Operations Review

Ports
and Related Services

- Total revenue increased 13% to HK$37,728 million.
- EBIT increased 12% to HK$11,610 million.
- Annual throughput increased 15% to 75 million twenty-foot equivalent units ("TEUs").

The Group is one of the world's leading port investors, developers and operators with interests in a total of 51 ports comprising 308 berths in 25 countries. The Group operates container terminals in six of the 10 busiest container ports in the world.

Yantian International Container Terminals' state-of-the-art quay crane is able to tandem lift four TEUs to boost quayside ability.

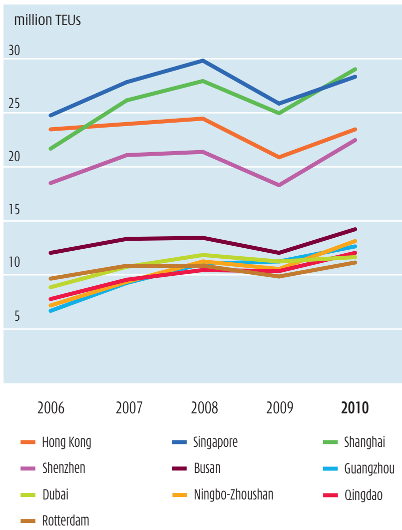
Total revenue of the ports and related services division increased 13% to HK$37,728 million, mainly due to a 15% increase in annual throughput to 75.0 million TEUs. The throughput increase reflects a recovery in global trade volumes during the year. The division's various ports in Hong Kong and the Mainland, other Asian countries, Europe, the Americas, and the Middle East and Africa recorded combined throughput growth of 15%, 14%, 12%, 27% and 11% respectively. The division's EBIT increased 12% to HK$11,610 million, mainly due to throughput growth and improvements in operational efficiency, as well as benefits from various cost saving programmes. The division contributed 14% and 30% respectively to the total revenue and EBIT of the Group's established businesses.

	2010 HK$ millions	2009 HK$ millions	**Change**
Total Revenue	**37,728**	33,427	**+13%**
EBIT	**11,610**	10,406	**+12%**

Total Revenue

Total Container Throughput

Comparison of Throughput at World's Busiest Container Ports



Hong Kong and Yantian

Name	Location	Ports Division's Interest	2010 Throughput
			(thousand TEUs)
Hongkong International Terminals/ COSCO-HIT Terminals	Kwai Tsing, Hong Kong	66.5%/ 33.25%	11,040 (Note)
Yantian International Container Terminals/ Yantian International Container Terminals (Phase III)/ Shenzhen Yantian West Port Terminals	Yantian, Mainland China	48%/ 42.74%/ 42.74%	10,134
River Trade Terminal	Tuen Mun, Hong Kong	50%	1,921

Note: The published statistics from the Hong Kong Marine Department for the total of local and transshipment throughput incorporate liftings to or from oceangoing vessels and containers received from or delivered to ports located within the river trade zone (as defined by the Hong Kong Marine Department) by water-borne traffic, ie traffic to and from the Pearl River Delta via barges. The published statistics are not directly comparable to throughput figures of Hongkong International Terminals ("HIT") and COSCO-HIT Terminals ("COSCO-HIT") shown in the above table. For 2009 and 2010, the HIT and COSCO-HIT figures include volumes in relation to lighterwork and the water-borne traffic so as to make the figures more comparable to statistics used by the industry.

The Group's deep-water port operations in Hong Kong and Yantian serve the Shenzhen and Southern China manufacturing basin. Combined throughput and EBIT of these operations increased by 17% and 12% respectively.

An aerial view of HIT.

In Hong Kong, HIT operates Terminals 4, 6, 7 and two berths in Terminal 9 at Kwai Tsing and COSCO-HIT, a joint venture company, operates Terminal 8 East. Combined throughput at HIT and COSCO-HIT increased 16% compared to last year, primarily due to the expansion of intra-Asia services. EBIT was 7% above last year, mainly due to strong throughput growth partially offset by the continued tariff pressure from increased capacity in the region and the increased proportion of lower-tariff services, which generated lower average revenue per TEU.

Yantian ports include Yantian International Container Terminals Phases I to III and Shenzhen Yantian West Port Terminals. Throughput and EBIT were 18% and 15% above last year respectively, mainly due to strong growth in US and European exports. The Yantian Port Phase III expansion project is progressing. The final berth commenced trial operation in September 2010 and the entire project is due for completion by mid 2011.

Other operations of this sub-division include the midstream and various river trade businesses in Hong Kong. River Trade Terminal, a 50% owned joint venture that principally serves the water-borne trade between the Pearl River Delta region and Hong Kong, reported 13% higher throughput than last year.

In March 2011, the Group completed an Initial Public Offering of units in Hutchison Port Holdings Trust ("HPH Trust"), which was listed on the Main Board of the Singapore Exchange Securities Trading Limited. HPH Trust has been established as a new publicly traded entity to hold, operate and develop all of the Group's existing and future deep-water container port businesses in Guangdong Province in the Mainland, Hong Kong and Macau. The initial principal assets of HPH Trust include the Group's interests in the deep-water container ports in Hong Kong and Yantian, the midstream and certain other river trade businesses related to the deep-water container businesses.

Europe

Name	Location	Ports Division's Interest	2010 Throughput
			(thousand TEUs)
Europe Container Terminals/ Amsterdam Container Terminals	The Netherlands	93.5%/ 70.08%	9,215
Hutchison Ports (UK) - Felixstowe/ Harwich/ London Thamesport	United Kingdom	100%/ 100%/ 80%	3,810
Terminal Catalunya	Spain	90%	928
Taranto Container Terminal	Italy	50%	589
Gdynia Container Terminal	Poland	99.15%	199
Container Terminal Frihamnen	Sweden	100%	27

The European port operations comprise Europe Container Terminals ("ECT") and Amsterdam Container Terminals ("ACT") in the Netherlands, the UK ports, Terminal Catalunya ("TERCAT") in Spain, Taranto Container Terminal ("TCTI") in Italy, Gdynia Container Terminal ("GCT") in Poland and Container Terminal Frihamnen ("CTF") in Sweden.

The port operations in the Netherlands, consisting of ECT (including City Terminal, Delta Terminal and the newly launched Euromax Terminal) principally operating in Rotterdam and ACT in Amsterdam, reported combined throughput growth of 17%. Combined EBIT decreased by 53% from last year, primarily due to higher concession rental and depreciation expenses subsequent to the launch of the commercial operation of the Euromax Terminal in June 2010. ECT together with the inland terminal Combined Cargo Terminals BV in Moerdijk has jointly established a new organisation, Moerdijk Container Terminals ("MCT") during the year. MCT will further develop as an extended gate for the ECT terminals in Rotterdam and as a hinterland terminal for the nearby sea ports.

A new barge terminal at Trimodal Container Terminal Venlo, a subsidiary of ECT, is officially opened in June.

The Group's UK port operations, consisting of Felixstowe, Harwich and London Thamesport, reported a combined throughput increase of 8% compared to last year, reflecting the modest economic recovery in the UK and Continental Europe. EBIT was 1% higher compared to last year, mainly due to higher throughput partially offset by the unfavourable foreign currency translation into the Group's reporting currency. In local currency, EBIT increased by 5%. The construction work of Phase 1 of the Felixstowe South Reconfiguration scheme is progressing according to schedule.

TERCAT, a four-berth container terminal in Barcelona in Spain, reported a throughput increase of 2% compared to last year, reflecting a slow recovery from the economic downturn. EBIT, however, decreased by 12% from last year, mainly due to lower average revenue per TEU and the unfavourable foreign currency translation into the Group's reporting currency. In local currency, EBIT decreased by 8%.

GCT at the Port of Gdynia in Poland reported a throughput increase of 33% but a decrease in EBIT of 10% from last year, due to higher concession rental and depreciation expenses as well as unfavourable foreign currency translation into the Group's reporting currency. In local currency, EBIT decreased by 6%.

The division's European ports network also includes TCTI at the Port of Taranto in Italy and CTF in Sweden. The results of these container terminals were adversely affected, to varying degrees, by the slower growth of European trade volumes.

The Mainland

Name	Ports Division's Interest	2010 Throughput
		(thousand TEUs)
Shanghai Container Terminals/ Shanghai Mingdong Container Terminals (Waigaoqiao Phase V)/ Shanghai Pudong International Container Terminals (Waigaoqiao Phase I)	37%/ 50%/ 30%	9,061
Ningbo Beilun International Container Terminals	49%	2,044
Ports in Southern China-Jiuzhou, Nanhai, Gaolan and Jiangmen/ Shantou International Container Terminals/ Huizhou Port Industrial Corporation/ Huizhou International Container Terminals	50%/ 70%/ 33.59%/ 80%	1,283
Xiamen International Container Terminals/Xiamen Haicang International Container Terminals	49%	1,171

These operations include interests in three Shanghai area ports, Ningbo, six ports in Southern China and Xiamen.

The division's Shanghai ports reported a combined throughput and EBIT increase of 10% and 11% respectively, reflecting an increase in domestic cargo as well as higher volumes from new services and foreign cargoes on the Japan, Korea, intra-Asia and Middle East trade lanes.

Yantian International Container Terminals, Shenzhen, China.

Ningbo Beilun International Container Terminals reported a 15% and 21% increase in throughput and EBIT respectively, mainly due to increased volume as a result of the recovery in manufacturing activities.

Ports in Southern China include six joint-venture river and coastal ports in Jiuzhou, Nanhai, Gaolan, Jiangmen, Shantou and Huizhou. Although combined container throughput increased 11%, EBIT decreased by 7% due to additional depreciation for the new Phase II terminal at Gaolan, Zhuhai, which commenced commercial operations in 2010 and comprises two container berths with a total quay length of 824 metres. In Huizhou, the development of a new container terminal by Huizhou International Container Terminals, in which the division has an 80% interest, is progressing. This facility will be Huizhou Port's first dedicated container terminal and will have a total berth length of 800 metres and an area of 60 hectares. The first berth is targeted to be operational in 2012.

In Xiamen, the division's two container terminals reported an increase of 26% and 12% in combined throughput and EBIT respectively due to the recovery of international trade, in particular volume growth in the Middle East and intra-Asia trade lanes.

North & South Asia and Australia

Name	Location	Ports Division's Interest	2010 Throughput
			(thousand TEUs)
Westports Malaysia	Malaysia	31.5%	5,567
Jakarta International Container Terminal/ Koja Container Terminal	Indonesia	51%/ 44.7%	2,850
Hutchison Korea Terminals/ Korea International Terminals	South Korea	100%/ 88.9%	2,464
Hutchison Laemchabang Terminal/ Thai Laemchabang Terminal/ Laemchabang International Ro-Ro Terminal	Thailand	80%/ 87.5%/ 80%	1,263
Karachi International Container Terminal	Pakistan	100%	861
Saigon International Terminals	Vietnam	70%	50
South Asia Pakistan Terminals	Pakistan	90%	N/A
Brisbane Container Terminals	Australia	100%	N/A
Sydney International Container Terminals	Australia	100%	N/A

These operations comprise container terminals in Westports in Klang, Malaysia; Jakarta in Indonesia; Busan and Gwangyang in South Korea; Laemchabang in Thailand; Karachi in Pakistan; Saigon in Vietnam; and new developments in Pakistan and Australia.

In Malaysia, Westports in Klang reported a throughput growth of 25%, mainly due to a strong rebound in Asia-Europe and intra-Asia volumes, particularly transshipment. EBIT increased 32% compared to last year mainly due to higher throughput.

In Indonesia, Jakarta International Container Terminal ("JICT") and the adjacent Koja Container Terminal reported a combined throughput and EBIT increase of 24% and 2% respectively, mainly due to strong throughput growth as a result of increased demand from the local region. The expansion of JICT's facilities is progressing well and is expected to deliver improved service levels that will benefit port users.

Koja Container Terminal rolls out its Next Generation Terminal Management System with technical assistance from JICT and HIT.

Saigon International Terminals, Vietnam officially commences its operations in August.

In South Korea, the Group's operations in Busan and Gwangyang continued to face strong competition, in particular from new container terminals developed by shipping lines. Combined throughput decreased by 15% and losses continued as a result of tariff and throughput pressure.

In Thailand, the Laemchabang container terminals and ro-ro facility reported combined throughput growth of 15% due to trade volume recovery and new feeder services. EBIT decreased 9% compared to last year despite the increased throughput, mainly due to higher concession rental costs.

In Pakistan, Karachi International Container Terminal reported both throughput and EBIT growth of 19% and 49% respectively. The Phase III extension was completed in February 2010 and provided additional capacity to meet the increased demand.

In Vietnam, Saigon International Terminals commenced commercial operations in August 2010.

The development of new concessions in Pakistan, and in Brisbane and Sydney in Australia are progressing in accordance with plans and timetables which reflect expected demand and market conditions.

The Americas and The Caribbean

Name	Location	Ports Division's Interest	2010 Throughput
			(thousand TEUs)
Panama Ports Company	Panama	90%	3,448
Internacional de Contenedores Asociados de Veracruz/ L. C. Terminal Portuaria de Contenedores/ Ensenada International Terminal	Mexico	100%	1,936
Freeport Container Port	The Bahamas	51%	1,125
Buenos Aires Container Terminal Services	Argentina	100%	307

Aerial view of Panama Ports Company's Port of Cristobal, located strategically on the Atlantic side of the Panama Canal.

These operations comprise container terminals in Balboa and Cristobal in Panama; Veracruz, Lazaro Cardenas and Ensenada in Mexico; Freeport in the Bahamas; and Buenos Aires in Argentina.

In Panama, the Group operates the ports of Balboa and Cristobal located near both ends of the Panama Canal. The combined throughput of this transshipment hub significantly increased by 46%. EBIT increased by 12% compared to last year. Further expansion and facilities upgrade at Balboa and Cristobal are currently underway.

The results of the Group's ports operations in Mexico are dependent on the economy of the United States due to their close proximity. These ports reported combined throughput and EBIT increases of 37% and 89% respectively, reflecting the recovery in the American and Mexican economies.

Freeport Container Port, on Grand Bahama Island, reported a throughput decline of 15% but an EBIT increase of 52%, mainly due to a gain on disposal of certain fixed assets.

Middle East and Africa

Name	Location	Ports Division's Interest	2010 Throughput
			(thousand TEUs)
International Ports Services	Saudi Arabia	51%	1,407
Alexandria International Container Terminals	Egypt	50%	543
Tanzania International Container Terminal Services	Tanzania	70%	342
Oman International Container Terminal	Oman	65%	104

These operations comprise container terminals in Dammam in Saudi Arabia; Alexandria and El Dekheila in Egypt; Dar es Salaam in Tanzania; and Sohar in Oman.

In Saudi Arabia, International Ports Services reported a throughput growth of 12% and an EBIT increase of 15%.

In Egypt, the container handling operations at Alexandria and El Dekheila terminals reported an increase of 13% in both combined throughput and EBIT.

Tanzania International Container Terminal Services reported a throughput increase of 5%. EBIT was 114% higher than last year, mainly due to improved efficiency and cost savings.

Oman International Container Terminal continued to record throughput growth and reduced losses in 2010.

Quay cranes at International Ports Services,
Dammam, Saudi Arabia, are servicing a container vessel.