



China's Leading Port Operator

2010 Annual Results Announcement



China Merchants Holdings (International) Co., Ltd.



- **Financial Performance**
- **Operations Analysis**
- **Business Review**
- **Outlook**
- **Q & A**

Financial Highlights - New High in Operating Performance and Recurrent Profit Soared 67.9%

- Profit attributable to shareholders surged 81.5%
- Recurrent profit increased by 67.9% year-on-year
- Growth in EBITDA from ports operations was nearly 14% higher than growth in ports operations revenue

HK\$' million	2010	2009	Change
Revenue*	30,597	17,286	77.0%
Revenue*(Port Operations)	13,221	11,246	17.6%
EBITDA**	10,240	6,687	53.1%
EBITDA** (Port Operations)	7,532	5,742	31.2%
Profit Attributable to Shareholders	5,876	3,238	81.5%
Recurrent Profit	4,346	2,589	67.9%
EPS (HK cents)	239.13	133.18	79.6%
EPS - Fully diluted (HK cents)	238.52	133.10	79.2%
Final dividends (HK cents)	78	32	144%
Full yr dividends (HK cents)/payout ratio	103/43.0%	57/42.8%	80.7%

* Include revenue of the Company, its subsidiaries and share of revenue of its associates and jointly-controlled entities

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

Financial Highlights - Robust Financial Status

- Significant raise in NAV per share compared to that as at the beginning of FY10
- Debts are maintained at a prudent and acceptable level

HK\$' million	31 Dec 2010	31 Dec 2009	Change
Total Assets	78,351	52,468	49.3%
Net Assets	39,042	33,563	16.3%
NAV per share (HK\$)	15.9	13.7	16.0%
Interest-bearing debts*	22,244	14,397	54.5%
Cash and cash-equivalents	6,352	3,206	98.1%
Net debts	15,892	11,191	42.0%
Net gearing ratio**	40.7%	33.3%	+7.4 percentage points

* Interest-bearing debts include bank loans, listed notes and China Merchants Group loans

** Net Gearing Ratio is calculated by net debt divided by net assets attributable to the equity holders of the Company as at 31 December 2010

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Container Port Operations - Exceptional Growth

- Both container and bulk & general cargo throughput handled saw record-high
- Substantial growth in Ports EBIT, the share of ports EBIT relative to total declined compared to that as at the end of FY09

CMHI's container throughput handled
(million TEU)



19.2%

CMHI's bulk & general cargo throughput
handled (million tonnes)



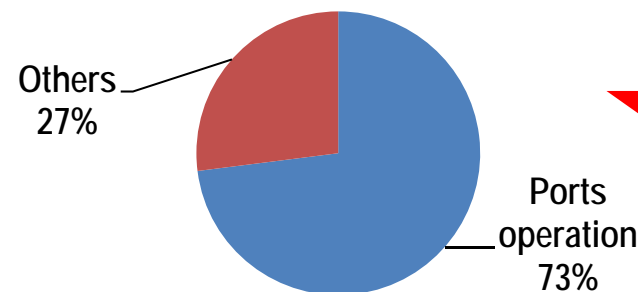
21.0%

EBIT of Ports operations attributable to
CMHI (HK\$' million)



42.4%

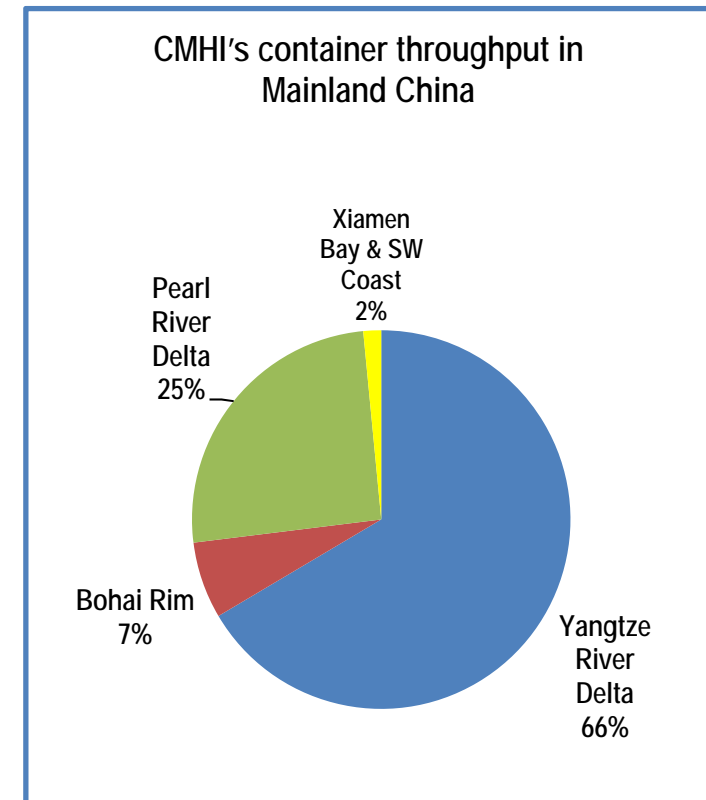
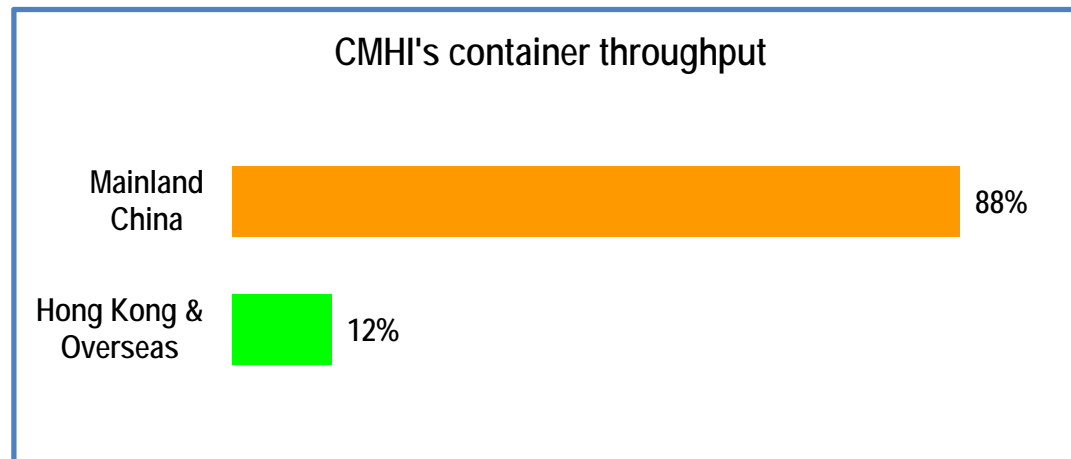
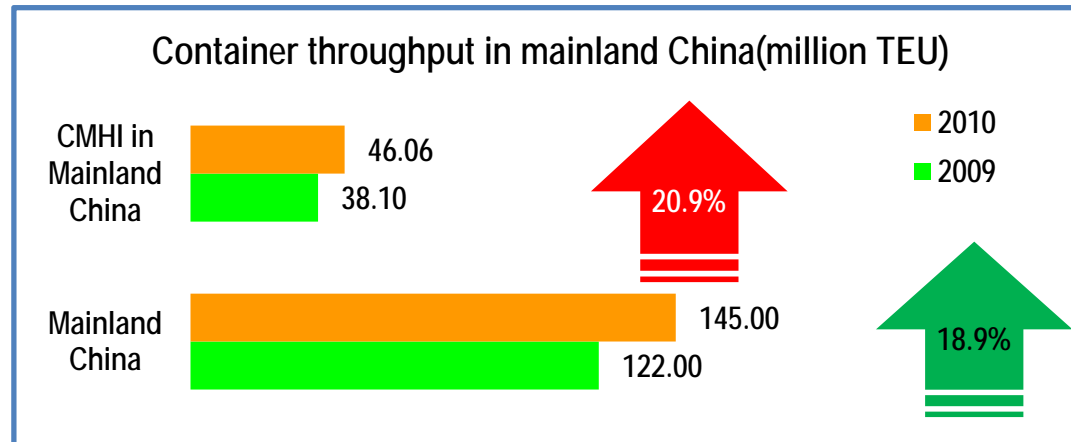
Proportion of Ports operations in EBIT
attributable to CMHI



13
Percentage
points

Container Port Operations - Beat market in Mainland China

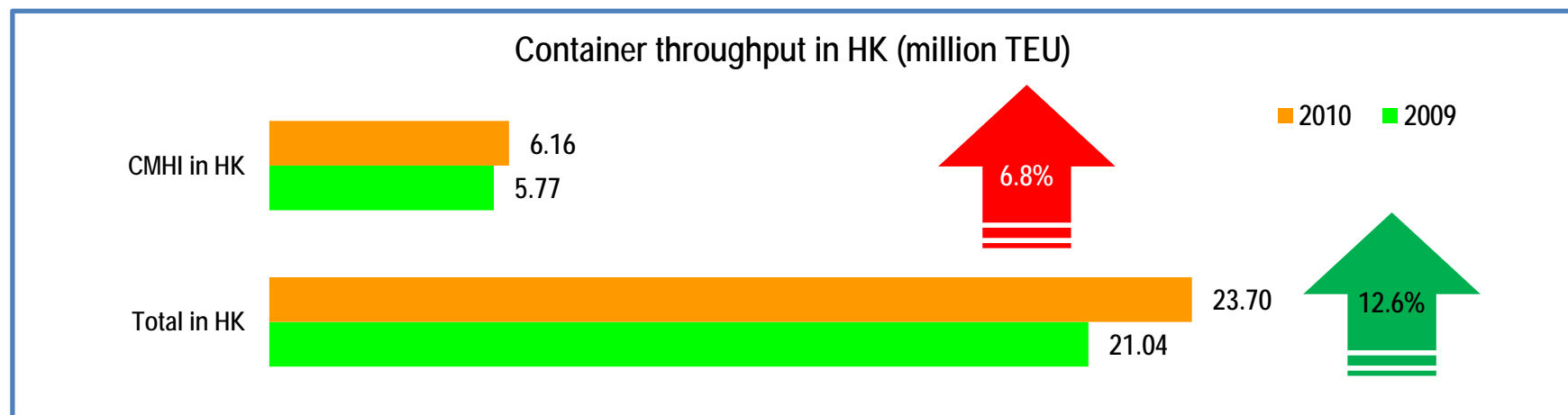
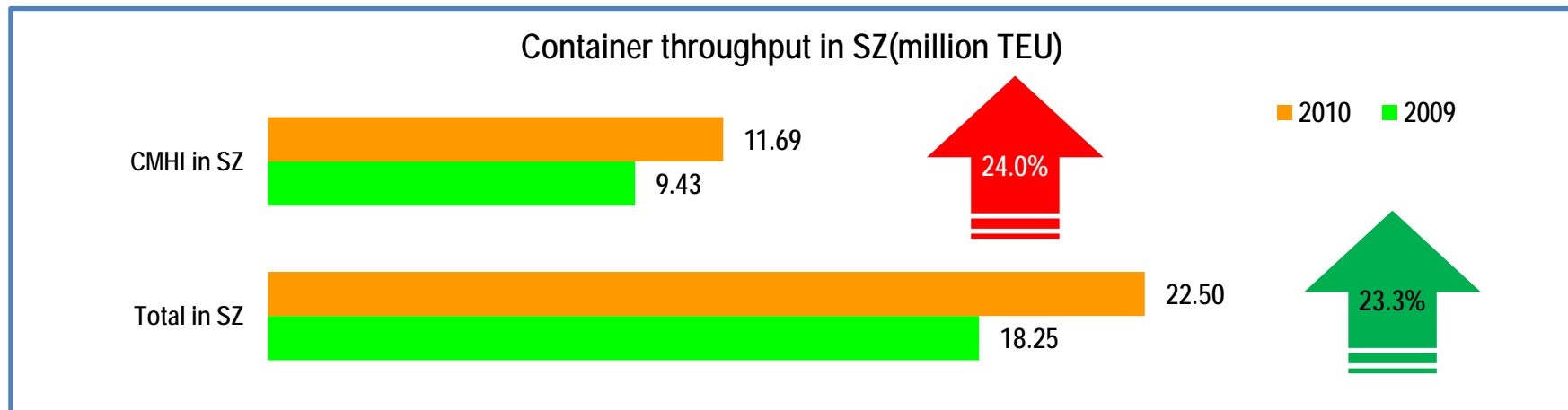
- CMHI's container throughput increased by 21% in mainland China, exceeding the market average
- CMHI's container throughput in HK and overseas projects rose by 8%



Note: In November 2010, CMHI acquired shares in the TICT container terminal in Nigeria , which accounted for 56,000 TEU of container throughput during the last two months of the year.

Container Port Operations - Pearl River Delta

- CMHI's growth in container throughput in SZ was slightly higher than market average
- CMHI HK container throughput grew less than the market's growth



Container Port Operations - Yangtze River Delta

- Shanghai Port has grown into the world's largest container port
- Ningbo Daxie's container throughput recorded better growth than Ningbo Port's average

Container throughput of SIPG(million TEU)



Container throughput in Ningbo(million TEU)



Container Port Operations - Bohai Rim

- CMHI's container terminal business in Qingdao made a big leap forward
- Container throughput handled by Tianjin Five continents declined modestly

Container throughput in Qingdao (million TEU)

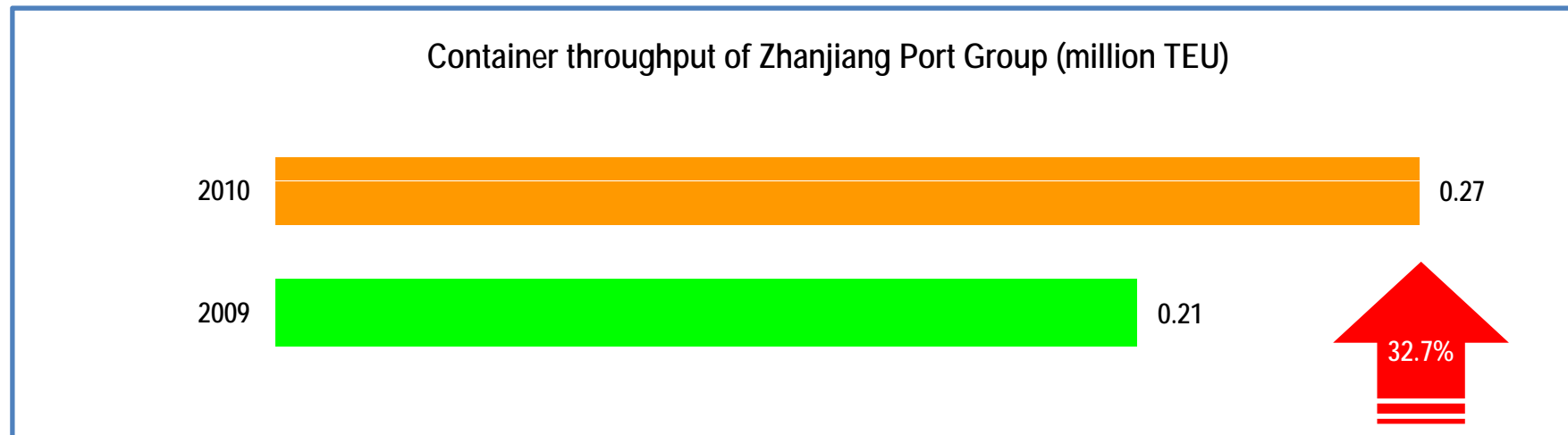
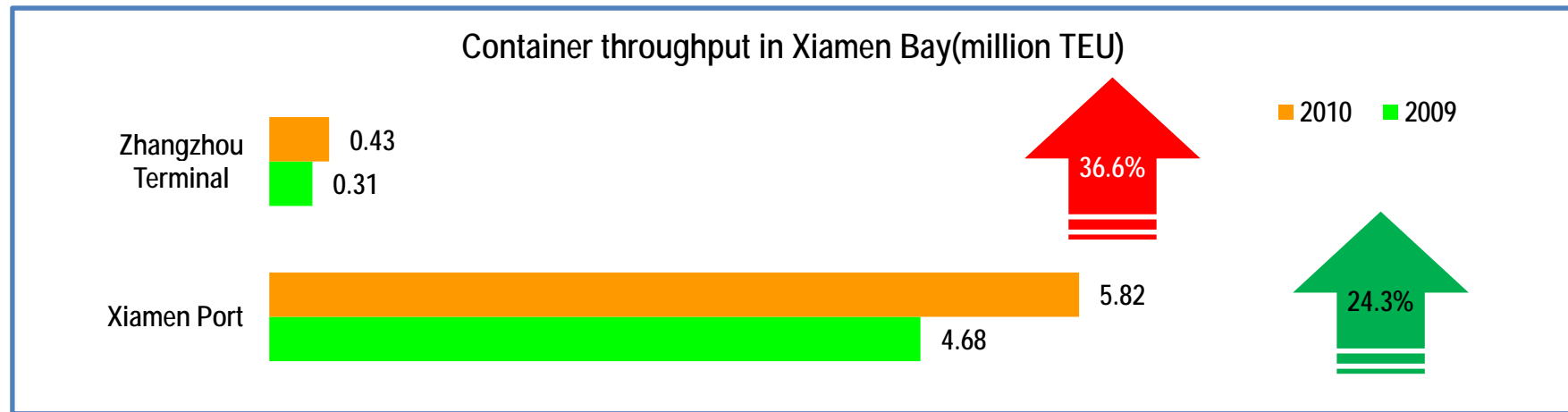


Container throughput in Tianjin (million TEU)



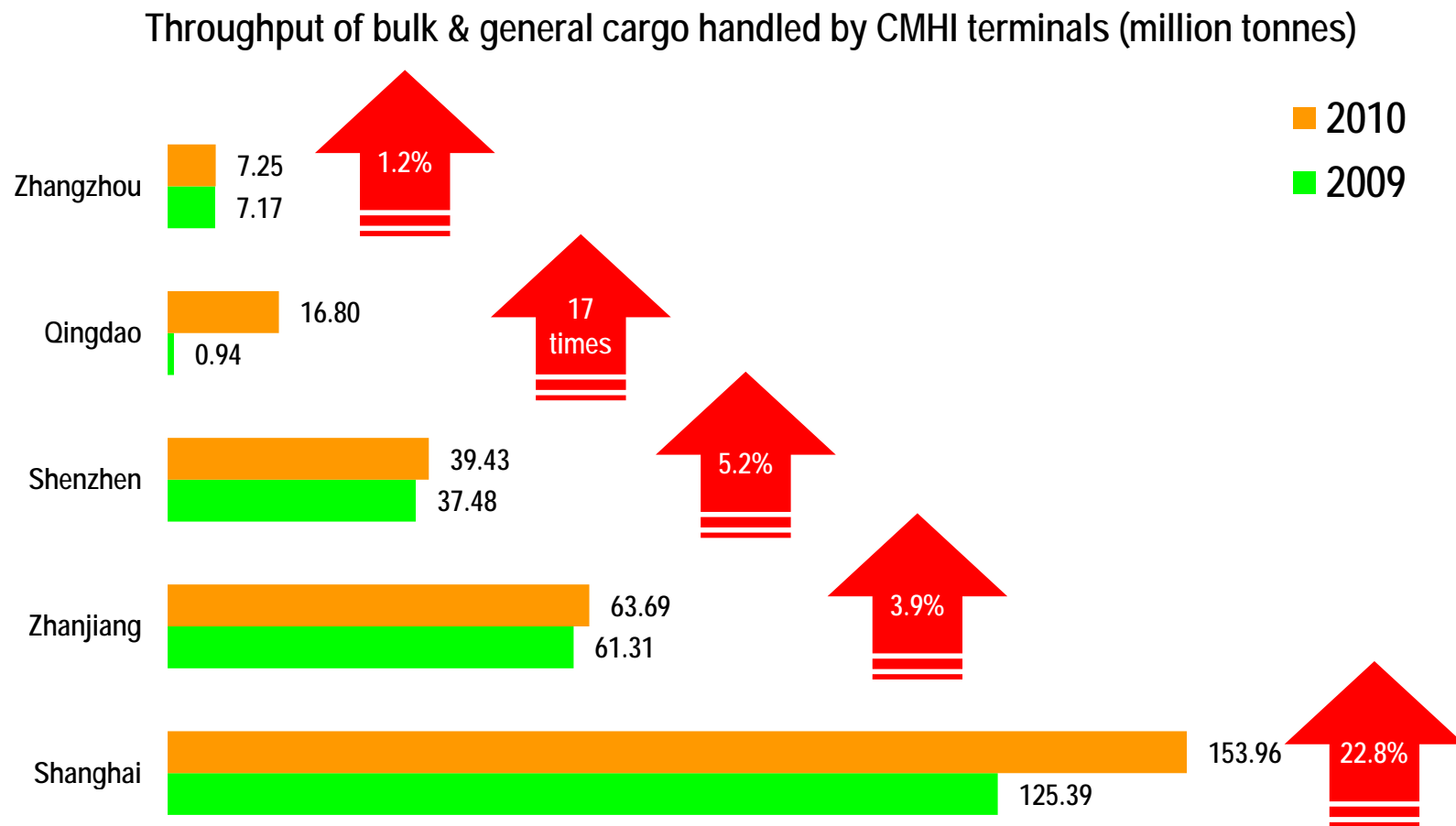
Container Port Operations - Xiamen Bay & SW Coast

- Rapid growth in throughput handled was evidenced in both Zhangzhou terminal and Zhanjiang Port Group



Bulk & General Port Operations - Steady Growth in Volume

- Operations in all CMHK bulk & general ports achieved record-high performance
- Multi-time growth in volume handled was evidenced in Qingdao terminal



Port-related Manufacturing Operations - Strong Rebound of CIMC

- Rebound of container market has led to multiplied sales of CIMC products
- Special vehicles achieved record-high sales
- EBIT from port related operations increased two-fold year-on-year

Dry cargo/refrigeration container of CIMC
(million TEU)



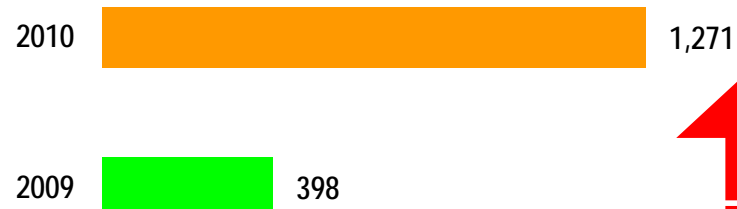
14
times

Road transportation vehicles of CIMC
(1,000 UNIT)



59.5%

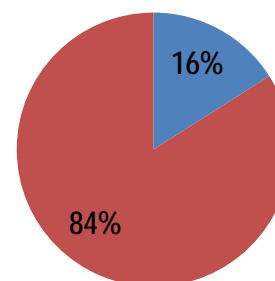
EBIT of Port Related Operations
attributable to CMHI (HK\$' million)



Two
times

Proportion of Port Related Operations in EBIT
attributable to CMHI

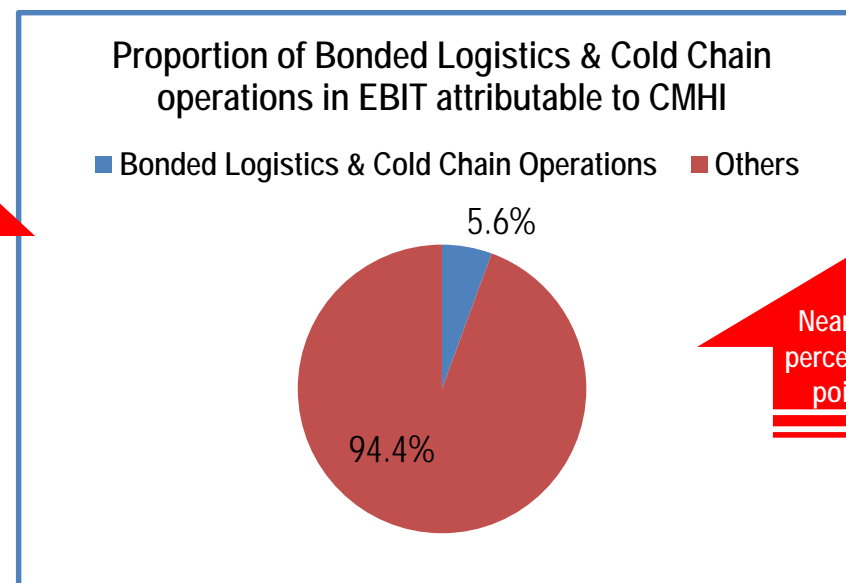
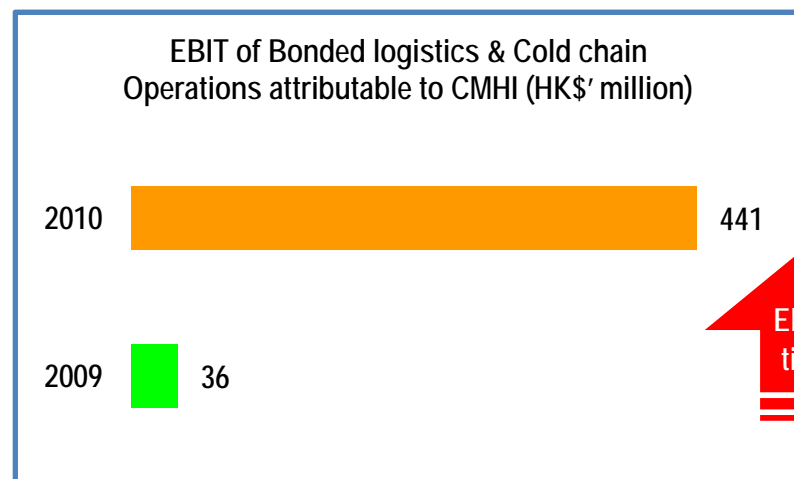
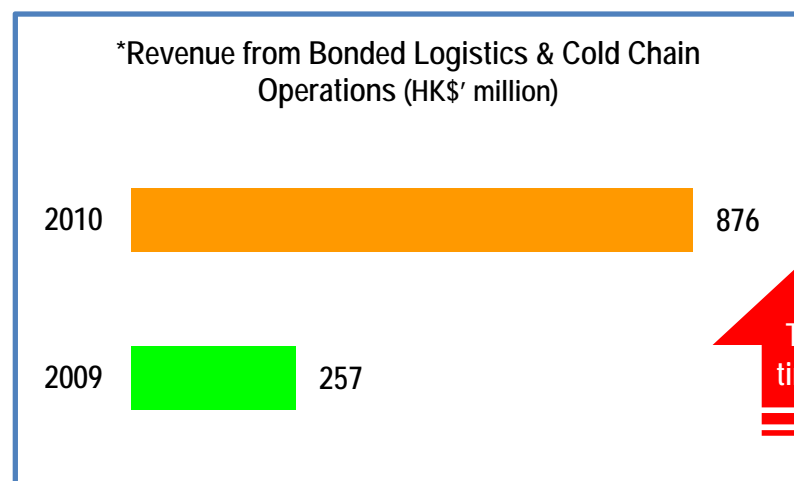
■ Port Related Operations ■ Others



Seven
percentage
point

Bonded Logistics & Cold Chain Operations - Future Highlights

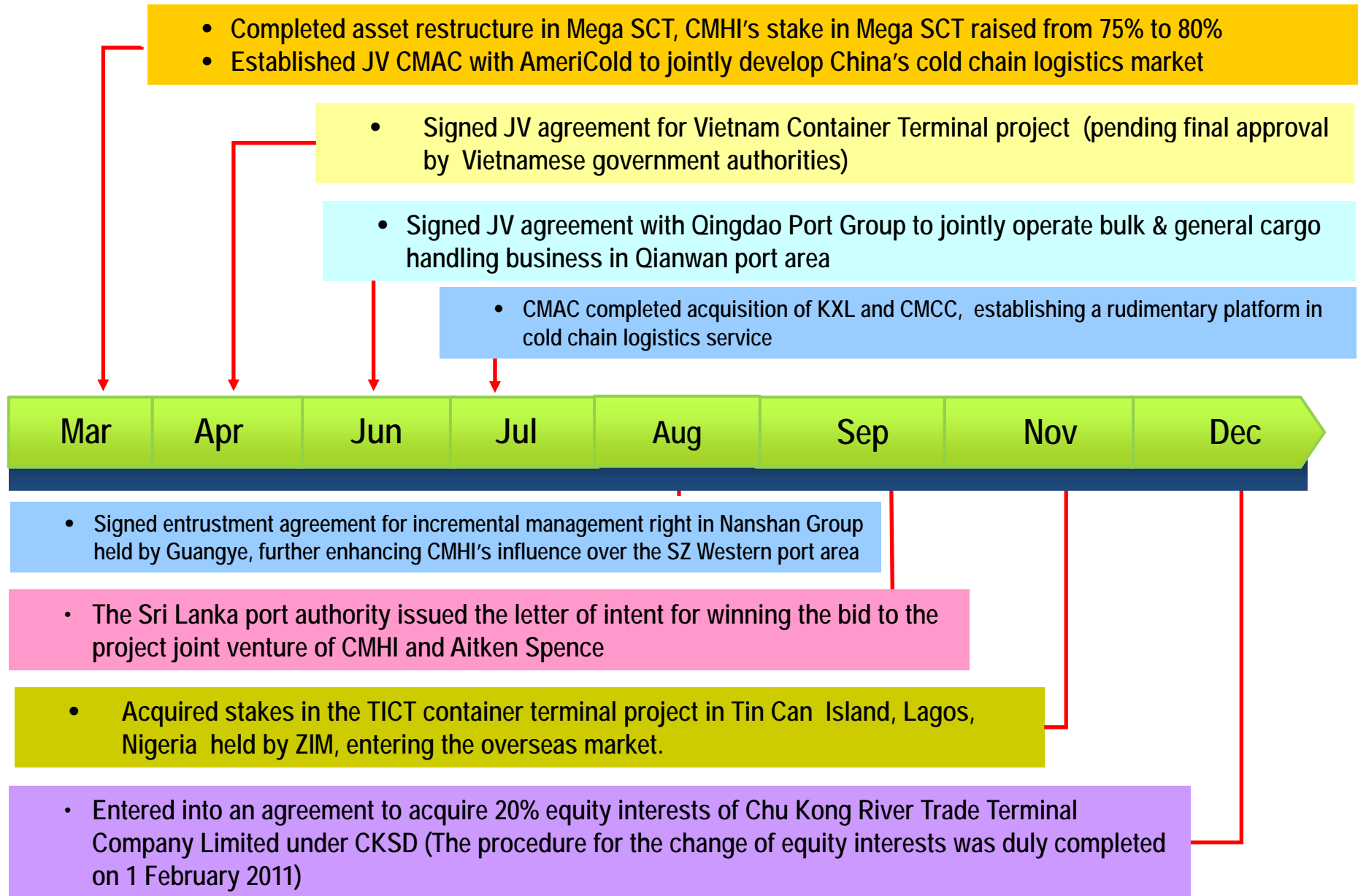
- Advantage of bonded port zone policies began to emerge, seeing rapid growth in business volume
- Cold chain logistics will bring further support and supplementary effect on Group's ports operations
- EBIT from bonded port zone & cold chain logistics operations increased significantly by eleven-fold



*Note: Include revenue of the Company, its subsidiaries and share of revenue of its associates and jointly-controlled entities

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Remarkable Milestones in 2010



Key Results 2010 - Overseas Development

- Overseas projects made steady progress according to the strategic target, marking the first step going global



- TICT project marked the beginning of CMHI's officially entering the overseas port market, also laid the foundation for ensuring CMHI's market position as a global ports operation enterprise
- In November and December 2010, TICT handled a container throughput of 56,000 TEU
- On 16 September 2010, the Sri Lanka port authority issued the letter of intent for winning the bid to CMHI-Aitken Spence Consortium and the consortium is currently working on conditions precedent such as the shareholders' agreement.
- JV agreement for Vietnam project was signed on 29 April 2010
- Other target projects are making steady progress according to the work plan



Nigeria
Lagos
TICT Project

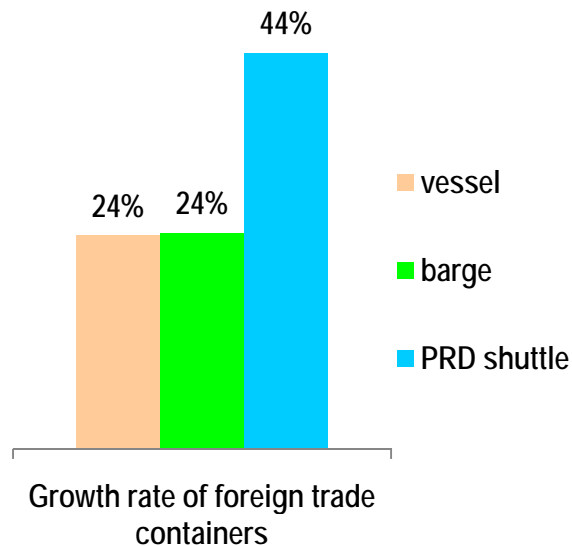
Sri Lanka
Colombo
South Port Project



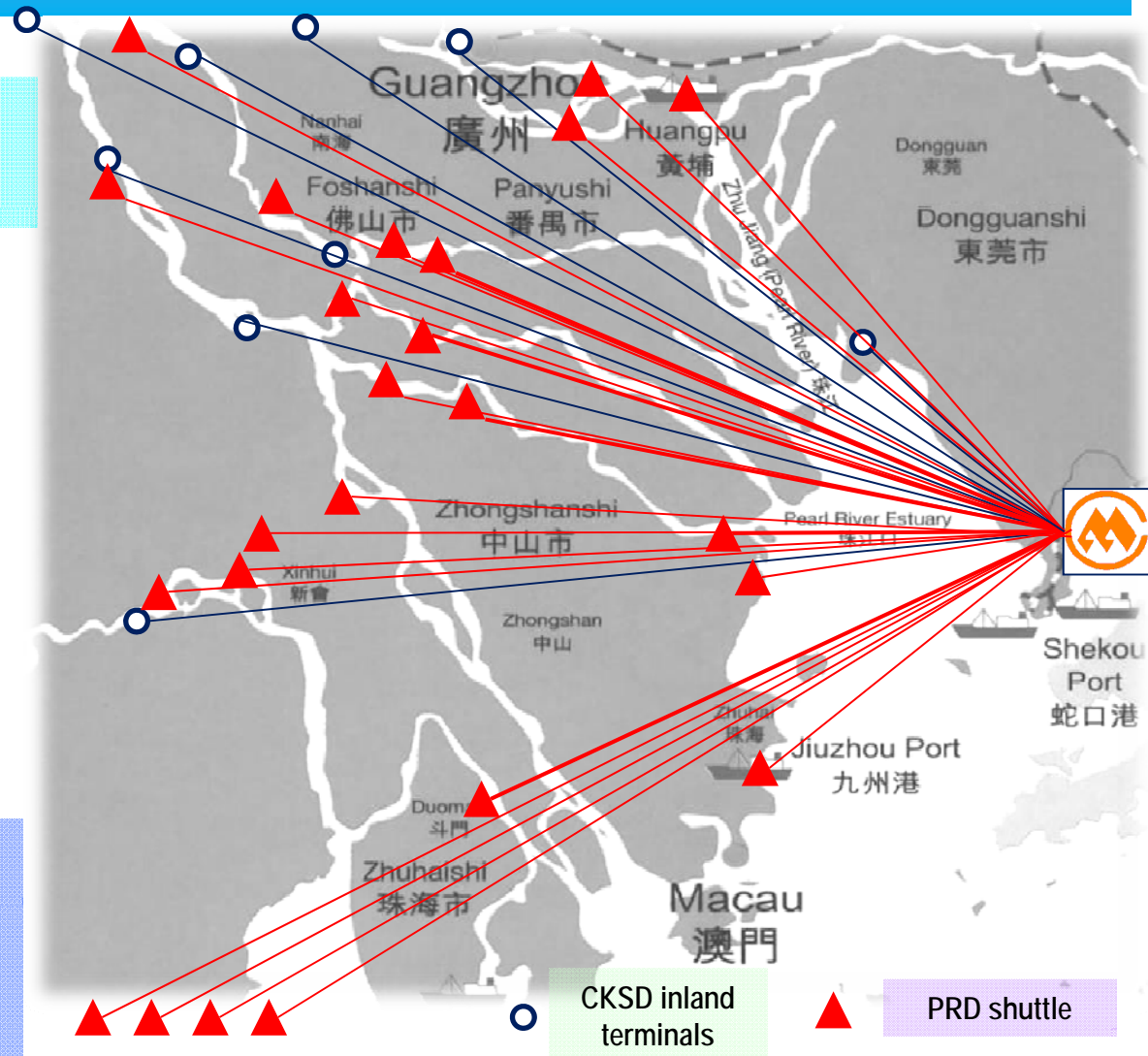
Key Results 2010 - Home Port and PRD Networks

- The feeder network to the Shenzhen mother port further extended, strengthening the radiation effect over the PRD region

Number of locations covered by PRD shuttle services network increased from 17 to 21, covering a total of 51 inland terminals



Establishing strategic cooperation with CKSD and acquiring stakes in CKSD's inland terminals will further promote CMHI's business in SZ Western port zone. The effect is expected to emerge in 2011.



Key Results 2010- Bonded Logistics & Cold Chain Operations

- Steady growth in bonded logistics business, reflecting effectiveness of bonded port zone policies
- Seizing the trend of China's development in import/export cold chain services, cooperated with AmeriCold to jointly develop the market



- Supporting effects of bonded port zone policies to ports operations begin to emerge
- Forming synergy effect with Nanshan Group's bonded logistics business, further enhanced the scale of CMHI's own bonded logistics business

- Related to international trade and port operation
- Large base of goods suitable for cold chain transportation
- Low percentage rate for refrigerated transportation in China

- Construct CMHI's integrated logistics network system based on core port operation business

Comparison on perishable goods logistics

	Cold chain transport rate	Pre-cooling rate	Rotten rate - fruit	Rotten rate - vegetable
China	<15%	30%	25%	30%
USA	100%	>80%	2%	5%
Developed Countries	80%~90%	>80%		5%

Source: H&L Consulting, Medias

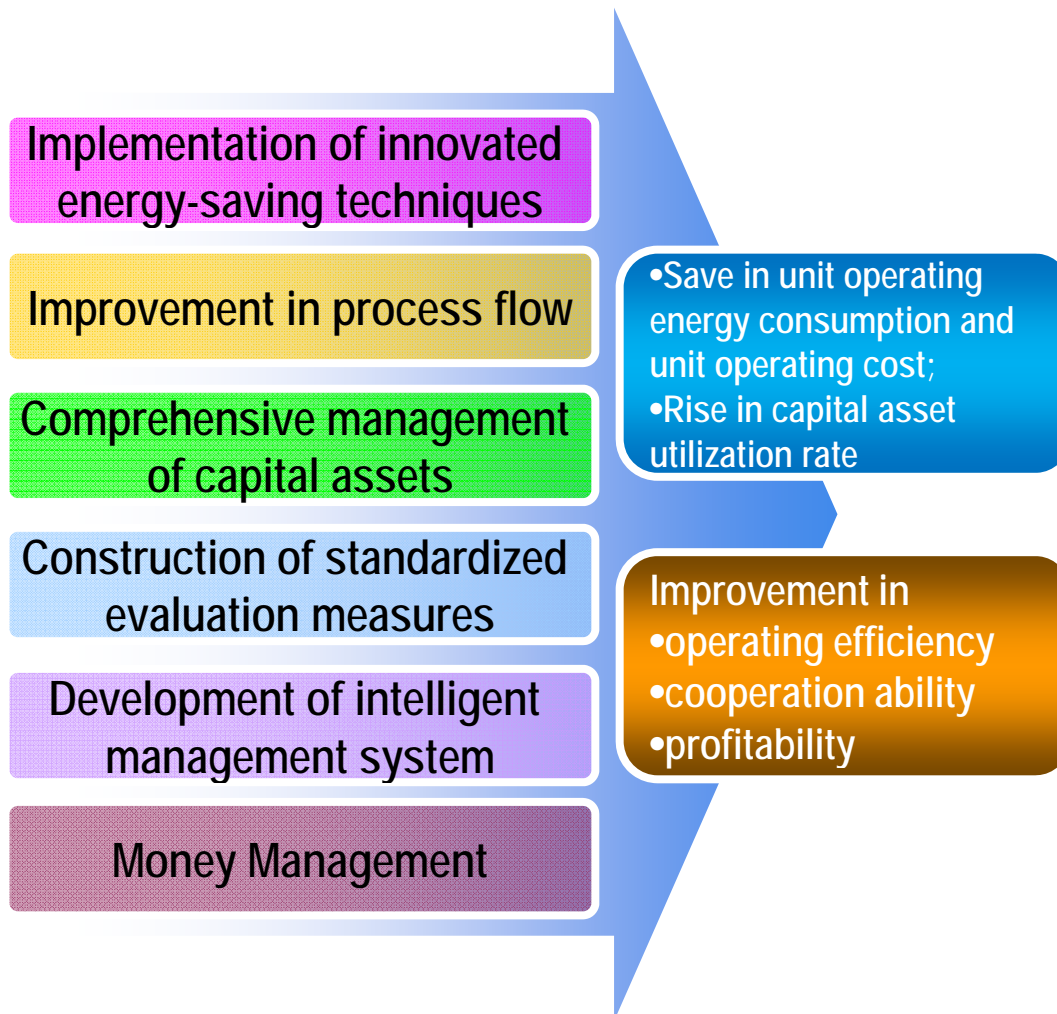
Forecast on cold chain logistics market in China

	2012	2015	2020
Cold chain transportation rate	18%	24%	40%
CAGR of volume for cold chain transportation			15%

Source: SWS

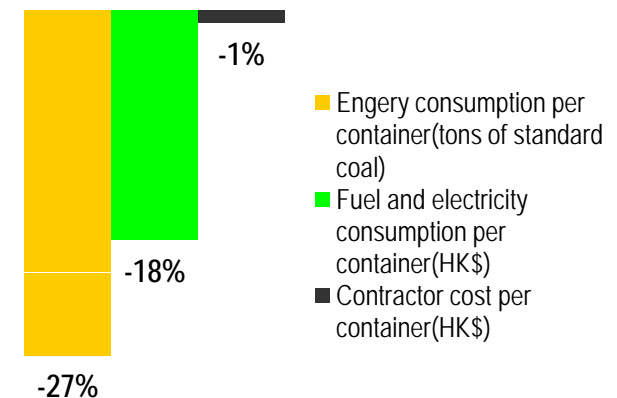
Key Results 2010 - Refined Management

- Promoted comprehensive refinement measures in all respects of operations management



- Implemented of innovated techniques represented by "diesel oil to electricity" campaign and energy conserving & emission reduction program for port operating equipments
- Developed of World's first ERTG automatic connection technique, which has applied for international patent and has been listed as model project by China's Ministry of Communication
- Developed and tested Intelligent management system which enables improvement in operating efficiency and cost analysis
- Obtained several achievements in process flow optimization and technology innovation in bulk and general cargo terminals

Unit energy cost 2010



Key Results 2010 - Industry-wide Collaboration

- Strengthened the connection with trade and shipping companies, participated in world-wide industrial annual meetings, established strategic alliances worldwide, and received Certificate of Appreciation for Achievement in Trade by US department of Commerce



Transpacific Maritime Conference



Signed a MOU with Port of Oakland on "Strategic Marketing Co-operation" to provide service for US companies exporting via Port of Oakland



Logistics Conference



Established strategic alliance with AmeriCold to jointly develop cold chain logistics market in China



World Shipping Summit



Aligned into strategic partnership with CKSD to jointly develop container terminal business in PRD



Signed a MOU with EUROGATE on "Strategic Marketing Co-operation" to develop overseas market



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Economic Forecast

- Europe and US economies continue to recover and expectations for economic growth will rise
- International trade keeps growing but with a lower growth rate
- China keeps comparative advantage in export manufacturing industry
- China's containerable products for export comply with foreign import demands

IMF's Economy and Trade Forecast in Jan,2011

Economic entity	2011	Compared with last forecast (percentage point)
US	3.0%	0.7
EU	1.5%	-
Japan	1.6%	0.1
China	9.6%	-
ASEAN	5.5%	0.1

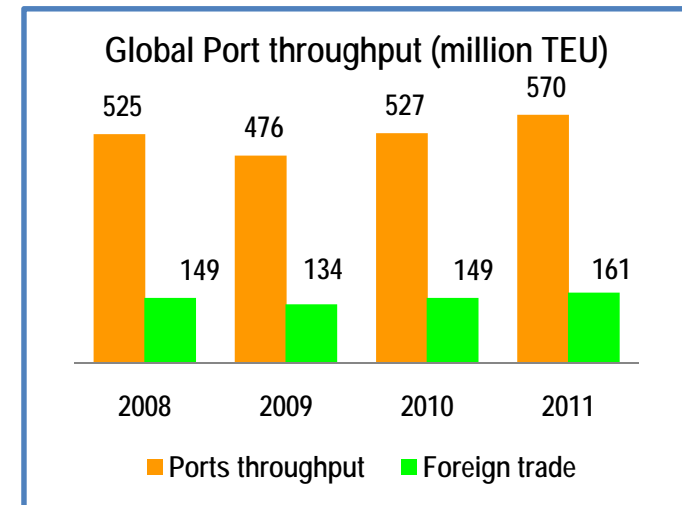
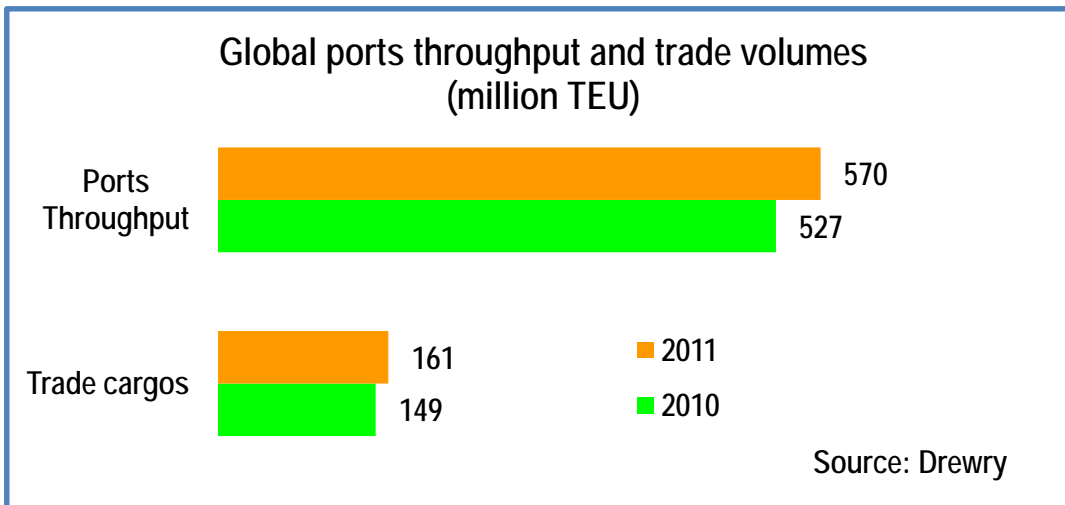
Economic entity	2009	2010	2011	2012
Global trade (Goods and service)	-10.7%	12.0%	7.1%	6.8%
Import				
<i>Advanced economies</i>	-12.4%	11.1%	5.5%	5.2%
<i>Emerging market economies</i>	-8.0%	13.8%	9.3%	9.2%
Export				
<i>Advanced economies</i>	-11.9%	11.4%	6.2%	5.8%
<i>Emerging market economies</i>	-7.5%	12.8%	9.2%	8.8%

- EC forecast a 1.6% and 1.8% economic growth for Eurozone and EU, respectively, increased 0.1 pp from previous forecast
- On Feb 16, Fed forecast that the US economic growth in 2011 will be 3.4%-3.9%, increased 0.4 pp from previous forecast
- Short-term negative effect on economy by Japan earthquake will be partially offset by post-quake reconstruction; while demand for Chinese products is expected to grow

- Slide in trade growth rate in 2011 for advanced economies
- Growth rates remain at a high level for emerging market economies
- China's export, processing and manufacturing industries still enjoy comparative advantages
- China's industry chain for export manufacturing and its supporting industries is relatively complete.
- ✓ Has skilled labor market to support the need for global manufacturing
- ✓ Containerable goods mainly consist of daily necessities

Shipping Market Forecast

- Shipping market turns from “recovery” to “stable”
- Decrease in growth rate for both foreign trade cargos and ports throughput

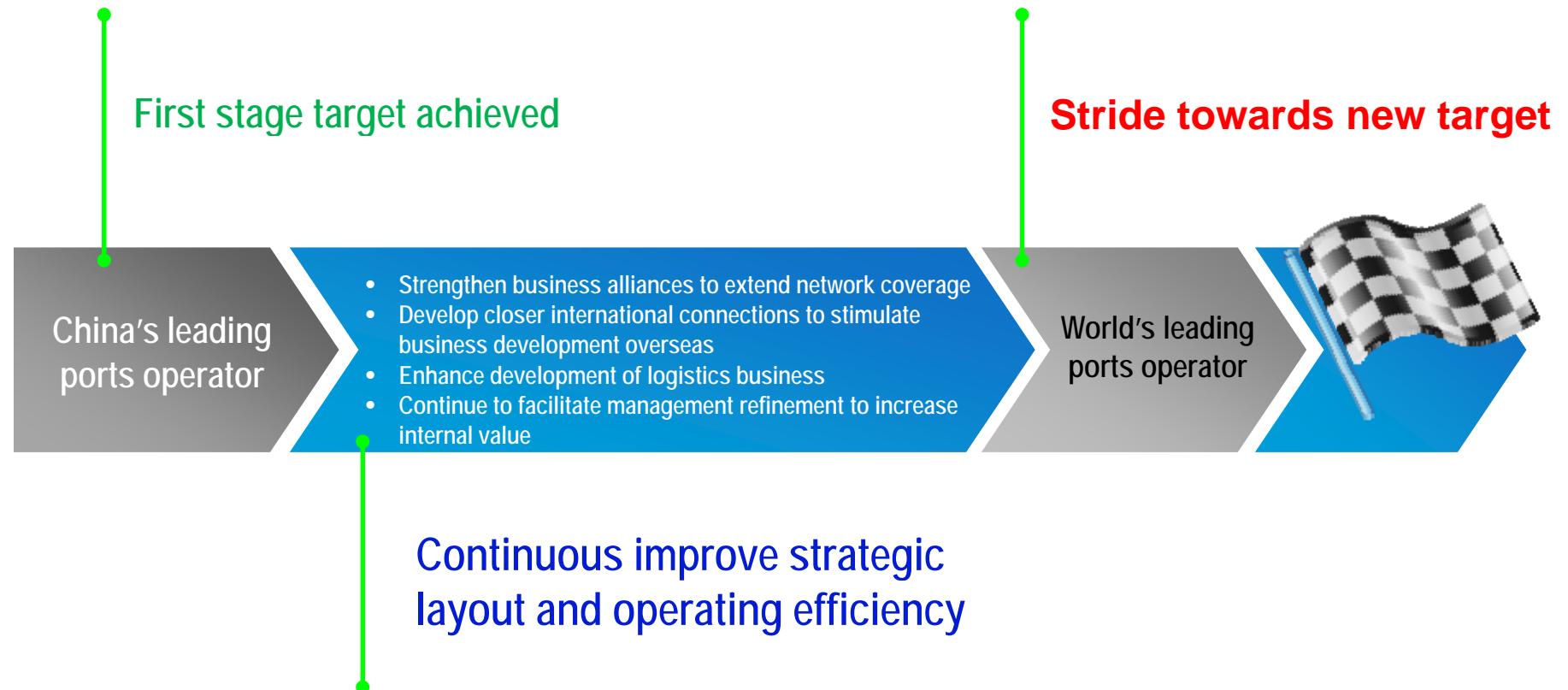


2011 Institution forecast	Supply in shipping capacity	Demand in shipping capacity	Ports throughput
Drewry	8.5%	6.1%	7.3%
Alphaliner	8.8%	8.0%	8.2%
TSA	8-9%	7-8%	
NRF-Global Insight		6.0%	
JOC-PIERS		7-8%	
Morgan Stanley	8.5%		

- Supply and demand in shipping capacity tend to be balanced
- Transportation costs in fuel, lease, etc, increase dramatically
- Frequent adjustment of shipping lines in response to change in market demands
- Compensatory growth in shipping rates
- New shipping capacity created by large cargo ships will be offset by global shipping slowdown
- Empty containers are still in great demand

Future Perspectives

- Enhance comprehensive strength in ports operations business, to become world's leading port operator



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Q&A

