



Ports and Related Services

The Group is one of the world's largest privately owned operators of container terminals with interests in a total of 45 ports comprising 257 berths in 23 countries.

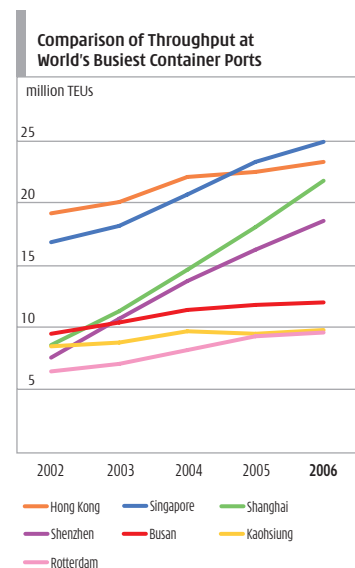
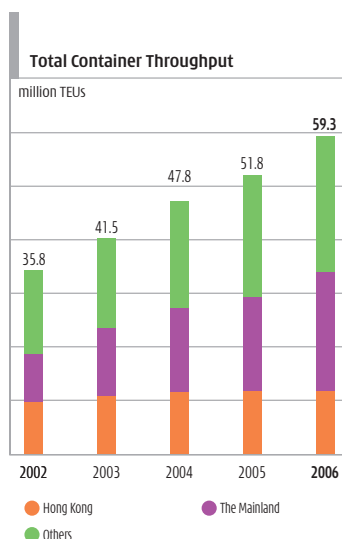
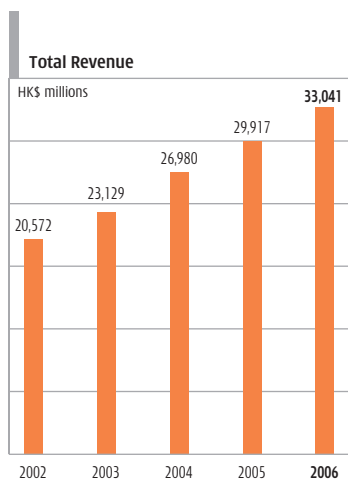


Ports and Related Services

The ports and related services division reported total revenue of HK\$33,041 million, a growth of 10%, reflecting a 15% increase in annual throughput to reach 59.3 million twenty-foot equivalent units ("TEUs"). The throughput increase arose mainly from the first full-year operation of Waigaoqiao Phase V in the combined Shanghai area ports; from the existing ports of Yantian ("YICT") in the Mainland; Westports in Klang, Malaysia; Kwai Tsing terminals in Hong Kong and also the Group's recently acquired interest in Terminal Catalunya ("TERCAT") in Barcelona, Spain. EBIT from this division increased 12% to HK\$11,395 million, mainly due to the increased throughput. This division continues to provide the Group with a growing income stream, contributing 15% and 26% to the Group's total revenue and EBIT from its established businesses respectively.



	2006 HK\$ millions	2005 HK\$ millions	% change
Total Revenue	33,041	29,917	+10%
EBIT	11,395	10,219	+12%





Hongkong International Terminals achieves an important milestone as it handles its 100 millionth TEU - a world record for an individual container terminal operator.

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 7% and EBIT was 3% better than last year, reflecting increased export volumes.

YICT recorded another year of growth, with throughput and EBIT increasing 17% and 10% 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 berth commenced operation in the third quarter of 2006 and the five remaining berths are expected to be completed in stages by 2009 to meet increasing demand.

In Hong Kong, Hongkong International Terminals ("HIT") operates Terminals 4, 6, 7 and 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 5% and in September, HIT passed a milestone of handling its 100 millionth container. 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, reported slightly lower losses although it continues to be affected by competition. During the year, the Group acquired an additional 7% interest in RTT, which increased the ports division's shareholding to 50%. Throughput of Asia Port Services decreased 23% due to heavy competition from all Kwai Tsing terminal operators and EBIT reduced by 10%.

Name	Location	Ports division's Interest	2006 Throughput (thousand TEUs)
Yantian International Container Terminals/ Yantian International Container Terminals (Phase III)	Yantian, PRC	48%/42.7%	8,865
Hongkong International Terminals/COSCO-HIT Terminals	Kwai Tsing, Hong Kong	66.5%/33.25%	8,235
River Trade Terminal	Tuen Mun, Hong Kong	50%	2,062
Asia Port Services	Hong Kong	100%	1,306

OPERATIONS REVIEW

Ports and Related Services

Europe

The European port operations include Europe Container Terminals ("ECT") in the Netherlands, the UK ports, Gdynia Container Terminal in Poland and the Group's recently acquired interest in TERCAT in Barcelona, Spain.

ECT in Rotterdam reported throughput and EBIT both 2% below last year. 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, and EBIT was 4% higher. Further deepening of the Trinity Terminal area as well as further measured expansion at

Felixstowe South and Bathside Bay are planned to increase the capacity of these ports.

During the year, the Group further expanded its container handling capacity in Europe. In June, Gdynia Container Terminal ("GCT") in the Port of Gdynia, Poland, commenced stage one of its container handling operation. The ports division's shareholding in GCT was increased from 83.53% to 99.15% during the year. In addition, the acquisition from Grupo Mestre of a 70% interest in TERCAT, a five-berth container terminal in Barcelona, was completed in the third quarter of 2006. This joint operation with Grupo Mestre (30% interest) was awarded a 30-year concession by the Barcelona Port Authority in Spain to build and operate a new seven-berth container terminal, which will be developed in two phases over the next 10 years.

Name	Location	Ports division's Interest	2006 Throughput (thousand TEUs)
Europe Container Terminals	Netherlands	98%	5,490
Hutchison Ports (UK) - Felixstowe, Thamesport and Harwich	UK	100%	3,604
Terminal Catalunya	Spain	70%	433
Gdynia Container Terminal	Poland	99.15%	56

"Annual throughput grew 15% to reach 59.3 million TEUs."

The Americas and The Caribbean

These operations comprise Freeport in the Bahamas, Balboa and Cristobal in Panama, Veracruz, Ensenada and Lazaro Cardenas in Mexico, Buenos Aires in Argentina and the Group's recently acquired interest in Port of Manta, Ecuador.

Freeport Container Port ("FCP"), on Grand Bahama Island, reported throughput and EBIT 31% and 30% above last year respectively. Further expansion in FCP is planned to handle additional demand.

Located at the heart of Rotterdam, ECT Home Terminal has excellent links to and from the continental hinterland.



In Panama, the Group operates the ports of Balboa and Cristobal located near both ends of the Panama Canal. The combined throughput increased 38% and EBIT was 33% above last year. Further capacity expansion at Balboa and Cristobal are underway to meet additional demand.

Internacional de Contenedores Asociados de Veracruz, on the eastern coast of Mexico, reported throughput growth of 24% and EBIT growth of 12%.

In November, the Group was awarded a 30-year concession by the Manta Port Authority to build and operate a new container terminal at the Port of Manta, Ecuador. The new terminal is designed to have four berths with a depth alongside of up to 16 metres and a total area of 63 hectares upon completion of all phases. The initial phase is expected to commence operations in 2007.

Name	Location	Ports division's Interest	2006 Throughput (thousand TEUs)
Freeport Container Port	Bahamas	60%	1,463
Panama ports container terminals	Panama	90%	1,256
Internacional de Contenedores Asociados de Veracruz	Mexico	100%	840
Buenos Aires Container Terminal Services	Argentina	100%	347
Lazaro Cardenas Terminal Portuaria de Contenedores	Mexico	100%	162
Ensenada International Terminal	Mexico	100%	121
Terminales Internacionales De Ecuador S.A.	Ecuador	95%	N/A

The Mainland

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

In Shanghai, the combined throughput grew 48% compared to last year, mainly attributable to the full-year contribution from Shanghai Mingdong Container Terminals, the operator of Waigaoqiao Phase V, which started operation in late 2005. EBIT was 30% above last year.

In Ningbo, Ningbo Beilun International Container Terminals reported a 10% increase in throughput and an EBIT increase of 50%, mainly due to both higher throughput and tariff.

**“EBIT increased 12%
to HK\$11,395 million.”**

Hutchison Delta Ports' operations include six joint-venture river and coastal ports in Jiuzhou, Nanhai, Gaolan, Jiangmen, Xiamen and Shantou. Combined container throughput increased 10% and general cargo handling decreased 29%. The combined EBIT increased 15% compared to last year.

In January 2006, the Group acquired a 33.59% interest in Huizhou Port Industrial Corporation, which has five oil berths and four multi-purpose berths.

Freeport Container Port in the Bahamas serves as a major container transshipment hub, connecting the world's trade lane destinations from the Americas, Europe, Far East and Australia.



OPERATIONS REVIEW

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The Group is continuing to expand its existing facilities in the growing Mainland market. In Zhuhai, two new container berths with total quay length of 824 metres in Zhuhai International Container Terminals (Gaolan)

are under construction and are expected to commence operations in 2007. In addition, in Shanghai, the Group is finalising the terms of a joint-venture investment in the Yangshan port.

Name	Ports division's Interest	2006 Throughput (thousand TEUs)
Shanghai Container Terminals/Shanghai Mingdong Container Terminals (Waigaoqiao Phase V)/Shanghai Pudong International Container Terminals (Waigaoqiao Phase I)	37% / 50% / 30%	9,153
Ningbo Beilun International Container Terminals	49%	1,944
Xiamen International Container Terminals	49%	1,173
Pearl River Delta Ports in Southern China-Jiuzhou, Nanhai, Gaolan and Jiangmen/Shantou International Container Terminal	50% / 70%	1,033
Huizhou Port Industrial Corporation	33.59%	100

North and South Asia

These operations comprise container terminals in Westports in Klang, Malaysia, Busan and Gwangyang in South Korea, Jakarta in Indonesia, Laem Chabang in Thailand and Karachi in Pakistan.

In Malaysia, Westports in Klang reported throughput growth of 24% and EBIT increased 43% compared to last year mainly due to higher throughput and tariff.

In South Korea, the Group's operations in Busan and Gwangyang reported a combined throughput increase of 5% and an EBIT increase of 28%, mainly due to better performance in the Gwangyang terminal, which reported reduced losses in 2006.

In Indonesia, Jakarta International Container Terminal and the adjacent Koja Container Terminal continued to operate in a challenging environment. Although combined throughput increased 7%, EBIT decreased by 11% mainly due to higher operating costs.

In Thailand, the Laem Chabang terminals reported throughput 61% over last year and EBIT increased 32%.

In Pakistan, Karachi International Container Terminal reported throughput growth of 19% and EBIT increased 55% compared to last year, mainly due to both higher throughput and tariff.



Zhuhai International Container Terminals (Jiuzhou) serves the industrial city of Zhuhai as well as its large hinterland.

An aerial view of Hutchison Busan Container Terminal.



In February 2007, the Group entered into agreements with Saigon Investment Construction & Commerce Company to jointly construct, develop and operate a new container terminal in

Ba Ria Vung Tau Province, Vietnam for a concession period of 50 years. The first berth of this three-berth container terminal is expected to commence operation in 2011.

Name	Location	Ports division's Interest	2006 Throughput (thousand TEUs)
Westports Malaysia	Malaysia	31.5%	3,392
Hutchison Korea Terminals (two terminals in Busan and one terminal in Gwangyang)	South Korea	100%	2,960
Jakarta International Container Terminal and Koja Container Terminal	Indonesia	51%/47.9%	2,438
Hutchison LaemChabang Terminal/Thai Laem Chabang Terminal	Thailand	80%/87.5%	640
Karachi International Container Terminal	Pakistan	100%	565
Korea International Terminals	South Korea	88.9%	394

Middle East and Africa

These operations comprise container terminals in Dammam in Saudi Arabia, Dar es Salaam in Tanzania, new 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 5% and an EBIT increase of 26%, mainly due to higher throughput.

In Tanzania, Tanzania International Container Terminal Services reported throughput growth of 5% and an EBIT increase of 11%,

mainly due to a larger proportion of higher tariff throughput compared to last year.

In Egypt, the conversion of the two existing terminals at Alexandria and El Dekheila ports to container terminals are progressing well and the operations at Alexandria are about to commence commercial services.

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	2006 Throughput (thousand TEUs)
International Ports Services	Saudi Arabia	51%	944
Tanzania International Container Terminal Services	Tanzania	70%	308
Alexandria International Container Terminals	Egypt	38%	N/A
Oman International Container Terminal	Oman	65%	N/A

International Ports Services in Saudi Arabia is a multi-purpose deep-water port capable of handling containers, ro-ro vessels, break-bulk and refrigerated cargo.

