招商局國際有限公司
CHINA MERCHANTS HOLDINGS (INTERNATIONAL) COMPANY LIMITED

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)

(Stock Code: 00144)

Consolidated profit attributable to shareholders of the Company decreased by 12.6% to HK$3,238 million
Basic earnings per share decreased by 12.9% to 133.18 HK cents

2009 ANNUAL RESULTS ANNOUNCEMENT

The Board of the Company is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2009 as follows:

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	**2009** *HK$'million*	**2008** *HK$'million*
Continuing operations			
Revenue	2	3,588	4,135
Cost of sales	5	(2,055)	(2,163)
Gross profit		1,533	1,972
Other gains, net	4	190	497
Other income	4	206	48
Administrative expenses	5	(388)	(582)
Operating profit		1,541	1,935
Finance income	6	16	43
Finance costs	6	(668)	(627)
Finance costs - net	6	(652)	(584)
Share of profits less losses of			
Associates		2,226	2,565
Jointly controlled entities		128	98
Profit before taxation		3,243	4,014
Taxation	7	(278)	(220)
Profit for the year from continuing operations		2,965	3,794
Discontinued operation			
Profit for the year from discontinued operation	8	492	232
Profit for the year		3,457	4,026

	Note	2009 HK$'million	2008 HK$'million
Attributable to:			
Shareholders of the Company			
- continuing operations		2,746	3,558
- discontinued operation		492	148
		3,238	3,706
Minority interest			
- continuing operations		219	236
- discontinued operation		—	84
		219	320
Profit for the year		3,457	4,026
Earnings per share for profit attributable to shareholders of the Company	9		
From continuing operations			
- basic (HK cents)		112.94	146.84
- diluted (HK cents)		112.87	146.32
From discontinued operation			
- basic (HK cents)		20.24	6.13
- diluted (HK cents)		20.23	6.11
Dividends	10	1,386	1,644

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2009

	2009 *HK$'million*	2008 *HK$'million*
Profit for the year	3,457	4,026
Other comprehensive income:		
Realisation of investment revaluation reserve upon disposal of an available-for-sale financial asset	—	(269)
Realisation of reserves upon disposal of subsidiaries	(19)	—
Share of investment revaluation reserves of associates	186	(946)
Share of capital reserve of an associate	56	—
Exchange differences from translation of financial statements of subsidiaries, associates and jointly controlled entities	38	1,527
Increase/(decrease) in fair value of available-for-sale financial assets	1,023	(5)
Share of net actuarial gains/(losses) on defined benefit plans of associates and a jointly controlled entity	121	(102)
Total other comprehensive income, net of tax	1,405	205
Total comprehensive income for the year	4,862	4,231
Total comprehensive income attributable to:		
- shareholders of the Company	4,645	3,796
- minority interest	217	435
	4,862	4,231

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009

	Note	**2009** *HK$'million*	**2008** *HK$'million*
ASSETS			
Non-current assets			
Goodwill		2,513	2,513
Property, plant and equipment		10,844	12,921
Investment properties		919	744
Leasehold land and land use rights		7,039	7,426
Interests in associates		18,787	17,392
Interests in jointly controlled entities		2,742	2,646
Other financial assets		2,837	1,609
Prepayment		68	—
Deferred tax assets		34	27
		45,783	45,278
Current assets			
Inventories		40	41
Debtors, deposits and prepayments	11	886	684
Cash and cash equivalents		3,206	2,806
		4,132	3,531
Assets of disposal group classified as held for sale	8	—	1,684
Non-current assets held for sale	12	2,553	—
		2,553	1,684
		6,685	5,215
Total assets		52,468	50,493

	Note	2009	2008
		HK$'million	*HK$'million*
EQUITY			
Capital and reserves attributable to shareholders of the Company			
Share capital		243	242
Reserves		32,541	29,069
Proposed dividend		779	969
		33,563	30,280
Minority interest		2,056	2,434
Total equity		35,619	32,714
LIABILITIES			
Non-current liabilities			
Other financial liabilities		9,298	10,246
Deferred tax liabilities		736	631
		10,034	10,877
Current liabilities			
Creditors and accruals	13	1,593	2,355
Loans from the ultimate holding company		2,566	2,649
Loans from an intermediate holding company		738	—
Other financial liabilities		1,857	1,237
Taxation payable		61	19
		6,815	6,260
Liabilities of disposal group classified as held for sale	8	—	642
		6,815	6,902
Total liabilities		16,849	17,779
Total equity and liabilities		52,468	50,493
Net current liabilities		(130)	(1,687)
Total assets less current liabilities		45,653	43,591

NOTES:

1 **Basis of preparation**

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets, financial assets and financial liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

In 2009, the Group adopted the following new Standards and amendments to Standards issued by the Hong Kong Institute of Certified Public Accountants, which became effective for accounting periods beginning on or after 1 January 2009.

- HKAS 1 (Revised) "Presentation of financial statements". The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

- HKAS 23 (Revised) "Borrowing costs". It requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The amendment has no significant impact on the Group's accounting policies as the Group's existing accounting policy on borrowing costs comply with the amended requirements.

- HKFRS 2 (Amendment) "Share based payment" — Vesting conditions and cancellation. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. As such these features would need to be included in the grant date fair value for transactions with employees and others providing similar services, that is, these features would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The adoption of the revised standard does not have any significant impact on the Group's financial statements.

- HKFRS 7 (Amendment) "Financial Instruments — Disclosures". The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

- HKFRS 8 "Operating segments". HKFRS 8 replaces HKAS 14, "Segment reporting". The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in an increase in the number of reportable segments presented. In addition, the segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision-maker. Goodwill is allocated by management to groups of cash-generating units on a segment level. The adoption of HKFRS 8 has not resulted in any changes in allocation of goodwill or additional goodwill impairment. There are no further impacts on the measurement of the Group's assets and liabilities. Comparatives for 2008 have been restated.

Amendment to Standard that is not effective in 2009 but has been early adopted by the Group.

- HKAS 24 (Revised) "Related party disclosures" (effective from 1 January 2011). The amendment introduces an exemption from all of the disclosure requirements of HKAS 24 for transactions among government-related entities and the government. Those disclosures are replaced with a requirement to disclose: (i) the name of the government and the nature of their relationship; (ii) the nature and amount of any individually-significant transactions; and (iii) the extent of any collectively-significant transactions qualitatively or quantitatively. It also clarifies and simplifies the definition of a related party. The Group has early adopted the exemption for disclosures of transactions among government-related entities and the government retrospectively in 2009.

The other new Standards and interpretations to existing Standards effective in 2009 do not have significant impact to the Group.

2 Revenue

The principal activities of the Group comprise ports operations and ports-related operations. Revenue consists of turnover recognised under the following business activities during the year:

	2009 *HK$'million*	**2008** *HK$'million*
Continuing operations		
Ports service and transportation income, container service and container yard management income	3,556	4,103
Gross rental income from investment properties	32	32
	3,588	4,135
Discontinued operation		
Sale of paints and related goods	—	2,696
Total	3,588	6,831

3 Segment information

The Chief Operation Decision-Maker ("CODM") has been identified as the key management team of the Company. CODM reviews the Group's internal reports in order to assess performance, allocate resources and determine the operating segments.

The CODM considers the Group's operations from both a business and geographic perspective. From a business perspective, management assesses the performance of business operations including ports operations, ports-related operations and other operations. Ports operations are further evaluated on a geographic basis including Shenzhen, Hong Kong, Ningbo and Shanghai, and other locations.

Ports operations include container terminal operation, bulk and general cargo terminal operation, logistics park operation, ports transportation and airport cargo handling operated by the Group and the Group's associates and jointly controlled entities. Ports-related operations include paint manufacturing operated by the Group, which was disposed during the year, and container manufacturing operated by the Group's associate. Other operations include property investment and corporate function.

There are no material sales or other transactions between the segments.

The Group is domiciled in Mainland China. Over 90% of its non-current assets are located in Mainland China and over 90% of its revenue are derived from ports operations in Mainland China. There is no single customer who accounted over 10% of the Group's total revenue.

The amounts labelled as "Company and subsidiaries" below represent the Group's revenue. The amounts labelled as "Share of associates" and "Share of jointly controlled entities" below represent the Group's share of revenue of associates and jointly controlled entities respectively. An analysis of the Group's revenue by segments is as follows:

	For the year ended 31 December 2009							
	Ports operations					Ports-related operations	Other operations	Total
	Shenzhen	**Hong Kong**	**Ningbo and Shanghai**	**Other locations**	**Sub-total**		**Property investment**	
	HK$'million	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*
Revenue								
Continuing operations								
Company and subsidiaries	3,095	175	—	286	3,556	—	32	3,588
Share of associates	2,344	892	3,801	3	7,040	5,751	—	12,791
Share of jointly controlled entities	31	10	192	674	907	—	—	907
	5,470	1,077	3,993	963	11,503	5,751	32	17,286
Discontinued operation								
Company and subsidiaries	—	—	—	—	—	—	—	—
Total	5,470	1,077	3,993	963	11,503	5,751	32	17,286

	For the year ended 31 December 2008							
	Ports operations					Ports-related operations	Other operations	Total
	Shenzhen	**Hong Kong**	**Ningbo and Shanghai**	**Other locations**	**Sub-total**		**Property investment**	
	HK$'million	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*
Revenue								
Continuing operations								
Company and subsidiaries	3,554	185	—	364	4,103	—	32	4,135
Share of associates	2,711	1,061	3,937	—	7,709	12,712	—	20,421
Share of jointly controlled entities	30	16	173	696	915	—	—	915
	6,295	1,262	4,110	1,060	12,727	12,712	32	25,471
Discontinued operation								
Company and subsidiaries	—	—	—	—	—	2,696	—	2,696
Total	6,295	1,262	4,110	1,060	12,727	15,408	32	28,167

An analysis of the Group's operating profit, share of profits less losses of associates and jointly controlled entities by segments is as follows:

	For the year ended 31 December 2009									
	Ports operations					Ports-related operations	Other operations			Total
	Shenzhen	Hong Kong	Ningbo and Shanghai	Other locations	Sub-total		Property investment	Corporate function	Sub-total	
	HK$'million	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*
Continuing operations										
Operating profit/(loss)	1,472	8	88	(105)	1,463	(5)	200	(117)	83	1,541
Share of profits less losses of										
- Associates	530	360	1,076	(8)	1,958	268	—	—	—	2,226
- Jointly controlled entities	5	—	40	83	128	—	—	—	—	128
	2,007	368	1,204	(30)	3,549	263	200	(117)	83	3,895
Finance costs - net	(92)	—	—	(87)	(179)	—	—	(473)	(473)	(652)
Taxation	(166)	—	(62)	(6)	(234)	(30)	(14)	—	(14)	(278)
Profit for the year from continuing operations	1,749	368	1,142	(123)	3,136	233	186	(590)	(404)	2,965
Minority interest	(227)	—	—	8	(219)	—	—	—	—	(219)
Profit attributable to shareholders of the Company	1,522	368	1,142	(115)	2,917	233	186	(590)	(404)	2,746
Discontinued operation										
Gain on disposal of discontinued operation	—	—	—	—	—	492	—	—	—	492
Minority interest										219
Profit attributable to shareholders of the Company										3,238
Profit for the year										3,457
Other information:										
Depreciation and amortisation										
Continuing operations	590	8	—	232	830	—	—	7	7	837
Capital expenditure										
Continuing operations	730	3	—	273	1,006	—	—	—	—	1,006

An analysis of the Group's operating profit, share of profits less losses of associates and jointly controlled entities by segments is as follows: (Continued)

	For the year ended 31 December 2008										
	Ports operations					Ports-related operations	Other operations				Total
	Shenzhen	Hong Kong	Ningbo and Shanghai	Other locations	Sub-total		Property investment	Toll road	Corporate function	Sub-total	
	HK$'million	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*
Continuing operations											
Operating profit/(loss)	1,669	(5)	(3)	(40)	1,621	—	123	280	(89)	314	1,935
Share of profits less losses of											
- Associates	444	369	1,377	(4)	2,186	379	—	—	—	—	2,565
- Jointly controlled entities	7	1	32	58	98	—	—	—	—	—	98
	2,120	365	1,406	14	3,905	379	123	280	(89)	314	4,598
Finance costs - net	(160)	—	—	(61)	(221)	—	—	—	(363)	(363)	(584)
Taxation	(143)	—	(63)	(5)	(211)	—	(8)	—	(1)	(9)	(220)
Profit for the year from continuing operations	1,817	365	1,343	(52)	3,473	379	115	280	(453)	(58)	3,794
Minority interest	(252)	—	—	16	(236)	—	—	—	—	—	(236)
Profit attributable to shareholders of the Company	1,565	365	1,343	(36)	3,237	379	115	280	(453)	(58)	3,558
Discontinued operation											
Operating profit	—	—	—	—	—	305	—	—	—	—	305
Finance costs - net	—	—	—	—	—	(4)	—	—	—	—	(4)
Taxation	—	—	—	—	—	(69)	—	—	—	—	(69)
Profit for the year from discontinued operation	—	—	—	—	—	232	—	—	—	—	232
Minority interest	—	—	—	—	—	(84)	—	—	—	—	(84)
Profit attributable to shareholders of the Company	—	—	—	—	—	148	—	—	—	—	148
Minority interest											320
Profit attributable to shareholders of the Company											3,706
Profit for the year											4,026

An analysis of the Group's operating profit, share of profits less losses of associates and jointly controlled entities by segments is as follows: (Continued)

	For the year ended 31 December 2008										
	Ports operations					Ports-related operations	Other operations				Total
	Shenzhen	Hong Kong	Ningbo and Shanghai	Other locations	Sub-total		Property investment	Toll road	Corporate function	Sub-total	
	HK$'million	HK$'million	HK$'million	HK$'million	HK$'million	HK$'million	HK$'million	HK$'million	HK$'million	HK$'million	HK$'million
Other information:											
Depreciation and amortisation											
Continuing operations	560	7	—	183	750	—	—	—	8	8	758
Discontinued operation	—	—	—	—	—	14	—	—	—	—	14
	560	7	—	183	750	14	—	—	8	8	772
Capital expenditure											
Continuing operations	1,386	11	—	817	2,214	—	—	—	—	—	2,214
Discontinued operation	—	—	—	—	—	18	—	—	—	—	18
	1,386	11	—	817	2,214	18	—	—	—	—	2,232

An analysis of the Group's assets and liabilities by segments is as follows:

	As at 31 December 2009									
	Ports operations					Ports-related operations	Other operations			Total
	Shenzhen	Hong Kong	Ningbo and Shanghai	Other locations	Sub-total		Property investment	Corporate function	Sub-total	
	HK$'million	HK$'million	HK$'million	HK$'million	HK$'million	HK$'million	HK$'million	HK$'million	HK$'million	HK$'million
Segment assets (excluding interests in associates and jointly controlled entities)	19,336	89	1,924	3,524	24,873	—	927	2,552	3,479	28,352
Interests in associates	2,117	2,145	10,061	104	14,427	4,360	—	—	—	18,787
Interests in jointly controlled entities	22	3	675	2,042	2,742	—	—	—	—	2,742
Total segment assets	21,475	2,237	12,660	5,670	42,042	4,360	927	2,552	3,479	49,881
Non-current assets held for sale	—	—	—	2,553	2,553	—	—	—	—	2,553
	21,475	2,237	12,660	8,223	44,595	4,360	927	2,552	3,479	52,434
Deferred tax assets										34
Total assets										52,468
Segment liabilities	(4,290)	(41)	—	(2,485)	(6,816)	—	(5)	(9,231)	(9,236)	(16,052)
Taxation payable										(61)
Deferred tax liabilities										(736)
Total liabilities										(16,849)

An analysis of the Group's assets and liabilities by segments is as follows: (Continued)

	As at 31 December 2008									
	Ports operations					**Ports-related operations**	**Other operations**			**Total**
	Shenzhen	**Hong Kong**	**Ningbo and Shanghai**	**Other locations**	**Sub-total**		**Property investment**	**Corporate function**	**Sub-total**	
	HK$'million	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*
Segment assets (excluding interests in associates and jointly controlled entities)	18,569	77	1,267	5,925	25,838	—	751	2,155	2,906	28,744
Interests in associates	1,858	1,871	9,425	112	13,266	4,126	—	—	—	17,392
Interests in jointly controlled entities	25	5	652	1,964	2,646	—	—	—	—	2,646
Total segment assets	20,452	1,953	11,344	8,001	41,750	4,126	751	2,155	2,906	48,782
Disposal group classified as held for sale	—	—	—	—	—	1,684	—	—	—	1,684
	20,452	1,953	11,344	8,001	41,750	5,810	751	2,155	2,906	50,466
Deferred tax assets										27
Total assets										50,493
Segment liabilities	(4,370)	(33)	—	(2,297)	(6,700)	—	(5)	(9,782)	(9,787)	(16,487)
Disposal group classified as held for sale	—	—	—	—	—	(642)	—	—	—	(642)
	(4,370)	(33)	—	(2,297)	(6,700)	(642)	(5)	(9,782)	(9,787)	(17,129)
Taxation payable										(19)
Deferred tax liabilities										(631)
Total liabilities										(17,779)

4 **Other gains, net and other income**

	Continuing operations		Discontinued operation		Total	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**
	HK$'million	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*
Other gains, net						
Increase in fair value of investment properties	175	68	—	—	175	68
Gain/(loss) on disposal of land use rights, property, plant and equipment	22	—	—	(1)	22	(1)
Gain on disposal of an available-for-sale financial asset	—	11	—	—	—	11
Realisation of investment revaluation reserve upon disposal of an available-for-sale financial asset	—	269	—	—	—	269
Gain on disposal of a subsidiary	—	33	—	—	—	33
Gain on deemed disposal of partial interest in a jointly controlled entity	—	15	—	—	—	15
Net foreign exchange (losses)/gains	(7)	101	—	(21)	(7)	80
	190	497	—	(22)	190	475
Other income						
Income from held-to-maturity investments	1	1	—	—	1	1
Dividend income from available-for-sale financial assets	143	21	—	—	143	21
Government subsidy	48	14	—	—	48	14
Others	14	12	—	6	14	18
	206	48	—	6	206	54

5 **Expenses by nature**

	Continuing operations		Discontinued operation		Total	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**
	HK$'million	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*
Changes in finished goods	—	—	—	19	—	19
Cost of raw materials and consumables used	—	—	—	1,964	—	1,964
Staff costs (including Directors' emoluments)	523	547	—	113	523	660
Depreciation of property, plant and equipment	695	627	—	13	695	640
Amortisation of leasehold land and land use rights	142	131	—	1	142	132
Auditor's remuneration	10	13	—	2	10	15
Fuel and utilities	237	304	—	—	237	304
Subcontracting fees	371	429	—	—	371	429
Operating lease rentals in respect of						
- land and buildings	90	112	—	10	90	122
- plant and machinery	31	29	—	—	31	29
Other expenses	344	553	—	253	344	806
Total cost of sales, distribution costs and administrative expenses	2,443	2,745	—	2,375	2,443	5,120

6 Finance income and costs

	Continuing operations		Discontinued operation		Total	
	2009 *HK$'million*	**2008** *HK$'million*	**2009** *HK$'million*	**2008** *HK$'million*	**2009** *HK$'million*	**2008** *HK$'million*
Interest income from:						
Bank deposits	16	42	—	2	16	44
Available-for-sale financial assets	—	1	—	—	—	1
Finance income	16	43	—	2	16	45
Interest expense on:						
Bank borrowings						
- wholly repayable within five years	(84)	(213)	—	(6)	(84)	(219)
- not wholly repayable within five years	(5)	—	—	—	(5)	—
Listed notes payable						
- wholly repayable within five years	(145)	(79)	—	—	(145)	(79)
- not wholly repayable within five years	(322)	(273)	—	—	(322)	(273)
Loans from the ultimate holding company	(110)	(75)	—	—	(110)	(75)
Loans from an intermediate holding company	(37)	—	—	—	(37)	—
Other financial liabilities	—	(36)	—	—	—	(36)
Total borrowing costs incurred	(703)	(676)	—	(6)	(703)	(682)
Less: amount capitalised in assets under construction (Note)	35	49	—	—	35	49
Finance cost	(668)	(627)	—	(6)	(668)	(633)
Finance costs - net	(652)	(584)	—	(4)	(652)	(588)

Note: Capitalisation rate of 4.526% (2008: 4.698%) per annum was used, representing the weighted average rate of the costs of borrowings used to finance the assets under construction.

7 **Taxation**

Hong Kong profits tax has been provided for at the rate of 16.5% (2008: 16.5%) on the estimated assessable profit for the year.

The Group's operations in Mainland China are subject to the PRC corporate income tax law of the People's Republic of China ("PRC corporate income tax"). The standard PRC corporate income tax rate is 25%. For foreign invested enterprises established in the PRC before 1 January 2008 previously taxed at preferential rate of 15%, PRC corporate income tax rate is 18%, 20%, 22% and 24% in 2008, 2009, 2010 and 2011 respectively whereas 25% standard rate will be applied from year 2012 onwards. Certain of the Group's subsidiaries were exempted from the PRC corporate income tax in the first five profit making years and followed by a 50% reduction in the PRC corporate income tax for the next five years thereafter, commencing from the earlier of the first profitable year after offsetting all unexpired tax losses carried forward from previous years or 1 January 2008. 10% withholding income tax is also imposed on dividends relating to any profits earned commencing from 2008 to foreign investors, while for investments incorporated in certain places, including Hong Kong and Singapore, preferential rate of 5% will be applied.

Taxation outside Hong Kong and Mainland China has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

The amount of taxation charged to the consolidated income statement represents:

	Continuing operations		**Discontinued operation**		**Total**	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**
	HK$'million	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*
Hong Kong profits tax						
Current year	1	—	—	2	1	2
Under provision in prior years	—	—	—	1	—	1
PRC corporate income tax						
Current year	96	70	—	68	96	138
Deferred taxation						
Charge for the year	181	150	—	5	181	155
Effect of change in tax rate	—	—	—	(7)	—	(7)
	278	220	—	69	278	289

8 **Discontinued operation and disposal group classified as held for sale**

(a) ***Discontinued operation***

On 5 January 2009, the Group disposed of its entire 64% equity interest in Hempel-Hai Hong, a subsidiary of the Group, to the minority shareholder of Hempel-Hai Hong for a cash consideration of HK$1,146 million. A gain on disposal of HK$492 million was resulted and has been recognised in the consolidated income statement during the year.

The aggregate results and cash flows of the discontinued operation of Hempel-Hai Hong included in the consolidated income statement and the consolidated statement of cash flows for the year ended 31 December 2009 and 2008 are set out below.

	2009 *HK$'million*	**2008** *HK$'million*
Revenue	—	2,696
Cost of sales	—	(1,983)
Gross profit	—	713
Other losses, net	—	(22)
Other income	—	6
Distribution costs	—	(345)
Administrative expenses	—	(47)
Operating profit	—	305
Finance income	—	2
Finance costs	—	(6)
Finance costs - net	—	(4)
Profit before taxation	—	301
Taxation	—	(69)
Profit after taxation	—	232
Gain on disposal of discontinued operation	492	—
Profit for the year from discontinued operation	492	232
Attributable to:		
Shareholders of the Company	492	148
Minority interest	—	84
	492	232
Net cash inflow from operating activities	—	380
Net cash outflow from investing activities	—	(16)
Net cash outflow from financing activities	—	(169)
Net cash inflow from discontinued operation	—	195

(b) ***Disposal group classified as held for sale***

	2009 *HK$'million*	2008 *HK$'million*
Assets of disposal group classified as held for sale		
Land use rights	—	34
Property, plant and equipment	—	95
Deferred income tax assets	—	13
Inventories	—	264
Trade and other receivables	—	878
Cash and cash equivalents	—	365
Other current assets	—	35
	—	1,684
Liabilities of disposal group classified as held for sale		
Creditors and accruals	—	528
Other financial liabilities	—	75
Amount due to a fellow subsidiary	—	3
Taxation payable	—	27
Other current liabilities	—	9
	—	642
Reserves recognised directly in equity relating to disposal group classified as held for sale		
Capital reserve	—	52
Translation reserve	—	19
	—	71

9 **Earnings per share**

Basic earnings per share is calculated by dividing the Group's profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

Basic	**Continuing operations**	**Discontinued operation**	**Total**
For the year ended 31 December 2009			
Profit attributable to shareholders of the Company (HK$'million)	2,746	492	3,238
Weighted average number of ordinary shares in issue	2,432,403,443	2,432,403,443	2,432,403,443
Basic earnings per share (HK cents)	112.94	20.24	133.18
For the year ended 31 December 2008			
Profit attributable to shareholders of the Company (HK$'million)	3,558	148	3,706
Weighted average number of ordinary shares in issue	2,422,620,642	2,422,620,642	2,422,620,642
Basic earnings per share (HK cents)	146.84	6.13	152.97

Diluted earnings per share is calculated by adjusting weighted average number of ordinary shares outstanding to assume conversion of all outstanding share options. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares of that would have been issued assuming the exercise of the share options.

Diluted	**Continuing operations**	**Discontinued operation**	**Total**
For the year ended 31 December 2009			
Profit attributable to shareholders of the Company (HK$'million)	2,746	492	3,238
Weighted average number of ordinary shares in issue	2,432,403,443	2,432,403,443	2,432,403,443
Adjustment for share options	1,501,760	1,501,760	1,501,760
Weighted average number of ordinary shares for diluted earnings per share	2,433,905,203	2,433,905,203	2,433,905,203
Diluted earnings per share (HK cents)	112.87	20.23	133.10
For the year ended 31 December 2008			
Profit attributable to shareholders of the Company (HK$'million)	3,558	148	3,706
Weighted average number of ordinary shares in issue	2,422,620,642	2,422,620,642	2,422,620,642
Adjustment for share options	8,703,306	8,703,306	8,703,306
Weighted average number of ordinary shares for diluted earnings per share	2,431,323,948	2,431,323,948	2,431,323,948
Diluted earnings per share (HK cents)	146.32	6.11	152.43

10 **Dividends**

	2009	2008
	HK$'million	*HK$'million*
Interim, paid, of 25 HK cents (2008: 28 HK cents) per share	607	675
Final, proposed, of 32 HK cents (2008: 40 HK cents) per share	779	969
	1,386	1,644

At a meeting held on 31 March 2010, the Directors proposed a final dividend of 32 HK cents which will be satisfied by allotment of new shares of the Company, credited as fully paid, by way of scrip dividend, with an alternative to shareholders to elect to receive such final dividend (or part thereof) in cash in lieu of such allotment. This proposed dividend is not reflected as a dividend payable in these financial statements.

The amount of proposed final dividend for 2009 was based on 2,433,199,023 (2008: 2,423,435,842) shares in issue as at 31 March 2010.

11 **Debtors, deposits and prepayments**

Debtors, deposits and prepayments balance includes trade debtors of HK$556 million (2008: HK$433 million).

The Group has a credit policy of allowing an average credit period of 90 days to its trade customers. The ageing analysis of trade debtors is as follows:

	2009	2008
	HK$'million	*HK$'million*
Not yet due	165	142
1 - 30 days	195	163
31 - 60 days	99	69
61 - 120 days	60	47
Over 120 days	37	12
	556	433

12 **Non-current assets held for sale**

On 18 December 2009, the Group entered into a Joint Venture Agreement (the "JV Agreement") with QQCTN to establish a joint venture, QQCTU. Each of the Group and QQCTN owns 50% equity interest in QQCTU. The principal activities of QQCTU are construction, operation and management of container terminals on the southern bank of Qianwan Harbour District of Qingdao Port and provision of port-related services.

Pursuant to the JV Agreement, the Group and QQCTN shall respectively inject or sell certain of and all of their assets, including berths, storage yards and ancillary facilities and machinery to QQCTU. As at 31 December 2009, the aggregate carrying value of the assets to be injected or sold by the Group to QQCTU is HK$2,553 million (comprising land use rights of HK$233 million and property, plant and equipment of HK$2,320 million) and the amount has been presented as non-current assets held for sale in the consolidated financial statements as at 31 December 2009.

13 **Creditors and accruals**

Creditors and accruals balance includes trade creditors of HK$86 million (2008: HK$70 million). The ageing analysis of trade creditors is as follows:

	2009 *HK$'million*	**2008** *HK$'million*
0 - 30 days	49	54
31 - 60 days	9	6
61 - 120 days	8	4
Over 120 days	20	6
	86	70

PROPOSED FINAL DIVIDEND AND SCRIP DIVIDEND SCHEME

The Directors have recommended the payment of a final scrip dividend for the year ended 31 December 2009 of 32 HK cents per share (2008: 40 HK cents), payable on or around 16 July 2010 to the shareholders whose names appear on the Register of Members of the Company as at the date of the 2010 Annual General Meeting, with an alternative to the shareholders to elect to receive such final dividend (or part thereof) in cash in lieu of such allotment (the "Scrip Dividend Scheme").

Subject to the approval by shareholders in the 2010 Annual General Meeting, a circular containing details of the Scrip Dividend Scheme together with the relevant election form will be sent to shareholders on or around 7 June 2010. The Scrip Dividend Scheme is conditional upon the granting by the Listing Committee of the Stock Exchange of the listing of and permission to deal in the new shares to be issued pursuant thereto. It is expected that the final dividend warrants and certificates for the new shares will be dispatched to shareholders on or around 16 July 2010.

CLOSURE OF REGISTER

The Register of Members will be closed from 19 May 2010 to 25 May 2010 (both days inclusive), during which no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfers and the relevant share certificates must be lodged with the Company's Registrar, Computershare Hong Kong Investor Services Limited, at Rooms 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 18 May 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

That the United States, European Union and Japan, the world's top three economies, went into recession as a combined result of the global financial crisis, weakened economy and fragile consumer confidence have caused overseas demand to shrink, which in turn cast a material adverse impact on China's import and export. China's total foreign trade decreased consecutively for 12 months between November 2008 and October 2009. According to statistics released by the General Administration of Customs of the PRC, both China's import and export trades recorded decreases in the year 2009, and its total foreign trade fell by 13.9%. Foreign trade volume between China and its four major trading partners, namely European Union, the United States, Japan and ASEAN, dropped 14.5%, 10.6%, 14.2% and 7.9% respectively. China's processing trade in 2009 fell 13.7% when compared to that of 2008.

Dampened by weaker global trading activities, China's container throughput fell in 2009. According to publicly available information, the aggregate throughput volume of coastal ports of sizeable scale in China in 2009 amounted to approximately 121 million TEUs, down 5.8% from that of the previous year. In the year under review, the Group's ports operations were affected accordingly, recording a container throughput handled of 43.87 million TEUs, a decline of 13.1% year-on-year. The Group's bulk cargo handling operations have benefited from China's increasing demand for bulk cargo import and recorded a throughput of 232 million tonnes, an increase of 10.0% year-on-year.

In response to the impact of the economic downturn, the Group adopted as its priority tasks for the year the expanding of customer base and cost control, and achieved encouraging results. However, the setback in China's foreign trade brought about by the economic crisis has turned out to be more severe than expected, and the resultant decline in container throughput handled together with a lowering in investment returns have led to an overall fall in the Group's profit for 2009.

For the year ended 31 December 2009, the profit attributable to the shareholders of the Company amounted to HK$3,238 million, representing a decrease of 12.6% year-on-year. Of this amount, recurring profit was HK$2,589 million, a decrease of 21.8%. The Group's core segment of ports operations recorded an EBITDA of HK$5,857 million, representing a decrease of 7.4% year-on-year. The share of EBITDA from this segment relative to the Group's total in 2009 rose to 87.6%, up from 84.2% of last year.

In 2009, revenue of the Group amounted to HK$3,588 million, representing a decrease of 47.5% year-on-year. Of this amount, HK$3,556 million was contributed by the Group's core ports operations, which representing a decrease of 13.3% year-on-year.

Ports operations

In 2009, EBIT derived from the Group's ports operations amounted to HK$4,072 million, representing a decrease of 13.0% year-on-year. The share of EBIT from this segment relative to the Group's total rose to 87.2%, up from 82.6% of last year.

The port projects in which the Group is interested handled a total container throughput volume of approximately 43.87 million TEUs, a decrease of 13.1% year-on-year. Of this volume, those handled by the Group's ports in Mainland China were approximately 38.10 million TEUs, a decrease of 12.6% year-on-year. Western Shenzhen Port Zone handled 9.43 million TEUs, a decrease of 18.6%. SIPG recorded a container throughput of 25 million TEUs, a decrease of 10.8%. Ningbo Daxie Port recorded a throughput of 1.19 million TEUs, an increase of 9.3%. Tianjin Five

Continents handled 1.94 million TEUs, an increase of 0.1%. Zhangzhou Port recorded a throughput of 0.31 million TEUs, a decrease of 13.0%. Qingdao Port recorded a throughput of 19,000 TEUs. Zhanjiang Port Group handled 0.21 million TEUs, a decrease of 14.4%. The Group's port projects in Hong Kong recorded a total throughput of 5.77 million TEUs, a decrease of 16.4%.

Container throughput of the Group's port operations (by location)

	2009 (000'TEU)	**2008 (000'TEU)**	**y-o-y change**
Western Shenzhen	9,427	11,582	-18.6%
Hong Kong	5,768	6,898	-16.4%
Yangtze River Delta	26,192	29,103	-10.0%
Bohai Rim	1,960	2,300	-14.8%
Southeastern Coastal	315	362	-13.0%
Southwestern Coastal	206	240	-14.4%

Compared to the rapid growth in 2008, the decline in the throughput handled by the Group's port operations in Western Shenzhen in 2009 was higher than that of the average of Shenzhen's ports. This was mainly due to the significant growth achieved by the Group's ports in Western Shenzhen during 2008, particularly the increase in the scheduled routes for Asia-Europe, which resulted in a growth rate for Western Shenzhen's ports of almost 4 percentage point higher than Shenzhen's average. In the 4th quarter of 2008, however, The sharp shrinkage in container throughput handled by the Group's ports in Western Shenzhen in the last quarter of 2008 due to rapid weakening of economies in Europe and Asia following upon the spreading of the global economic crisis to these areas had not only caused the growth in container throughput in 2008 to substantially narrow but also continued into 2009 such that the Group's port operations in Western Shenzhen suffer more than that of the entire Shenzhen. In 2009, the market share of the Group's port projects in Shenzhen decreased from 54.1% in 2008 to approximately 51.7%, a level similar to that of 2007.

Driven by the growth in the volume of bulk cargoes handled such as iron ores, crude oil and soybeans, the Group's bulk cargo handling operations recorded a throughput of 232 million tonnes in 2009, an increase of 10.0% year-on-year. Of these, the throughput of Western Shenzhen Port Zone was 37.48 million tonnes, an increase of 12.9%; the throughput of Zhangzhou Port was 7.17 million tonnes, an increase of 23.0%; the throughput of Zhanjiang Port Group was 61.31 million tonnes, an increase of 9.4%; Qingdao Port and SIPG also recorded varying growth with their throughput reaching 0.94 million tonnes and 125 million tonnes respectively.

To cope with changes in market conditions, the Group continued to put great effort into broadening its customer base in 2009. On this front, in addition to improving service efficiency and retaining shipping company customers, the Group has focused on further widening inter-modal networks like South China shuttle barge services and the sea-rail connectivity. Leveraging on the geographical advantage of Western Shenzhen Port Zone's proximity, the Group has, in an on-going effort to expand the Group's reach-out in the Pearl River waterway, managed to enlarge the coverage of South China shuttle barge services from 32 river trade terminals across 14 cities in 2008 to 46 river trade terminals across 17 cities in 2009. Other than the launch of Hunan Changsha route in 2008, container train routes from Western Shenzhen respectively to Liling and Zhuzhou in Hunan, Nanchang in Jiangxi, Shaoguan in Guangdong and Kunming in Yunnan were also launched during 2009, thus further extending Western Shenzhen's reach-out through improved sea-to-rail inter-modal connectivity. Such waterway and sea-rail connectivity has collectively greatly enhanced the capability of the Group's port operations in Shenzhen in penetrating Pan Pearl River and inland areas. Even though the throughput volume derived from the South China shuttle barge service has in 2009 failed to produce the same growth rate as that produced by all the sea-rail routes combined, due to the negative impact caused by macro-economic factors common to most coastal terminals in China, the Group is confident that the South China shuttle barge network will generate synergistic benefit to the Group in tandem with the recovery of the port industry.

Cost control was another priority task for the Group in 2009. During the year, the four key areas on which Group focused in containing cost entailed operating cost, capital cost, tax expenses and administrative expenses. Through resource integration and technological improvements, the Group has sought to optimise its operating cost structure and applied more stringent control over its Capex spending, whilst slowed down its investment in certain projects in response to changes in market environment. These measures collectively resulted in the Group's cash cost and fees for the year having declined more than the fall in its revenue, which has helped to decelerate the fall of its operating profit.

At the same time as cost control measures were implemented, the Group has also intensified its endeavour in establishing and complying with HSE standards (Health, Safety and Environment) in conforming to the trend towards future port development. In 2009, the Group's efforts in environment management and supply chain safety management were recognized by international certification organizations. The Group considers the establishing of green ports, in preparation for future challenges, as a key component to enhance its competitiveness, and has implemented a series of measures for improvement in this respect. The Group believes that the results of HSE accomplishment achieved in 2009 will be a driving force for the sustainable development of the Group's port operations.

Shenzhen Qianhaiwan Bonded Port Zone and Qingdao Qianwan Bonded Port Zone commenced operation in 2009. Equipped with policies granted to bonded port zones, the Group's logistics operations within these port zones are expected to further facilitate the capabilities of the foreign trade container operations at respectively Qingdao Container Terminal and the Western Shenzhen Port Zone.

The Group's unit in Shekou engaging in cold storage activities, CM Cold Chain, began during the year to actively offer integrated cold storage services for frozen produce from North America , in its endeavour to establish Shekou as an international cold link hub at Western Shenzhen. Strategic co-operation relationships have been entered into with a number of international shipping companies. Capitalising on the policies granted to Shenzhen Qianhaiwan Bonded Port Zone, the Group intends to develop a nation-wide logistics service for frozen produce. The Group views the provision of this service not only as an extension of, and supplemental to, the specialized services currently provided at the Bonded Port Zone, but also as complementary to the Group's efforts to developing itself into providing a comprehensive range of logistics services.

The Group entered into cooperation with Qingdao Port Group through joint venture with QQCTN in late 2009. Not only has this joint venture realised the "strong-strong" alliance between the Group and the Qingdao Port Group and the latter's equity partners, it has also marked a new phase for the Group's port operations in the Bohai-Rim region. In 2009, the Group also concluded certain negotiations relating to terminal investment projects in Vietnam and Sri Lanka, thus laying a firm ground for the eventual formalisation of co-operation relationship between the Group and the respective parties in these two countries.

Ports-related operations

In 2009, the contribution of the ports-related operations to the Group's EBIT amounted to HK$398 million, a decrease of 32.0% year-on-year.

The financial crisis has caused the shipping industry to suffer losses. According to estimations made by the International Monetary Fund ("IMF"), global trade volume fell by approximately 12.0% in 2009, the first such decline in the past 17 years. In the face of reduced cargo flows, all shipping companies had reduced their transportation capacity as a means to cut costs and hence to minimise losses, which led to the significant drop in demand for newly-built container boxes. As a result, CIMC Group basically suspended its dry box business during the year, with an annual dry box sale of 60,400 TEUs, refrigerated box sale of 30,400 units and special box sale of 43,200 units respectively, representing a year-on-year drop of 95.1%, 56.0% and 66.5% respectively. Weakened European and American markets have also caused the sales of the CIMC Group's special road vehicles to fall by 7.6% to 97,400 units as compared with last year.

In 2009, the transfer by the Group of its equity interests in Hempel-Hai Hong was completed. This transfer marked the final step in the Group's asset-streamlining efforts to dispose of its paint assets as part of its established goal to focus on ports operations.

Liquidity and treasury policies

As at 31 December 2009, the Group had approximately HK$3,206 million in cash, 57.8% of which was denominated in Hong Kong dollars, 11.6% in United States dollars, 29.8% in Renminbi and 0.8% in other currencies.

The Group mainly derived its funding sources from both its operating activities related to ports and ports-related businesses, and investment returns from associates and jointly controlled entities. Together these two sources contributed more than HK$2,759 million in total.

During the year, the Group's capital expenditure amounted to HK$1,006 million while the Group continued to adhere to a prudent financial policy and had maintained a sound financial position by holding appropriate level of cash to meet its operating requirements. In addition, as a significant portion of the its bank loans were medium- to long-term borrowings, together with adequate undrawn bilateral facilities, the Group does not anticipate any difficulty in refinancing its short-term loans, the pressure for repaying the short-term loans is limited.

Share capital and financial resources

As at 31 December 2009, the Company had 2,432,749,023 shares in issue. During the year, the Company issued 551,000 new shares upon the exercise of share options and received HK$11 million as a result. Other than the above-mentioned newly issued shares, the Company issued 8,762,181 shares under the Company's scrip dividend scheme.

As at 31 December 2009, the Group's net gearing ratio (net interest-bearing debts divided by net assets attributable to the Company's shareholders) was approximately 33.3%.

Considering the currency mix of its assets and liabilities and that significant depreciation of Renminbi is not expected, the Group had not entered into any specific hedging arrangements for its foreign currency investments during the year.

As at 31 December 2009, the Group's outstanding interest-bearing debts were analyzed as below:

	2009 *HK$'million*	**2008** *HK$'million*
Floating-rate bank borrowings which are repayable (note):		
Within 1 year	1,795	1,175
Between 1 and 2 years	394	896
Between 2 and 5 years	1,123	1,582
Not wholly repayable within 5 years	79	79
	3,391	3,732
Fixed-rate listed notes payables are repayable:		
In 2013	2,312	2,307
In 2015	3,862	3,857
In 2018	1,528	1,525
	7,702	7,689
Loans from the ultimate holding company	2,566	2,649
Loans from an intermediate holding company	738	—

Note: All bank borrowings are unsecured except for HK$7 million (2008: Nil).

The interest bearing debts are denominated in the following currencies:

	2009					**2008**			
	Bank borrowings *HK$' million*	**Listed notes payable** *HK$' million*	**Loans from an intermediate holding company** *HK$' million*	**Loans from the ultimate holding company** *HK$' million*	**Total** *HK$' million*	**Bank borrowings** *HK$' million*	**Listed notes payable** *HK$' million*	**Loans from the ultimate holding company** *HK$' million*	**Total** *HK$' million*
HKD & USD	2,926	7,702	—	—	10,628	3,081	7,689	—	10,770
RMB	465	—	738	2,566	3,769	651	—	2,649	3,300
	3,391	7,702	738	2,566	14,397	3,732	7,689	2,649	14,070

Assets charge

As at 31 December 2009, the Company did not have any charge over its assets. However, bank loans of HK$7 million borrowed by a subsidiary were secured by its property, plant and equipment with net book value as at 31 December 2009 of HK$47 million.

Employees and remuneration

As at 31 December 2009, the Group employed 4,352 full time staff, of which 58 worked in Hong Kong, and the remaining 4,294 were in the PRC. The remuneration paid for the full year amounted to HK$523 million, representing 21.4% of the total operating expenses of the Group. The remuneration policy of the Group is reviewed every year and appropriate adjustments are made to staff's remuneration with reference to their performance, the conditions of the human resources market and the general economy.

The Group also provides internal training to its staff to enable them to achieve self-improvement and to enhance their job-related skills. Moreover, the Group offers year-end bonus as a reward to its staff for their efforts and contribution. The Group also operates a share option scheme, under which qualified staff may exercise their options at an agreed price. The remuneration of directors has been determined with reference to individual's duties, responsibilities and experience, and to prevailing market conditions.

Future prospects

The World Economy Outlook in January 2010 issued by the IMF in January 2010 projects that, in 2010, global economy is expected to grow by 3.9% and global trade volume, by 5.8%. These figures are higher than those forecast by IMF in October 2009, reflecting a relatively stronger confidence in the world's economic recovery. The Group is also pleased to see China's foreign trade reverse to a growth and upward trend in the last two months in 2009, with month-on-month growth recorded. While it remains premature to judge that the global economy will rapidly rebound in the near term, all signs point to the direction that the global economy is on, or has entered into, the recovery track.

Insofar as China's foreign trade is concerned, it is still subject to the effect of uncertainties in the coming year, such as protectionism surfacing, the speed and extent of economic recovery at different developed countries, the post-crisis consumption attitude and savings-structure, and the appreciation of Renminbi, all of which will affect the performance of China's foreign trade. However, from a practical perspective, the tax refund schemes implemented since 1 June 2009, viewed from the position of supporting Chinese exports, are unlikely to reduce in the short term, whilst Renminbi to remain stable will probably be the main trend going forward. In addition, the China-ASEAN Free Trade Area is expected to provide further boost to China's foreign trade. The Group is of the view that, while recovery of China's foreign trade in 2010 may not proceed smoothly, the Group remains cautiously optimistic about the overall growth trend.

To cope with challenges emerging in the new year, the Group will continue to strengthen its competitiveness through on-going efforts to ensure internal improvements and to expand its port service network via vertical and lateral integration, thereby equipping the Group with a solid platform from which to further develop on a sustainable and healthy basis. In this regard, the Group will further intensify the integration of Western Shenzhen Port Zone, improve resource synergies and utilization efficiency; continue to strengthen cost control while tightening its supervision over external supplier-partners of human resources; execute prudent and reasonable control over investments; enhance its interaction and cooperation with customers in the ports and shipping sectors including local port groups; continue to conduct thorough analysis on the industry and the market so as to timely capture strategic investment opportunities; anchored upon its core ports operations, expand the range of its port value-added services and integrate its comprehensive port logistics services by leveraging on existing resources and/or network such as terminals network, sea-rail inter-modal network and inland container station network; and pursue the development of its overseas projects in a steady way.

Having established itself as the largest port operation enterprise in Mainland China, the Group commands competitive advantage in terms of resource deployment, business development, support and coordination of ancillary networks, operating experience, human resources and financial management, all of which avail the Group with the capability to achieve better results. Although external uncertainties affecting ports operations are expected to still prevail and 2010 will probably be another challenging year, the Group firmly believes that it will achieve satisfying operating results aided by the implementation of policies and measures clearly established.

The Group's goal is to optimise benefits for shareholders. Looking forward, the Group will capitalise on its dominant position in the industry and, through the use of its port resources alongside economic recovery, bring about elevated profitability and return on equity, thus landing the Group at another level of betterment at this post-crisis era.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial report matters including the review of the audited financial statements for the year ended 31 December 2009.

CORPORATE GOVERNANCE

The Board is committed to upholding a high standard of corporate governance practices and business ethics with the firm belief that they are essential for maintaining and promoting investors' confidence and maximising shareholders' returns. The Board reviews its corporate governance practices from time to time in order to meet the rising expectations of stakeholders and comply with increasingly stringent regulatory requirements, and to fulfill its commitment to excellent corporate governance.

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code.

In November 2004, the Stock Exchange promulgated the Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 to the Listing Rules which sets out the corporate governance principles and the code provisions ("Code Provisions") with which the listed issuers are expected to follow and comply. In the opinion of the Directors, save as disclosed below, the Company has complied with the Code Provisions set out in the CG Code contained in Appendix 14 to the Listing Rules throughout the year ended 31 December 2009.

Code Provision A.2.1

Dr. Fu Yuning, the Chairman of the Company, has also been acting as the Managing Director of the Company with effect from 31 May 2005. With effect from 26 March 2010, Mr. Hu Jianhua has been re-designated as Managing Director of the Company in place of Dr. Fu Yining, Dr. Fu remains as Chairman of the Company.

The current practices will be reviewed and updated regularly to reflect as much as possible the latest best practices in corporate governance.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year.

PUBLICATION OF ANNUAL REPORT ON THE WEBSITE OF THE STOCK EXCHANGE

The 2009 annual report will be published on the website of the Stock Exchange in due course. Statutory financial statements for the year ended 31 December 2009, which contain an unqualified auditor's report, will be delivered to the Registrar of Companies, and despatched to shareholders as well as made available on the Company's website at http://www.cmhi.com.hk.

By order of the Board
Dr. Fu Yuning
Chairman

Hong Kong, 31 March 2010

ABBREVIATIONS

"Asia Zone"	Asia Zone Investment Limited
"Board"	the board of Directors
"CIMC Group"	China International Marine Containers (Group) Co., Ltd.
"CM Cold Chain"	China Merchants International Cold Chain (Shenzhen) Company Limited
"Company"	China Merchants Holdings (International) Company Limited
"Directors"	the directors of the Company
"EBIT"	earnings before net interest expenses, taxation, unallocated income less expenses and minority interest ("Adjusted Earnings") for the Company and its subsidiaries, and its share of Adjusted Earnings of associates and jointly controlled entities

"EBITDA"	earnings before net interest expenses, taxation, depreciation and amortisation, unallocated income less expenses and minority interest ("Defined Earnings") for the Company and its subsidiaries, and its share of Defined Earnings of associates and jointly controlled entities
"Group"	the Company and its subsidiaries
"Hempel-Hai Hong"	Hempel-Hai Hong (China) Limited
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Ningbo Daxie Port"	Ningbo Daxie China Merchants International Terminals Co., Ltd
"PRC"	the People's Republic of China
"Qingdao Port"	China Merchants International Container Terminal (Qingdao) Co., Ltd.
"Qingdao Port Group"	Qingdao Port Group Co., Ltd.
"QQCTN"	Qingdao New Qianwan Container Terminal Co., Ltd.
"QQCTU"	Qingdao Qianwan United Container Terminal Co., Ltd.
"SIPG"	Shanghai International Port (Group) Co., Ltd.
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Tianjin Five Continents"	Tianjin Five Continents International Container Terminal Co., Ltd.
"Zhangzhou Port"	Zhangzhou China Merchants Port Co., Ltd
"Zhanjiang Port Group"	Zhanjiang Port (Group) Co., Ltd.

As at the date of this announcement, the Board comprises Dr. Fu Yuning, Mr. Li Yinquan, Mr. Hu Zheng, Mr. Meng Xi, Mr. Su Xingang, Mr. Yu Liming, Mr. Hu Jianhua, Mr. Wang Hong and Mr. Liu Yunshu as executive Directors, Mr. Tsang Kam Lan, Mr. Kut Ying Hay, Mr. Lee Yip Wah Peter, Mr. Li Kwok Heem John and Mr. Li Ka Fai David as independent non-executive Directors.