

OPERATIONS REVIEW





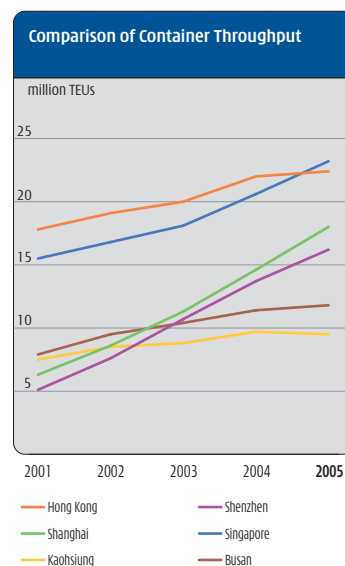
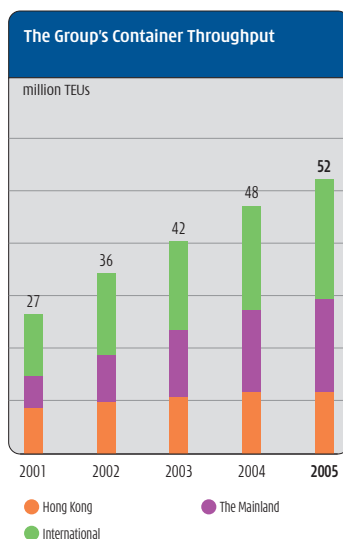
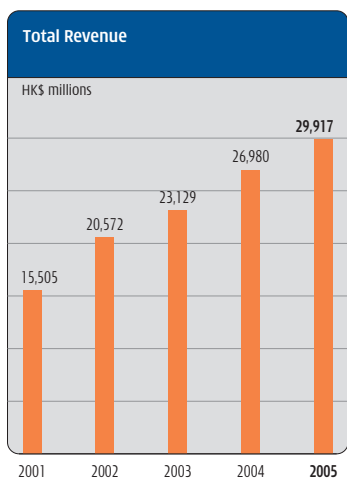
- |                  |                 |                    |            |
|------------------|-----------------|--------------------|------------|
| 1 South Korea    | 7 Myanmar       | 13 Poland          | 19 Bahamas |
| 2 Hong Kong      | 8 Pakistan      | 14 Germany         | 20 Panama  |
| 3 Indonesia      | 9 Oman          | 15 The Netherlands | 21 Mexico  |
| 4 Mainland China | 10 Saudi Arabia | 16 Belgium         |            |
| 5 Thailand       | 11 Tanzania     | 17 United Kingdom  |            |
| 6 Malaysia       | 12 Egypt        | 18 Argentina       |            |

## Ports and Related Services

The Group is one of the world's largest independently owned operators of container terminals with interests in a total of 42 ports comprising 247 berths in 20 countries.

## Ports and Related Services

Total revenue for the ports and related services division totalled HK\$29,917 million, a growth of 11%, reflecting an 8% increase in annual throughput to reach 51.8 million twenty-foot equivalent units ("TEUs"). The throughput increase arose mainly from the growth at the existing ports of Yantian ("YICT"), Europe Container Terminals ("ECT"), Xiamen International Container Terminals ("XICT"), Kelang Multi Terminal ("KMT") as well as Panama ports container terminals ("PPC"). EBIT from this division increased 14% to HK\$10,219 million, mainly due to the increased throughput. This division continues to provide a steady income stream to the Group, contributing 15% of the Group's total revenue and 17% of the Group's EBIT from its established businesses for the year.



### 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 two operations increased 12%, and EBIT was 8% better than last year, reflecting strong export growth in the region.

In Hong Kong, Hongkong International Terminals ("HIT") operates Terminals 4, 6, 7 and 9 at Kwai Tsing, while COSCO-HIT Terminals ("COSCO-HIT"), a joint-venture company, operates Terminal 8 East. Combined throughput at HIT and COSCO-HIT increased 5% but EBIT was 5% below last year, mainly due to tariff pressure. Despite competitive pressure, the Group's Hong Kong port operations continue to perform well and in November, HIT passed a milestone of handling its 90 millionth container. During the year, the Group disposed of a 20% interest in HIT and a 10% interest in COSCO-HIT to a strategic partner, the Port Authority of Singapore, and realised a profit of HK\$5,500 million.

YICT recorded another year of growth with throughput increasing 21% and EBIT 22% ahead of last year. During the year, the Group obtained approval for Yantian port Phase IIIB expansion project, a joint-venture investment in which the Group has an effective interest of 42.7%. This expansion comprises six deep-water container berths with a total quay length of 3,297 metres, adjacent to the Group's existing nine berths of the Phase I, II and IIIA facilities. The first berth is expected to commence operation in the second half of 2006 and the entire project is expected to be completed by 2010 to meet increasing demand.

Other operations in Hong Kong include the midstream and river trade businesses. Throughput of Asia Port Services decreased

17% due to heavy competition from all Kwai Tsing terminal operators and EBIT reduced by 23%. River Trade Terminal, a 43% owned joint venture that principally serves the water-borne trade between the Pearl River Delta region and Hong Kong, continued to be affected by competition and reported increased losses.

**“Annual throughput grew 8% to reach 51.8 million TEUs.”**



● Hongkong International Terminals' quay side operation at Container Terminal 9 in Tsing Yi.

Name	Location	Group's Interest	2005 Throughput (thousand TEUs)
Hongkong International Terminals/COSCO-HIT Terminals	Kwai Tsing	66.5% / 33.25%	7,810
Yantian International Container Terminals/ Yantian International Container Terminals (Phase III)	Yantian, PRC	48% / 42.7%	7,581
River Trade Terminal	Tuen Mun	43%	2,122
Asia Port Services	Hong Kong	100%	1,701



● The ECT Delta Terminal with ocean-going vessels, feeders, inland barges, trains and trucks all coming together.

Name	Location	Group's Interest	2005 Throughput (thousand TEUs)
Europe Container Terminals	Netherlands	98%	5,615
Hutchison Ports (UK) - Felixstowe, Thamesport and Harwich	UK	100%	3,409

“ECT in Rotterdam reported throughput 12% and EBIT 34% above last year.”

**Europe**

The European port operations include ECT in the Netherlands, the UK ports and the Group's recently acquired interests in Gdynia in Poland.

ECT in Rotterdam reported throughput 12% above last year, mainly from increased Asian trade. EBIT was 34% above last year, reflecting increased throughput and successful cost rationalisation.

The Group's UK port operations, consisting of Felixstowe, Thamesport and Harwich, reported a throughput increase of 3% compared to last year, but EBIT declined by 6%, mainly due to higher operating costs. The expansion of Trinity Terminal at the Port of Felixstowe was completed in 2005 and further expansion is planned at Felixstowe South and Bathside Bay to increase the capacity of these ports.

In January 2005, the Group acquired an 83.53% interest in Gdynia Container Terminal S.A. in Poland, to develop the terminal into a modern container handling facility with three berths. In December, a conditional agreement was signed with Grupo Mestre of Spain to acquire a 70% interest in Terminal Catalunya S.A., a five-berth container terminal with expansion opportunities in the Port of Barcelona, Spain.

## Asia, Middle East and Africa

These operations comprise container terminals in Busan and Gwangyang in South Korea, Port Klang in Malaysia, Jakarta in Indonesia, Dammam in Saudi Arabia, Karachi in Pakistan, Laem Chabang in Thailand, Dar es Salaam in Tanzania and the Group's recently acquired interests in two terminals in Egypt and a roll-on/roll-off (ro-ro) terminal in Thailand.

In South Korea, the Group's Hutchison Korea Terminals, which operates two terminals in Busan and one in Gwangyang, as well as Korea International Terminal, reported a combined throughput increase of 11% and an EBIT increase of 93%, mainly due to the appreciation of the Korean Won against the US dollar in 2005, which resulted in higher Hong Kong dollar denominated results.

In Malaysia, KMT reported throughput growth of 14% and EBIT increased 20% compared to last year.

In Indonesia, Jakarta International Container Terminal and the adjacent Koja Container Terminal continued to operate in a challenging environment, reporting combined throughput 4% above last year, but an EBIT decrease of 20% due to tariff pressure and higher power and fuel costs.

In Saudi Arabia, International Ports Services reported throughput growth of 21% and EBIT increased 29% compared to last year, mainly due to the strong regional economy.

In Pakistan, Karachi International Container Terminal reported throughput growth of 18% and EBIT increased 8% compared to last year.

Tanzania International Container Terminal Services reported throughput growth of 13% and EBIT increased 48%, mainly due to increased business diverted from other nearby ports, which were subject to some operating disruptions.

In March, the Group acquired a 38% interest in two terminals in Egypt, at Alexandria port and El Dekheila port. The terminals will be converted to container terminals with a depth alongside of 12 metres and total quay length of 380 metres and 560 metres respectively. In August, the Group acquired an 80% interest in a project to build and operate a ro-ro terminal in Thailand, adjacent to the Group's Laem Chabang Terminal, for a concession period of 30 years. In November, the Group invested in a joint venture, in which it holds a 65% interest, to operate and develop a greenfield, 10-berth container terminal in the Port of Sohar, Oman for a concession period of 40 years. The port is scheduled to be operational in the second quarter of 2006, with depth alongside of 16 metres and quay length of 520 metres in the first phase. The second phase of additional quay length of 970 metres is expected to be completed by 2007.



● Hutchison Busan Container Terminal in Busan Port, South Korea's largest port.

Name	Location	Group's Interest	2005 Throughput (thousand TEUs)
Hutchison Korea Terminals (two terminals in Busan and one terminal in Gwangyang)	South Korea	100%	2,934
Kelang Multi Terminal	Malaysia	31.5%	2,727
Jakarta International Container Terminal and Koja Container Terminal	Indonesia	51% / 47.9%	2,289
International Ports Services	Saudi Arabia	51%	898
Karachi International Container Terminal	Pakistan	100%	474
Thai Laem Chabang Terminal	Thailand	88%	397
Tanzania International Container Terminal Services	Tanzania	70%	294
Korea International Terminals	South Korea	88.9%	258



● An aerial view of the container yard at Shanghai Container Terminals.

“Combined throughput in Shanghai grew 3% compared to last year.”

**The Mainland**

In Shanghai, the combined throughput grew 3% compared to last year, mainly attributable to the increase in throughput of Shanghai Pudong International Container Terminals, which operates Phase I of Waigaoqiao Container Terminals. EBIT was in line with last year. Shanghai Mingdong Container Terminals, which operates four deep-water container berths with a quay length of approximately 1,100 metres and two feeder berths at Waigaoqiao Phase V in Shanghai Pudong, started operation in late 2005.

In Ningbo, the Group's 49% owned Ningbo Beilun International Container Terminals contributed an increase in throughput by 6% and an increase of EBIT by 21%.

Hutchison Delta Ports' six joint-venture river and coastal ports in Jiuzhou, Nanhai, Gaolan, Jiangmen, Xiamen and Shantou reported another year of improved performance. Container throughput and general cargo handling increased 26% and 25% respectively and the combined EBIT increased 44% compared to last year.

In March, the Group obtained approval to invest in the Phase II expansion of Zhuhai International Container Terminal in Gaolan, to construct two container berths with total quay length of 824 metres. In October, a 50/50 joint venture was formed to operate and develop an ore terminal in Dalian for a tenure of 50 years. This is the Group's first dedicated non-containerised terminal operation in the Mainland. In December, the Group entered into a joint venture agreement to acquire, develop, operate and manage the Phase II Container Terminal at Yangshan port in Shanghai, which comprises four deep-water berths with a depth alongside exceeding 15 metres and a quay length of 1,400 metres.

Name	Group's Interest	2005 Throughput (thousand TEUs)
Shanghai Container Terminals/Shanghai Mingdong Container Terminals (Waigaoqiao Phase V)	37% / 50%	3,711
Shanghai Pudong International Container Terminals (Waigaoqiao Phase I)	30%	2,472
Ningbo Beilun International Container Terminals	49%	1,771
Xiamen International Container Terminals	49%	1,106
Pearl River Delta Ports in Southern China - Jiuzhou, Nanhai, Gaolan and Jiangmen	50%	799
Shantou International Container Terminals	70%	103

## The Americas and The Caribbean

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

Freeport Container Port on Grand Bahama Island, reported throughput 6% above last year and an EBIT that more than doubled, mainly due to economies of scale on increased throughput.

In Panama, the Group operates the ports of Balboa and Cristobal located near both ends of the Panama Canal. The combined throughput increased 54% and EBIT was 53% above last year. Further capacity expansion at Balboa and Cristobal are continuing to meet additional demand.

Internacional de Contenedores Asociados de Veracruz, on the eastern coast of Mexico, reported throughput growth of 10% and EBIT growth of 31%, mainly due to higher storage income in 2005.

Name	Location	Group's Interest	2005 Throughput (thousand TEUs)
Freeport Container Port	Bahamas	60%	1,115
Panama ports container terminals	Panama	90%	913
Internacional de Contenedores Asociados de Veracruz	Mexico	100%	678
Buenos Aires Container Terminal Services	Argentina	100%	355
Lazaro Cardenas Terminal Portuaria de Contenedores	Mexico	100%	137
Ensenada International Terminal	Mexico	100%	76



● Throughput in Freeport in the Bahamas experiences strong growth.