



ANNOUNCEMENT

Summary

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules.

As disclosed in the June Announcement, SIPG, an associated company of the Company, has decided to merge with its subsidiary, SPC, by way of absorption. On 5 July 2006, the boards of directors of SIPG and SPC held respective meetings and approved, inter alia, the Absorption Merger Agreement (合併協議) and a joint explanatory statement on the Absorption Merger. Following the board meetings, several documents were published in the PRC. The purpose of this announcement is to provide the Shareholders with further information on the Absorption Merger.

Introduction

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules.

In 2005, the Company, through its wholly-owned subsidiary, China Merchants International Terminals (Shanghai) Limited, acquired a 30% interest in SIPG and SIPG became an associated company of the Company. SASAC directly and indirectly owns the remaining 70% interest in SIPG. The principal business of SIPG includes container business, general cargo and cargo handling-related business and terminal-related business.

As disclosed in the June Announcement, SIPG has decided to merge with its subsidiary, SPC, by way of absorption. On 5 July 2006, the boards of directors of SIPG and SPC held respective meetings and approved, amongst other things, several documents, including the Absorption Merger Agreement and a joint explanatory statement on the Absorption Merger. Such documents are published in the PRC. The purpose of this announcement is to provide the Shareholders with further information on the Absorption Merger.

The Absorption Merger Agreement

On 5 July 2006, the board of directors of SIPG and SPC respectively held respective meetings and approved the Absorption Merger Agreement. Under the PRC law and the rules and regulations of the Shanghai Stock Exchange, the Absorption Merger Agreement is subject to shareholders' approval by both SIPG and SPC. The purpose of the Absorption Merger Agreement is to record the key terms of the Absorption Merger, which have been disclosed in the June Announcement. In this connection, SIPG and SPC have issued a joint explanatory statement on the Absorption Merger, with details set out below in this announcement.

Documents issued by SIPG and SPC on the Absorption Merger

Following the board meetings of SIPG and SPC held on 5 July 2006, SIPG and SPC have issued several documents on the Absorption Merger in Shanghai on 6 July 2006, which include, inter alia, the following:-

1 Explanatory statement on the Absorption Merger by the boards of directors of SIPG and SPC

This joint document sets out various information on the Absorption Merger, including but not limited to risks involved in the Absorption Merger, proposed timetable of the Absorption Merger, corporate information on SIPG and SPC, procedures involved and mechanism of the Absorption Merger, management discussion and analysis on SIPG and SPC, historical and pro forma financial information on SIPG, SPC and the combined entity, reasons for the Absorption Merger and the effect of the Absorption Merger on SIPG and SPC.

2 Other documents

SIPG issued the report on Absorption Merger by the independent financial adviser to SIPG. In the meantime, SPC issued the resolutions of the board of directors of SPC with notice of shareholders' meeting, the opinion from independent directors of SPC, the report on Absorption Merger by the independent financial adviser to SPC and the voting proxy report by independent directors of SPC. A PRC legal opinion on the Absorption Merger is also made publicly available by SIPG and SPC.

All the above-mentioned documents are publicly available on the website of the Shanghai Stock Exchange. Trading of SPC's A-shares will be suspended for 1 hour on 7 July 2006 in accordance with the rules and regulations of the Shanghai Stock Exchange.

Further details on the Absorption Merger

It is currently scheduled that the shareholders' meetings of SIPG and SPC, respectively, will be held on 7 August 2006, on which the trading of SPC's A-shares will be suspended for the whole day. The Company will provide the Shareholders with further material information on the Absorption Merger when and as appropriate.

Definitions

“Absorption Merger”	SIPG's proposed merger with SPC by way of absorption, details of which are set out in the June Announcement and this announcement
“Absorption Merger Agreement”	the agreement to be entered into between SIPG and SPC on 7 August 2006 in relation to the Absorption Merger

“Company”	China Merchants Holdings (International) Company Limited, a company incorporated in Hong Kong with limited liability and whose ordinary shares are listed on the Main Board of the Stock Exchange with stock code 144
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“June Announcement”	the announcement dated 6 June 2006 issued by the Company which sets out details of the Absorption Merger
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“SASAC”	State-owned Assets Supervision And Administration Commission of Shanghai Municipal Government
“Shareholders”	the shareholders of the Company
“SIPG”	Shanghai International Port (Group) Co., Ltd., a joint stock limited company established under the laws of the PRC
“SPC”	Shanghai Port Container Co., Ltd., a joint stock limited company established under the laws of the PRC, whose A shares are listed on the Shanghai Stock Exchange with stock code 600018
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By Order of the Board
**CHINA MERCHANTS HOLDINGS
(INTERNATIONAL) COMPANY LIMITED**
Fu Yuning
Chairman

The Board as at the date of this announcement comprises Dr. Fu Yuning, Mr. Zhao Huxiang, Mr. Li Yinquan, Mr. Hu Zheng, Mr. Meng Xi, Mr. Wang Hong, Mr. Yu Liming and Mr. To Wing Sing who are the executive Directors, Mr. Tsang Kam Lan, Mr. Kut Ying Hay, Mr. Lee Yip Wah Peter and Mr. Li Kwok Heem John who are the independent non-executive Directors.

Hong Kong, 6 July 2006

Please also refer to the published version of this announcement in The Standard.