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(Incorporated in Hong Kong with limited liability under the Companies Ordinance)
(Stock Code: 144)

ANNOUNCEMENT
CONTINUING CONNECTED TRANSACTION
2011 SHIP BERTHING SERVICES AGREEMENT

On 21 December 2010, CMCS, an indirect wholly-owned subsidiary of the Company, entered into the 2011 Ship Berthing Services Agreement with Yiu Lian pursuant to which Yiu Lian will provide barges for bringing ships into and from the Tsing Yi Terminal. The term of the 2011 Ship Berthing Services Agreement is one year, commencing on 1 January 2011, and it is expected that the total ship berthing fee payable by CMCS to Yiu Lian under the 2011 Ship Berthing Services Agreement will not exceed HK\$6,000,000.

CMCS and Yiu Lian have also entered into successive ship berthing agreements in the past including more recently two agreements for the year ended 31 December 2009 and the year ending 31 December 2010. The volume of ship berthing services provided by Yiu Lian in 2009 and 2010 is relatively lower than prior years due to the decline in the number of vessels using the Tsing Yi Terminal since the global financial crisis near the end of 2008. It is however expected that as generally the market has improved and more vessels have been using the Tsing Yi Terminal, the total ship berthing fee payable under the ship berthing services agreement of 2010 may reach HK\$4,000,000 at the end of 2010, which means that the applicable percentage ratio set out in Rule 14.07 of the Listing Rules may exceed 0.1% by a small margin then. Hence, it is determined that the cap for the total ship berthing fee payable for the year ending 31 December 2010 shall not exceed HK\$4,000,000.

Pursuant to the Listing Rules, Yiu Lian is a connected person of the Company as it is an indirect wholly-owned subsidiary of CMG, the ultimate holding company of the Company. Accordingly, the transaction contemplated under the 2011 Ship Berthing Services Agreement constitutes a continuing connected transaction for the Company under the Listing Rules. Since the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the transaction contemplated under the 2011 Ship Berthing Services Agreement and in respect of the increased expected fee payable under the ship berthing services agreement of 2010 exceed 0.1% but are below 5%, the transactions are, pursuant to Rule 14A.34 of the Listing Rules, only subject to the reporting and announcement requirements and are exempt from the independent shareholders' approval requirement.

2011 SHIP BERTHING SERVICES AGREEMENT

Background

Since 2002, the Group has continuously received ship berthing services from Yiu Lian through a number of successive ship berthing services agreements entered into between CMCS and Yiu Lian during the past six years to govern the provision of berthing services by Yiu Lian to CMCS. In view of the expiry of the latest ship berthing services agreement on 31 December 2010, the parties agreed to enter into the 2011 Ship Berthing Services Agreement for a term of one year commencing on 1 January 2011.

Date of the 2011 Ship Berthing Services Agreement:

21 December 2010

Parties of the 2011 Ship Berthing Services Agreement:

CMCS and Yiu Lian

CMCS is an indirect wholly-owned subsidiary of the Company. The principal activities of CMCS is the provision of container terminal services and ports transportation services.

Yiu Lian is an indirect wholly-owned subsidiary of CMG, the ultimate holding company of the Company holding indirectly approximately 55% of the existing issued share capital of the Company. Accordingly, Yiu Lian is a connected person of the Company. The principal business of Yiu Lian is the ownership and operation of dockyards.

Principal terms of the 2011 Ship Berthing Services Agreement:

CMCS entered into the 2011 Ship Berthing Services Agreement with Yiu Lian on 21 December 2010 for a term of one year, commencing on 1 January 2011 and ending on 31 December 2011. Pursuant to the 2011 Ship Berthing Services Agreement, Yiu Lian agreed to provide barges for bringing ships into and from the Tsing Yi Terminal.

The fees to be paid by CMCS for the ship berthing services shall be calculated based on actual service volume (being the number of times each barge has brought ships into or from the Tsing Yi Terminal) and at a rate of HK\$3,000 per barge. The ship berthing fee of HK\$3,000 per barge under the 2011 Ship Berthing Services Agreement is the same as the rate under the previous ship berthing services agreements and is negotiated on an arm's length basis. The ship berthing fee is also determined with reference to the fuel oil market price of approximately HK\$1,740 per usage hour and in the event of an increase in the fuel oil market price, CMCS shall be responsible for payment of any fuel oil charges in excess of HK\$1,740 per usage hour pursuant to the 2011 Ship Berthing Services Agreement. The ship berthing fees are payable by CMCS in cash within 30 days of receipt of invoice.

Annual caps in respect of the ship berthing fees to be paid by CMCS:

The historical caps set for the ship berthing services contemplated under the previous ship berthing services agreements for the years ended 31 December 2006, 2007 and 2008 were as follows:

Year	Fees (HK\$)
2006	4,908,000
2007 (from 1 January 2007 to 31 October 2007)	4,154,000
2007 (from 1 November 2007 to 31 December 2007)	1,152,000
2008	6,912,000

Such historical caps have not been exceeded. Details of the previous ship berthing services agreements entered into in each of the years 2004, 2005, 2006 and 2007 were disclosed in the announcements of the Company dated 10 March 2005, 1 November 2005, 27 November 2006 and 9 November 2007.

CMCS and Yiu Lian have also entered into two successive ship berthing services agreements for each of the year ended 31 December 2009 and the year ending 31 December 2010. The volume of ship berthing services provided by Yiu Lian in 2009 and 2010 is relatively lower than prior years due to the decline in the number of vessels using the Tsing Yi Terminal since the global financial crisis near the end of 2008 and such ship berthing services agreements constitute de minimis continuing connected transactions pursuant to Rule 14A.33(3) of the Listing Rules and were exempted from reporting, announcement and independent shareholders' approval requirements. No annual cap was therefore set for these two ship berthing services agreements.

The applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the ship berthing fee payable by CMCS to Yiu Lian for the period from 1 January 2010 to 21 December 2010 pursuant to the ship berthing services agreement of 2010 are less than 0.1%. It is expected that as generally the market has improved and more vessels have been using the Tsing Yi Terminal, the total ship berthing fee payable under the ship berthing services agreement of 2010 may reach HK\$4,000,000 at the end of 2010, which means that the applicable percentage ratio set out in Rule 14.07 of the Listing Rules may exceed 0.1% by a small margin then. Hence, it is determined that the cap for the total ship berthing fee payable for the year ending 31 December 2010 shall not exceed HK\$4,000,000. Such amount is determined with reference to the historical caps and the known and expected increase in service volume. The Company further expects that the increasing demand for ship berthing services shall continue in 2011.

For the purpose of Rule 14A.35(2) of the Listing Rules, the cap in respect of the fees to be paid by CMCS to Yiu Lian for the ship berthing services under the 2011 Ship Berthing Services Agreement for the year ending 31 December 2011 is HK\$6,000,000. Such amount is determined with reference to the historical caps, the ship berthing fees incurred by CMCS in 2010, an expected increase of approximately 15% in fuel oil market prices in 2011 and the expected increase in volume of ship berthing services to be provided by Yiu Lian for the year ending 31 December 2011 as assessed by management of the Company.

REASONS FOR THE TRANSACTIONS

The core business of the Group includes port and port-related business. It has been the strategy of the Group to strengthen and develop its port business and port-related business through investment in new projects, acquisition of high quality port-related business and properties, leasing properties and warehouse, providing cargo management services and expanding in container related logistics services.

The Directors are of the view that the Group will continue to benefit from the ship berthing services provided by Yiu Lian as such services are essential to facilitate a smooth business operation of the Group's port and port-related business, in particular, of CMCS' operations in Tsing Yi Terminal. The Tsing Yi Terminal has been important strategic areas for the provision of logistics services and operations of the Group. In response to the growing demand for logistics services, the Directors of the Company believe that the ship berthing services as stipulated in the 2011 Ship Berthing Services Agreement are beneficial to the Group and assists in maintaining the Group's sustainable growth.

The Directors, including the independent non-executive Directors, are of the view that the 2011 Ship Berthing Services Agreement and the ship berthing services agreement of 2010 are on normal commercial terms and in the ordinary and usual course of business of the Group and that the terms of the 2011 Ship Berthing Services Agreement and that of the ship berthing services agreement of 2010 and the proposed annual caps for each of the two years ending 31 December 2010 and 2011 are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors have a material interest in the 2011 Ship Berthing Services Agreement, nor are they required to abstain from voting in the relevant board resolutions.

LISTING RULES IMPLICATIONS

Pursuant to the Listing Rules, Yiu Lian is a connected person of the Company as it is an indirect wholly-owned subsidiary of CMG. Accordingly, the transaction contemplated under the 2011 Ship Berthing Services Agreement constitutes a continuing connected transaction for the Company under the Listing Rules. Since the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the transaction contemplated under the 2011 Ship Berthing Services Agreement and in respect of the increased expected fee payable under the ship berthing services agreement of 2010 exceed 0.1% but are below 5%, the transactions are, pursuant to Rule 14A.34 of the Listing Rules, only subject to the reporting and announcement requirements and are exempt from the independent shareholders' approval requirement.

Save as disclosed above, the Group does not have any other prior transactions or relationship with Yiu Lian and its ultimate beneficial owner and associates which require aggregation with the transaction contemplated under the 2011 Ship Berthing Services Agreement pursuant to Rule 14A.25 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“2011 Ship Berthing Services Agreement”	the ship berthing services agreement dated 21 December 2010 entered into between CMCS and Yiu Lian
“Company”	China Merchants Holdings (International) Company Limited, a company incorporated in Hong Kong and whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited
“CMCS”	China Merchants Container Services Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“CMG”	China Merchants Group Limited, a company incorporated in the PRC and the ultimate holding company of the Company
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“Shareholders”	the shareholders of the Company
“Yiu Lian”	Yiu Lian Dockyards Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of CMG
“%”	per cent.

By order of the board of directors of
China Merchants Holdings (International)
Company Limited
Fu Yuning
Chairman

Hong Kong, 21 December 2010

As at the date of this announcement, the Board comprises Dr. Fu Yuning, Mr. Li Jianhong, 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; and Mr. Kut Ying Hay, Mr. Lee Yip Wah Peter, Mr. Li Kwok Heem John, Mr. Li Ka Fai David and Mr. Bong Shu Ying Francis as independent non-executive directors.