



Global links

At 05:45 hr in Rotterdam, Ron Wittekoek, a member of the process control team at Europe Container Terminals (“ECT”), is busy monitoring the highly automated process of loading and unloading containers at one of the 12 berths that make ECT Europe’s largest container port.



AS 45 hr

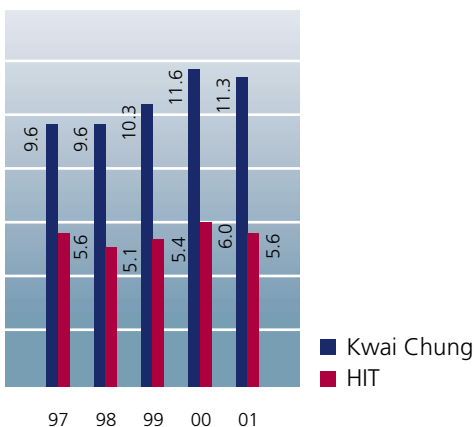


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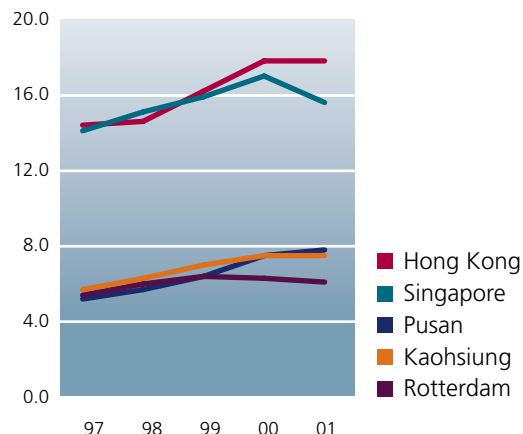
The Group is one of the world’s leading port developer and operator of container terminals, and has continued to expand its operations in strategic locations around the world and currently has interests in 30 ports with 169 berths in 15 countries.

Turnover for the ports and related services division for 2001 totalled HK\$15,505 million, an increase of HK\$1,279 million, or 9%, compared to 2000 mainly due to increased throughput of 6% to reach 27.0 million twenty foot equivalent units (“TEUs”). The increased throughput arose from growth at existing ports in Yantian and Panama, a full year contribution from Koja Terminal in Indonesia and Kelang Multi Terminal in Malaysia (“KMT-Westport”), which were acquired in the second half of 2000, and additional contributions from the eight port operations acquired in one transaction in June 2001 (“the June transaction”). The acquired ports are located in Mexico, Saudi Arabia, Argentina, Pakistan, Tanzania and Thailand. This growth was partially offset by declines in throughput in the Hong Kong, Shanghai and European ports, which were affected by the global slowdown in import and export activity driven by the slow United States of America (“USA”) and European economies. EBIT from the Group’s ports and related services division increased 8% in 2001 to HK\$5,791 million due to increased throughput and the contributions from newly acquired port operations.

Kwai Chung Container Throughputs
Millions TEUs



Comparison of Container Throughputs
Millions TEUs



HONG KONG AND YANTIAN

The Group's Hong Kong and Yantian, PRC deepwater port operations serve the Shenzhen and Southern China manufacturing basin. Despite a global slowdown in export and import activity, this region's activity continued to grow. As a result these two operations' combined throughput increased by 5% in 2001 and EBIT was 2% higher than last year. The port of Hong Kong remained the world's busiest container port in 2001.

In Hong Kong, the Group holds an 86.5% interest in Hongkong International Terminals ("HIT") which operates Terminals 4, 6 and 7 at Kwai Chung and an effective 43.25% interest in COSCO-HIT, which operates Terminal 8 East. Combined throughput at HIT and COSCO-HIT was 7% below last year mainly due to the slowdown in the global economy and due to a shipping line, which calls at a competitor's terminal, introducing new, larger capacity ships in 2001. The resulting EBIT was 9% below last year. Offsetting these declines in Hong Kong, Yantian International Container Terminals (48% interest) recorded another year of growth with throughput growing 28% to exceed 2.7 million TEUs, resulting in an impressive 55% EBIT increase.

HIT and COSCO-HIT terminals handle over 50% of Kwai Chung Container Port's throughput.



Yantian is located in one of China's most prosperous regions - the Shenzhen Special Economic Zone.

In Hong Kong, construction work continued on the Container Terminal 9 consortium development in which HIT has the right to own and operate two of the six berths. HIT's first berth is expected to be completed in early 2003 and its second berth in 2004, when the development is scheduled for completion. On completion, the Group's TEU capacity at Kwai Chung will increase by 23% to 9.5 million TEUs. In November, the Group signed a joint venture contract to develop terminal facilities at Phase III of Yantian port. The new terminal, adjacent to the existing Phase I and II facilities, comprises four container berths with a capacity of 2.0 million TEUs.

Other operations in Hong Kong include the mid-stream and river trade businesses. Mid-Stream Holdings had a satisfactory year handling more than 1.4 million TEUs, an 11% increase, although EBIT was below last year. The River Trade Terminal Company (33% interest) which principally serves the water borne trade between the Pearl River Delta region and Hong Kong, continued to incur losses.



MAINLAND CHINA

Throughput at Shanghai Container Terminals (37% interest), was 12% below last year due to the diversion of throughput to a nearby terminal in Shanghai and as a result EBIT declined 15%. The Group expanded its portfolio of Mainland port operations with the acquisition of a 49% interest in Phase II of Ningbo Beilun Container Terminal in January this year.

Hutchison Delta Ports' six joint venture river and coastal ports reported an improved performance handling a total of 0.9 million TEUs, a 17% increase over 2000, and also handling 2.8 million tonnes of general cargo. The combined EBIT increased significantly compared to the previous year. Expansion of the Xiamen International Container Terminals has commenced and on completion in mid-2002 its annual throughput capacity will increase to 0.6 million TEUs.

ASIA, MIDDLE EAST AND AFRICA

In Indonesia, the Group has a 51% interest in Jakarta International Container Terminal ("JICT") and a 47.9% interest in Koja Terminal, adjacent to JICT, which the Group acquired in July 2000. Integration of the business systems of the two terminals is continuing with a view to improve operational efficiencies. Combined throughput was 12% above last year and EBIT increased an impressive 92%.

In Malaysia, KMT-Westport (31.5% interest), which was acquired in September 2000, reported an annualised throughput increase of 39% and a commensurate increase in EBIT.



KMT-Westport, Port Klang, is equipped to handle containers, dry bulk, liquid bulk and conventional cargo.

In May, the Group, together with two local partners, acquired the rights to develop and operate the seven berth Phase II terminal of Kwangyang port in South Korea and construction work is progressing well. The first three berths, with a capacity of 1.0 million TEUs, are expected to be operational in the second quarter of 2002 and the entire facility is scheduled to be fully operational in 2004. Currently the Group has an 80% interest in this container terminal facility. The two partners have call options which expire at the end of 2004, and if exercised, would reduce the Group's interest to 40%. The Group further expanded its presence in South Korea in February this year with the acquisition of three operating terminals, two in Pusan and one in Kwangyang. These three terminals have a combined capacity of 3.0 million TEUs.



KICT is located at the Port of Karachi, a natural deep-water harbour on the Arabian Sea.

The Group has expanded this region's operations through the June transaction, acquiring interests in three operating container terminals in Saudi Arabia, Pakistan, Tanzania and one terminal under construction in Thailand, which is due to commence operations shortly. The Group has a call option to purchase additional interests in these terminals which is to be exercised in 2002. These terminals provide an additional 10 berths, increase total annual handling capacity by 1.8 million TEUs, and also provide potential for capacity expansion. In the last quarter of 2001 the Group increased its interest in the Karachi International Container Terminal ("KICT") in Pakistan from 32% to 82%. To date these operations have performed in line with expectations. The acquired terminals can be summarised as follows:

	Location	% Interest		Annual capacity (TEUs)
		Current	After call option	
International Port Services	Saudi Arabia	32.6%	51.0%	600,000
Thai Laemchabang Terminal	Thailand	56.0%	87.5%	550,000
Karachi International Container Terminal	Pakistan	82.0%	100.0%	400,000
Tanzania International Container Terminal Services	Tanzania	63.2%	70.0%	250,000

EUROPE

Container throughput and passenger volumes at the Group's 90% owned ports in the United Kingdom ("UK") were adversely affected by the slowing European economies, foot and mouth disease concerns and heightened competition. The Port of Felixstowe, Thamesport and Harwich port reported a combined throughput decrease of 5%. Harwich port's passenger and freight roll-on roll-off services also reported declining traffic. The combined UK ports reported a 25% decrease in EBIT compared to 2000. A restructuring plan is currently being implemented to further improve operational efficiencies and realign the cost base with the current trading conditions.

In December 2001, the Group acquired a further 44% interest in Europe Container Terminals, (formerly Europe Combined Terminals) ("ECT") in Rotterdam and currently holds an effective 75.5% interest. Rotterdam port was also adversely affected by declining trade activity. ECT reported a 19% decline in throughput, which totalled 3.6 million TEUs, and a substantial reduction in EBIT.

Port of Felixstowe is the largest container port in the UK.



THE AMERICAS AND THE CARIBBEAN

The Group has an 82% interest in the concession to operate the ports of Balboa and Cristobal, located near the Pacific Ocean and Caribbean Sea ends of the Panama Canal respectively. After the completion of the Balboa redevelopment in December 2000, the combined throughput of the two ports was 233% above last year and the combined operations' EBIT increased more than sixfold. Freeport Container Terminal on Grand Bahama Island achieved a breakeven EBIT even though throughput was 8% below last year.

As part of the June transaction, the Group acquired four operating terminals in Mexico and Argentina, which provide an additional six berths and a capacity increase of 1.5 million TEUs. The Group has a call option to purchase additional interests in these terminals which is to be exercised in 2002. In the last quarter of 2001, the Group increased its interest in the Internacional de Contenedores Asociados de Veracruz in Mexico from 32% to 82%.

The acquired terminals are as follows:

	Location	% Interest		Annual capacity (TEUs)
		Current	After call option	
Internacional de Contenedores Asociados de Veracruz	Mexico	82%	100%	800,000
Ensenada International Terminal	Mexico	64%	100%	250,000
Ensenada Cruiseport Village	Mexico	100%	100%	350 arrivals
Buenos Aires Container Terminal	Argentina	64%	100%	450,000



The Port of Balboa serves the trans-Pacific trades.

OTHERS

Logistics Information Network Enterprise, or LINE, a supply chain and logistics solution provider, is continuing to develop its services and reported start up losses.