges to the port industry. Thanks to the stability displayed at the ports in China and the impetus from the faster growth at existing overseas projects, compounding with the additional contributions from potential acquisitions and new growth drivers through nurturing innovative business, the Group's ports operation is expected to remain steady in 2016.

In 2016, gravitating upon the strategic vision of "becoming a world-class comprehensive port services provider", the Group will strive, through reviewing and formulating implementation plans, to promote innovation, to progress, and to look for breakthroughs. Innovation will remain key in the Group's overall corporate development, enabling the transformation and upgrade of the Group's existing business, thereby injecting energy to the Group through reforms and breakthroughs, with key initiatives including ensuring the implementation of strategies, reinforcing capital management in existing portfolio, building a comprehensive port ecosystem, continuing to expand the Group's overseas ports network and reinforcing the integration and collaboration of the Group's existing port assets. On the other hand, the Group will closely monitor consolidation opportunities among coastal ports in China, and strengthen the interaction and integration among existing ports and with the potential new projects, all in all to further enhance the competitiveness of the Group's ports. To accommodate the needs arising from business development, while aiming to accentuate its core ports operation which could potentially help the investors, business partners and customers of the Company to better understand the positioning of its core business, CMHI has issued an announcement proposing to change the name of the Company into China Merchants Port Holdings Company Limited.

Chairman Li Xiaopeng emphasized, "Whilst global economic environment remains complex in 2016, intense competition persists within the industry. The global port industry will still face various challenges. However, opportunities will also arise from the further promotion of China's "One Belt, One Road" initiative, the implementation of policies for Qianhai-Shekou Free Trade Zone and the facilitation of the State-Owned Enterprise reform. The Group will continue to monitor the ever-changing market conditions, to strive to capitalize on the unprecedented opportunities and facilitate innovations, upgrades and breakthroughs in the Group's core ports operation in order to maintain its sustainable growth. The Group will steadily progress in line with strategies and objectives established, and endeavor to achieve its pre-set target as a step towards delivering better returns for its shareholders."

Note 1: Including revenues of the Company and its subsidiaries, and its share of revenues of associates and joint ventures.

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 joint ventures.


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