

Ports and Related Services

The Group is one of the world's leading port investors, developers and operators with interests in a total of 47 ports comprising 292 berths in 24 countries. The Group operates container terminals in five of the eight busiest container ports in the world.

Strength + Global Presence



» Operations Review – Ports and Related Services

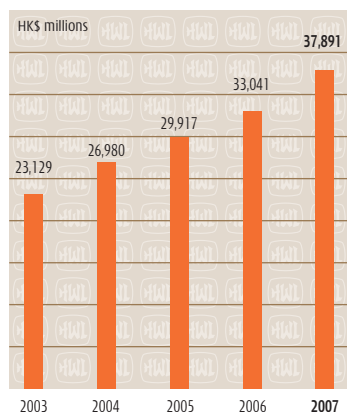
The ports and related services division reported total revenue of HK\$37,891 million, a growth of 15%, reflecting a 12% increase in annual throughput to reach 66.3 million TEUs. The throughput increase arose mainly from the existing ports in Yantian and the Shanghai area in the Mainland; PPC in Panama; Kwai Tsing terminals in Hong Kong; ECT in Rotterdam, the Netherlands; Westports in Klang, Malaysia; Laemchabang ports in Thailand; Jakarta ports in Indonesia, and also from the first full year contribution from TERCAT in Barcelona, Spain, which was acquired in the third quarter of 2006. EBIT from this division increased 13% to HK\$12,849 million, mainly due to increased throughput. This division continues to provide the Group with a growing income stream, contributing 15% and 23% respectively to the Group's total revenue and EBIT from its established businesses.

	2007 HK\$ millions	2006 HK\$ millions	Change
Total Revenue	37,891	33,041	+15%
EBIT	12,849	11,395	+13%

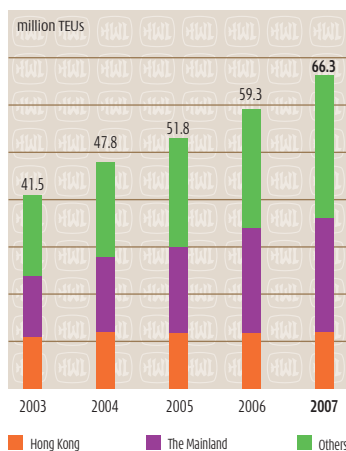


• Quayside operations at Hongkong International Terminals.

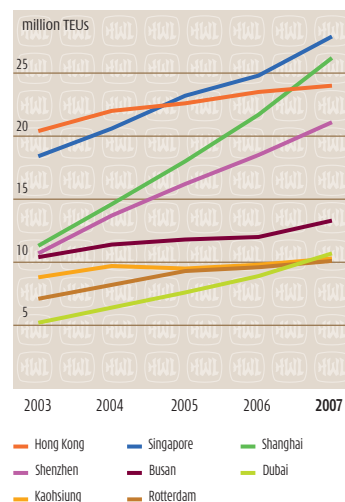
Total Revenue



Total Container Throughput



Comparison of Throughput at World's Busiest Container Ports



Hong Kong and Yantian

The Group's Hong Kong and Yantian deep-water port operations serve the Shenzhen and Southern China manufacturing basin. Combined throughput in these operations increased 11% and EBIT was 4% better than last year, reflecting increased export volumes.

Yantian ports, including Yantian International Container Terminals Phases I to III and Shenzhen Yantian West Port Terminals, recorded throughput and EBIT growth of 13% and 11% respectively. The Yantian Port Phase III expansion project, which comprises six deep-water container berths adjacent to the Group's existing facilities, is progressing well. The first four berths have commenced operations and the remaining two berths are expected to be completed in stages by 2009. In October, this division raised its equity stake in Shenzhen Yantian West Port Terminals from 27.4% to 42.74%.

In Hong Kong, Hongkong International Terminals ("HIT") operates Terminals 4, 6, 7 and two berths in Terminal 9 at Kwai Tsing and COSCO-HIT Terminals ("COSCO-HIT"), a joint venture company, operates Terminal 8 East. Combined throughput at HIT and COSCO-HIT increased 9%, mainly due to an increase in transshipment activities. EBIT was 5% below last year, mainly due to tariff pressure from increased capacity in the region.

Other operations in Hong Kong include the midstream and river trade businesses. River Trade Terminal ("RTT"), a 50% owned joint venture that principally serves the water-borne trade between the Pearl River Delta region and Hong Kong, increased its throughput by 7%, although it continues to be affected by keen competition.

Name	Location	Ports division's Interest	2007 Throughput (thousand TEUs)
Yantian International Container Terminals / Yantian International Container Terminals (Phase III) / Shenzhen Yantian West Port Terminals	Yantian, PRC	48% / 42.74% / 42.74%	10,016
Hongkong International Terminals / COSCO-HIT Terminals	Kwai Tsing, Hong Kong	66.5% / 33.25%	8,973
River Trade Terminal	Tuen Mun, Hong Kong	50%	2,198

Europe

The European port operations include ECT in the Netherlands, the UK ports, TERCAT in Spain and Gdynia Container Terminal (“GCT”) in Poland.

ECT in the Netherlands reported throughput growth of 13%. EBIT increased by 44% from last year, mainly driven by increased throughput and a strict cost rationalisation programme, and also due to favourable foreign currency translation into the Group’s reporting currency. Excluding the exchange impact, EBIT increased by 31%. The expansion of ECT’s facilities is continuing to meet increasing trade volumes in the area.

The Group’s UK port operations, consisting of Felixstowe, Thamesport and Harwich, reported a combined throughput increase of 6% compared to last year. EBIT was 33% higher, due to higher throughput

and tariffs and also due to favourable foreign currency translation into the Group’s reporting currency. Excluding the exchange impact, EBIT increased by 23%.

The division recorded its first full year EBIT contribution from TERCAT, a four-berth container terminal in Barcelona acquired in the third quarter of 2006.

Following the commencement of stage one of the container handling operation in June 2006, GCT at the Port of Gdynia in Poland continues to perform satisfactorily, reporting throughput and EBIT increases of 108% and 8% respectively compared to last year.

In May, the Group announced that a consortium, in which the ports division has a 25% interest, was awarded a 49-year concession right to operate a new terminal at the Port of Izmir, Turkey. The initial phase is expected to commence operation in 2008.



● Construction of the new Delta Barge Feeder Terminal is underway at the tip of the ECT Delta Terminal.

Name	Location	Ports division's Interest	2007 Throughput (thousand TEUs)
Europe Container Terminals	The Netherlands	98%	6,194
Hutchison Ports (UK) – Felixstowe, Thamesport and Harwich	UK	100%	3,834
Terminal Catalunya	Spain	70%	1,081
Gdynia Container Terminal	Poland	99.15%	116

The Mainland

These operations include interests in three Shanghai area ports, Ningbo, Xiamen, Jiuzhou, Nanhai, Gaolan, Jiangmen, Shantou and Huizhou.

In Shanghai, the combined throughput and EBIT increased 6% and 14% compared to last year respectively. In 2007, Shanghai became the second busiest port in the world in terms of throughput handling. The ports division is finalising the terms of a joint venture investment in the Yangshan deep-water port to maintain its presence in Shanghai.

In Ningbo, Ningbo Beilun International Container Terminals reported a 1% increase in throughput and an EBIT increase of 11%.

Hutchison Delta Ports' operations include six joint venture river and coastal ports in Jiuzhou, Nanhai, Gaolan, Jiangmen, Xiamen and Shantou. Combined container throughput and general cargo handling throughput increased 6% and 26% respectively. The combined EBIT increased 12% compared to last year. In May, the division obtained a 49% interest in a new joint venture to operate Berth 1 at Haicang, Xiamen, which is expected to be fully operational later this year. The construction of the two container berths in Gaolan, Zhuhai is in the final stage and the new facilities are expected to commence operations in 2009.

In Huizhou, a joint venture agreement was signed with Huizhou Port Affairs Group Company Limited to expand the current facilities with the construction of two container berths.

Name	Ports division's Interest	2007 Throughput (thousand TEUs)
Shanghai Container Terminals / Shanghai Mingdong Container Terminals (Waigaoqiao Phase V) / Shanghai Pudong International Container Terminals (Waigaoqiao Phase I)	37% / 50% / 30%	9,686
Ningbo Beilun International Container Terminals	49%	1,973
Xiamen International Container Terminals / Xiamen Haicang International Terminals	49%	1,160
Pearl River Delta Ports in Southern China - Jiuzhou, Nanhai, Gaolan and Jiangmen / Shantou International Container Terminal	50% / 70%	1,183
Huizhou Port Industrial Corporation	33.59%	64



• Xiamen International Container Terminals celebrates the milestone of handling its five millionth TEU.

“Annual throughput grew 12% to reach 66.3 million TEUs.”

North & South Asia and Australia

These operations comprise container terminals in Westports in Klang, Malaysia; Busan and Gwangyang in South Korea; Jakarta in Indonesia; Laemchabang in Thailand; Karachi in Pakistan and the Group's recently acquired interests in Pakistan, Vietnam and Australia.

In Malaysia, Westports in Klang reported throughput growth of 18% and EBIT increased 37% compared to last year mainly due to higher throughput and tariffs.

In South Korea, the Group's operations in Busan and Gwangyang faced strong competition and increased capacity in the region. Although combined throughput increased 2%, EBIT was 15% lower than last year.

In Indonesia, Jakarta International Container Terminal and the adjacent Koja Container Terminal experienced some improvement, a turnaround from previous years. The Group's operations in Indonesia reported a combined throughput increase of 15% and an increased EBIT.

In Thailand, the Laemchabang terminals reported a combined throughput 78% higher than last year and EBIT increased 422%, including the new contribution from the roll-on/roll-off facility which commenced operation in February 2007.

In Pakistan, Karachi International Container Terminal reported throughput in line with last year and EBIT increased 24% compared to last year, mainly due to improvements in operating efficiency. In November, the Group was chosen as the winning bidder by Karachi Port Trust to build and manage a new container terminal in Keamari Groyne, held by a newly established joint venture company, Karachi New Port Container Terminals. The concession period is 25 years and extendible for another 25 years. The new terminal is designed to have four berths with a total quay length of 1,500 metres, a yard area of 85 hectares and a depth alongside of up to 18 metres upon completion of all phases. The new container terminal is expected to be operational in 2011.



• An aerial view of Jakarta International Container Terminal.

Name	Location	Ports division's Interest	2007 Throughput (thousand TEUs)
Westports Malaysia	Malaysia	31.5%	4,003
Hutchison Korea Terminals (two terminals in Busan and one terminal in Gwangyang)	South Korea	100%	3,023
Jakarta International Container Terminal / Koja Container Terminal	Indonesia	51% / 44.7%	2,526
Hutchison Laemchabang Terminal / Thai Laemchabang Terminal / Laemchabang International Ro-Ro Terminal	Thailand	80% / 87.5% / 80%	1,141
Karachi International Container Terminal	Pakistan	100%	566
Karachi New Port Container Terminals	Pakistan	90%	N/A
Korea International Terminals	South Korea	88.9%	394
Saigon International Terminals Vietnam	Vietnam	70%	N/A
Brisbane Container Terminals	Australia	100%	N/A

In December, construction commenced on the three-berth container terminal in Ba Ria Vung Tau Province, Vietnam. Upon completion, this container-handling facility will have a total quay length of 730 metres, a total yard area of 33 hectares, and a depth alongside of 14 metres. The initial phase is expected to come on stream in 2010.

In January this year, the Group entered into an agreement with the Port of Brisbane Corporation to lease two new container berths (Berth 11 and Berth 12) for a lease period of 42 years. The new two-berth container facility is designed to have a quay length of 660 metres, a total yard area of 26 hectares, and a depth alongside of up to 14 metres upon completion. Berth 11 and Berth 12 are expected to be operational in 2012 and 2014 respectively.

"EBIT increased
13% to
HK\$12,849 million."



● Panama Ports Company is working on the Phase IV development of Balboa Mega Port at the Port of Balboa.

The Americas and The Caribbean

These operations comprise Balboa and Cristobal in Panama; Freeport in the Bahamas; Veracruz, Lazaro Cardenas and Ensenada in Mexico; Buenos Aires in Argentina and the newly acquired Terminales Internacionales de Ecuador in Ecuador.

In Panama, the Group operates the ports of Balboa and Cristobal located near both ends of the Panama Canal. The combined throughput increased 59% and EBIT was 19% above last year. Further capacity expansion at Balboa and Cristobal is underway to meet additional demand.

Freeport Container Port ("FCP"), on Grand Bahama Island, reported throughput growth of 12% although EBIT decreased by 10%. An expansion project to ease congestion at peak times and to handle additional demand commenced this year. In February this year, the Group reduced its shareholding in FCP with the sale of a further 9% interest to its strategic minority shareholder, and the ports division now holds a 51% interest.

The Group's port operations in Mexico reported an overall improved result; combined throughput and EBIT increased 17% and 12% above last year respectively. The phase I expansion at the Port of Lazaro Cardenas will be completed in stages from 2008.

The initial phase of the new container terminal at the Terminales Internacionales de Ecuador, Ecuador commenced operation in February 2007.

Name	Location	Ports division's Interest	2007 Throughput (thousand TEUs)
Panama Ports Company	Panama	90%	2,000
Freeport Container Port	The Bahamas	51%	1,636
Internacional de Contenedores Asociados de Veracruz	Mexico	100%	921
Buenos Aires Container Terminal Services	Argentina	100%	330
Lazaro Cardenas Terminal Portuaria de Contenedores	Mexico	100%	276
Ensenada International Terminal	Mexico	100%	114
Terminales Internacionales de Ecuador	Ecuador	100%	4

Middle East and Africa

These operations comprise container terminals in Dammam in Saudi Arabia, Dar es Salaam in Tanzania, newly converted terminals in Alexandria and El Dekheila ports in Egypt and a new facility in Oman.

In Saudi Arabia, International Ports Services reported throughput growth of 15% although EBIT decreased 3%, mainly due to higher depreciation charges from new equipment.

In Tanzania, Tanzania International Container Terminal Services reported throughput growth of 12%. EBIT was 5% lower than last year mainly due to higher port authority charges as a result of higher throughput.

In Egypt, the conversion of the two existing general cargo facilities at Alexandria and El Dekheila ports to container terminals was completed in 2007. The container handling operations at Alexandria and El Dekheila terminals commenced in March and June 2007 respectively.

In Oman, the Oman International Container Terminal is being developed on a greenfield site in the Port of Sohar. The first berth of this 10-berth facility commenced operation in January 2007.

Name	Location	Ports division's Interest	2007 Throughput (thousand TEUs)
International Ports Services	Saudi Arabia	51%	1,085
Tanzania International Container Terminal Services	Tanzania	70%	344
Alexandria International Container Terminals	Egypt	38%	154
Oman International Container Terminal	Oman	65%	18



● Alexandria International Container Terminals is the latest addition to the Group's presence in Africa.