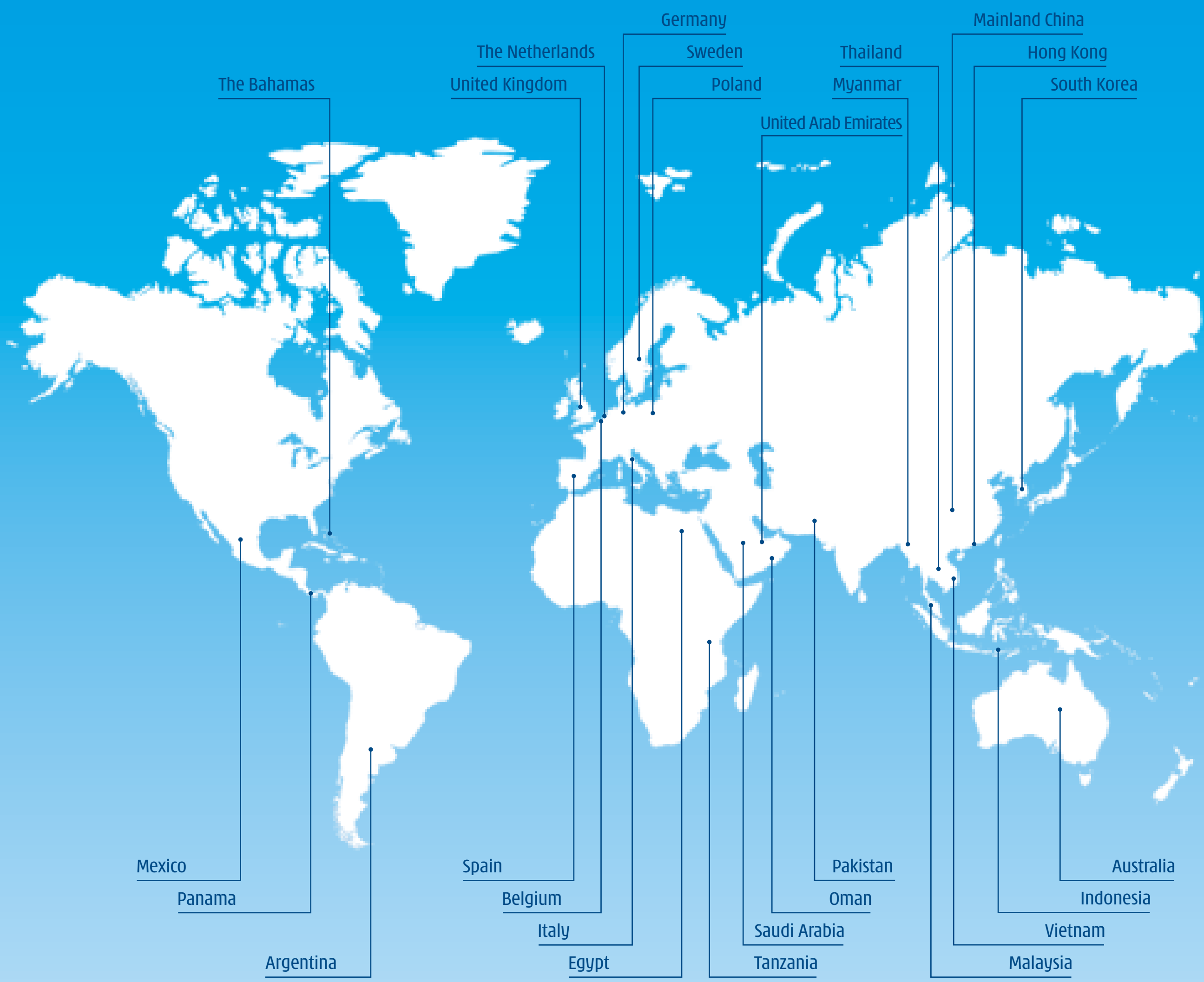
Operations Review



- Total revenue increased 3% to HK$32,941 million.
- EBITDA increased 1% to HK$11,453 million.
- EBIT decreased 1% to HK$7,791 million.
- Annual throughput increased 2% to 76.8 million twenty-foot equivalent units.

Ports
and Related Services

This division is one of the world's leading port investors, developers and operators, and has interests in 52 ports comprising 276 operational berths in 26 countries.

The world's largest container vessel, *CMA CGM Marco Polo*, makes its maiden call at Hongkong International Terminals.

Group Performance

The Group operates container terminals in five of the 10 busiest container ports in the world. The division comprises the Group's 80% interest in the Hutchison Ports group of companies and its 27.6% interest in the HPH Trust, which together handled a total of 76.8 million twenty-foot equivalent units ("TEUs") in 2012.

	2012 HK$ millions	2011 [1] HK$ millions	Change
Total Revenue	**32,941**	31,829	**+3%**
EBITDA	**11,453**	11,360	**+1%**
EBIT	**7,791**	7,848	**-1%**

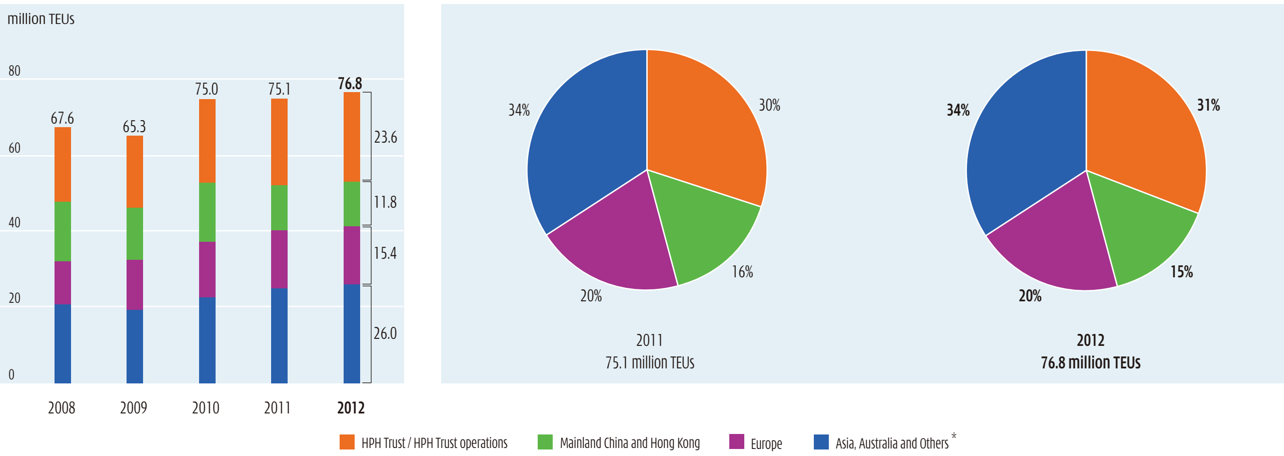
Note 1: To enable a better comparison of underlying performance, comparable revenue, EBITDA and EBIT only reflect the Group's attributable share of results based on the effective shareholdings in HPH Trust during 2012. 2011 EBIT includes the depreciation in 2012 on marking HPH Trust's assets to fair value on IPO so that the year-on-year changes can be calculated on a like-for-like basis.

This division comprises of four segments: HPH Trust / HPH Trust operations; Mainland China and Hong Kong; Europe; and Asia, Australia and others.

In local currencies, total revenue, EBITDA and EBIT of the division increased 7%, 3% and 2% respectively on a like-for-like basis[1]. This lower growth in EBIT reflected higher depreciation charges on new facilities that were introduced for expansion projects of container terminals located in Europe and Asia, Australia and other regions. The division's total revenue and EBITDA in the Group's reporting currency were 3% and 1% higher respectively, but EBIT was 1% lower than last year. This division contributed 8%, 13% and 13% respectively to the total revenue, EBITDA and EBIT of the Group's businesses.

Overall throughput increased 2% to 76.8 million TEUs in 2012, reflecting a steady market growth in all geographical locations during the year, except Mainland China and Hong Kong segment where the operations faced intense competition within the region.

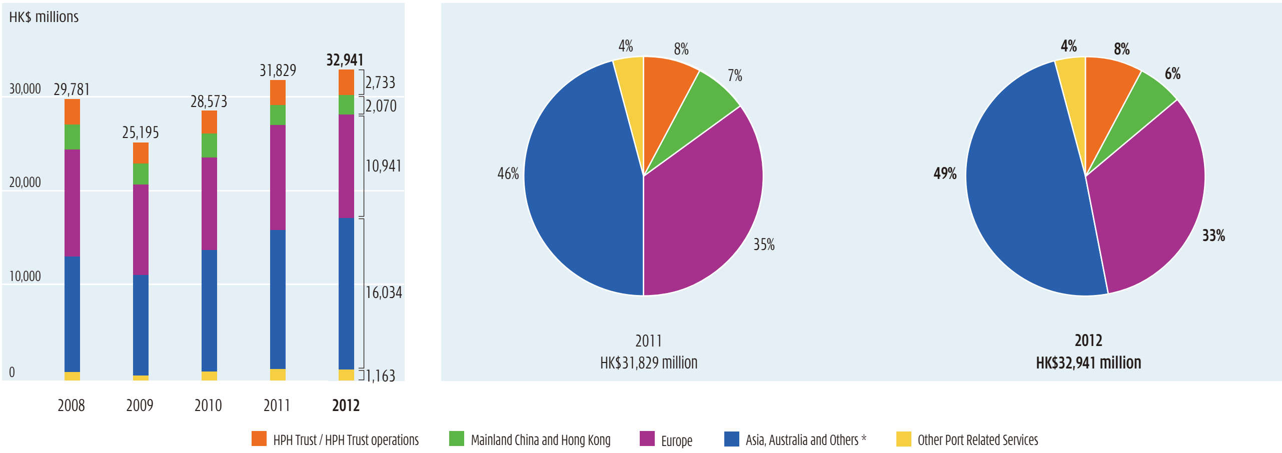
Total Container Throughput



* Includes Panama, Mexico and the Middle East.

Underlying revenue increased in 2012 mainly attributed to the strong throughput growth in the Asia, Australia and Others segment.

Total Revenue (2) by Subdivision

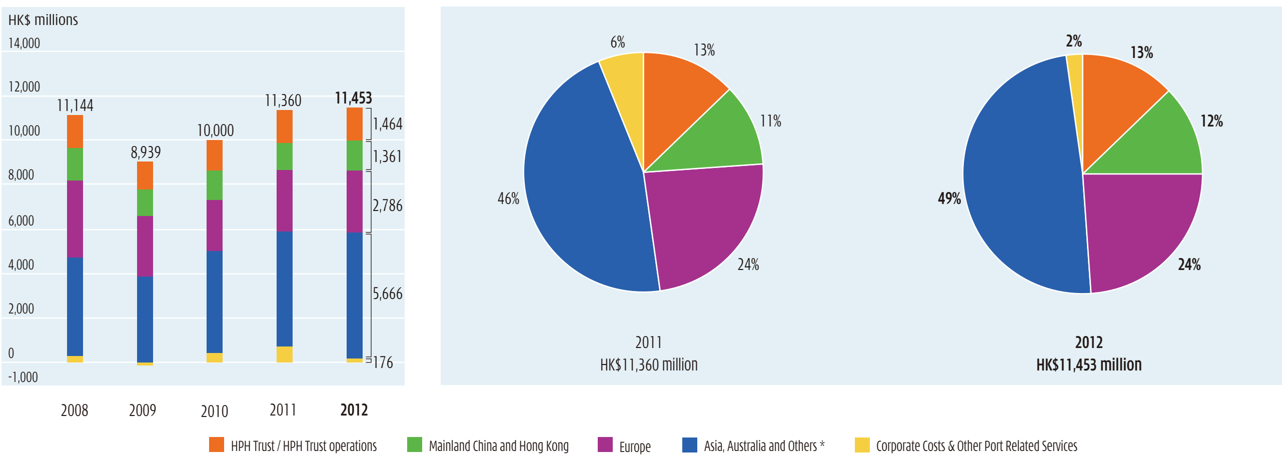


* Includes Panama, Mexico and the Middle East.

Note 2: For better comparable purposes in these charts and on a like-for-like basis, the Group's attributable share of revenue for HPH Trust / HPH Trust operations for 2008 to 2011 has been adjusted to reflect the Group's attributable share of results based on the effective shareholding in HPH Trust during 2012.

All segments reported underlying year-on-year EBITDA and EBIT growth other than the Group's share of HPH Trust, which was adversely affected by the lower contributions from operations in Kwai Tsing and Mainland China and Hong Kong segment which was affected by intense competition. The overall improvement in financial performance has been driven by throughput growth, productivity and efficiency initiatives, as well as cost saving initiatives.

EBITDA (3) by Subdivision



* Includes Panama, Mexico and the Middle East.

Note 3: For better comparable purposes in these charts and on a like-for-like basis, the Group's attributable share of EBITDA for HPH Trust / HPH Trust operations for 2008 to 2011 has been adjusted to reflect the Group's attributable share of results based on the effective shareholding in HPH Trust during 2012.

Segment Performance

HPH Trust / HPH Trust Operations

	2012 HK$ millions	2011 [4] HK$ millions	Change
Total Revenue	**2,733**	2,635	**+4%**
EBITDA	**1,464**	1,486	**-1%**
EBIT	**889**	911	**-2%**

Note 4: For better comparable purposes and on a like-for-like basis, comparable revenue, EBITDA and EBIT for 2011 have been adjusted to reflect the Group's attributable share of results based on the effective shareholding in HPH Trust during 2012.

HPH Trust, listed on the Main Board of the Singapore Exchange Securities Trading Limited in March 2011, was established as a 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 Mainland China, Hong Kong and Macau. The principal assets of HPH Trust include the Group's interests in the deep-water container ports in Hong Kong (comprising Hongkong International Terminals ("HIT"), which operates Terminals 4, 6, 7 and two berths in Terminal 9 at Kwai Tsing and COSCO-HIT Terminals, a joint-venture company, which operates Terminal 8 East) and Yantian (comprising Yantian International Container Terminals Phases I to III and Shenzhen Yantian West Port Terminals), the midstream and certain other river trade businesses related to the deep-water container businesses. Throughput of the HPH Trust ports increased by 3% in 2012. Although the Group's share of comparable revenue increased 4%, comparable EBITDA and EBIT decreased 1% and 2% respectively during 2012 driven by the higher operating cost for HIT and COSCO-HIT Terminals due to inflationary pressure.

In March 2013, HPH Trust announced the acquisition of Asia Container Terminals Holdings Limited, which owns and operates Asia Container Terminals Limited, also known as Container Terminal 8 West, located at Kwai Chung, Hong Kong, which is adjacent to HPH Trust's existing container terminals.

Yantian International Container Terminals handles its 100 millionth TEU, a record it achieves in a mere 18.5 years.

HIT is in the process of installing remote control stations for its fleet of 24 Rail Mounted Gantry Cranes.

Mainland China and Hong Kong

	2012 HK$ millions	2011 HK$ millions	Change
Total Revenue	**2,070**	2,164	**-4%**
EBITDA	**1,361**	1,216	**+12%**
EBIT	**1,040**	889	**+17%**

Name	Location	Ports Division's Interest	2012 Throughput (100% basis)
			(thousand TEUs)
Shanghai Container Terminals ("SCT") [5]/ Shanghai Mingdong Container Terminals ("SMCT") [6]/ Shanghai Pudong International Container Terminals	Mainland China	40%/ 50%/ 30%	5,783
Ningbo Beilun International Container Terminals	Mainland China	49%	2,003
Ports in Southern China [7] - Jiuzhou, Nanhai, Gaolan and Jiangmen/ Shantou International Container Terminals/ Zhuhai International Container Terminals (Gaolan)/ Huizhou Port Industrial Corporation/ Huizhou International Container Terminals	Mainland China	50%/ 70%/ 50%/ 33.59%/ 80%	1,420
Xiamen International Container Terminals/ Xiamen Haicang International Container Terminals	Mainland China	49%	1,001
River Trade Terminal	Hong Kong	50%	1,598

Note 5: SCT ceased its container handling business from January 2011 onwards.

Note 6: On 30 July 2012, SMCT signed an agreement to lease and operate a three-berth container terminal at Shanghai Waigaoqiao Port Zone Phase 6.

Note 7: Although the Group's economic interest in the three River Ports (Jiangmen Terminal, Nanhai Terminal and Zhuhai Jiuzhou Terminal) in Southern China were assigned to HPH Trust prior to its IPO, this division retains the legal interests in these operations.

Ningbo Beilun International Container Terminals is a natural deep-water port with a depth alongside of 18.2 metres.

Recurring EBITDA and EBIT of Mainland China and Hong Kong segment, excluding one-off asset disposal gains was down 8% and 10% respectively.

The division's Shanghai ports comprises 16 container berths, reported a 6% combined throughput growth mainly attributable to volumes from new services acquired during the year as well as the commencement of Waigaoqiao Port Zone Phase 6 container terminal in August 2012. Despite the additional throughput contribution from the newly commenced Waigaoqiao Phase 6 operation, recurring EBIT is flat against last year due to lower average tariffs.

Throughput of Ningbo Beilun International Container Terminals remained broadly in line with 2011, but EBIT decreased by 19% from last year mainly due to higher mix of transshipment, domestic and barge cargoes with lower average tariffs.

Ports in Southern China include six joint-venture river and coastal ports in Jiuzhou, Nanhai, Jiangmen, Shantou, Gaolan and Huizhou. Combined container throughput increased by 8% from last year, combined EBIT decreased by 35% mainly due to higher operating costs on new facilities reported by ports in Gaolan and Huizhou. The first berth of the new container terminal facility at Huizhou International Container Terminals, in which the division has an 80% interest, commenced operation at the end of 2012. Full operation of this new facility is expected by the end of 2013.

In Xiamen, the division's two container terminals reported decrease of 10% in combined throughput in 2012, reflecting the impact of intense competition.

River Trade Terminal, the 50% owned joint venture which principally serves the water-borne trade between the Pearl River Delta region and Hong Kong, reported a 21% decrease in throughput reflecting lower export from Pearl River Delta and tightened control over import commodities to the Mainland.

Europe

	2012 HK$ millions	2011 HK$ millions	Change
Total Revenue	**10,941**	11,120	**-2%**
EBITDA	**2,786**	2,754	**+1%**
EBIT	**1,817**	1,798	**+1%**

Name	Location	Ports Division's Interest	2012 Throughput (100% basis)
			(thousand TEUs)
Europe Container Terminals/ Amsterdam Container Terminals	The Netherlands	93.5%/ 70.08%	9,980
Hutchison Ports (UK) – Felixstowe/ Harwich/ London Thamesport	United Kingdom	100%/ 100%/ 80%	3,948
Terminal Catalunya	Spain	100%	882
Taranto Container Terminal	Italy	50%	268
Gdynia Container Terminal	Poland	99.15%	264
Container Terminal Frihamnen	Sweden	100%	36

In local currencies, revenue, EBITDA and EBIT of the Europe segment increased 5%, 7% and 7% respectively.

Operations in the Netherlands, which comprise Europe Container Terminals (including City Terminal, Delta Terminal and Euromax Terminal) in Rotterdam and Amsterdam Container Terminals in Amsterdam, reported a combined throughput growth of 3% from last year. Combined EBIT increased by 1% due to throughput growth, partially offset by the unfavourable impact of foreign currency translation. In local currency, EBIT increased by 11%.

Europe Container Terminals, Europe's largest port, located at the Port of Rotterdam, has expanded its network to inland terminals with the European Gateway Services.

The first phase of Port of Felixstowe's Berths 8 and 9 provides the deepest draft available at any UK container port.

The Group's UK port operations, consisting of Felixstowe, Harwich and London Thamesport, reported a combined throughput growth of 6% compared to last year, reflecting an increase in transshipment traffic. EBIT was 3% higher than last year, mainly due to throughput growth and higher average revenue per TEU, partially offset by the unfavourable impact of foreign currency translation and the impact of full year depreciation from the deep-water shipping terminal at Felixstowe comprising Berths 8 and 9 which commenced commercial operations at the end of September 2011. In local currency, EBIT increased by 4%.

Terminal Catalunya ("TERCAT"), a four-berth container terminal in Barcelona in Spain, reported a 9% decrease in throughput as 2011 included additional transshipment volumes handled by TERCAT during the industrial disruption in neighbouring French terminals. EBIT decreased by 17% from last year, mainly due to lower throughput, higher cost of running both old and new terminals concurrently and the unfavourable impact of foreign currency translation. In local currency, EBIT decreased by 10%. The first phase of TERCAT's new semi-automated, deep-water container terminal - Barcelona Europe South Terminal at the Port of Barcelona comprises five berths, of which three berths were opened in September 2012.

The division's European ports network also includes Taranto Container Terminal ("TCTI") in Italy, Gdynia Container Terminal ("GCT") in Poland and Container Terminal Frihamnen ("CTF") in Sweden. TCTI continued to be adversely affected by lower volumes, whereas both CTF and GCT reported improvements in throughput.

Asia, Australia and Others

	2012 HK$ millions	2011 HK$ millions	Change
Total Revenue	**16,034**	14,706	**+9%**
EBITDA	**5,666**	5,195	**+9%**
EBIT	**4,185**	3,858	**+8%**

Name	Location	Ports Division's Interest	2012 Throughput (100% basis)
			(thousand TEUs)
Westports Malaysia	Malaysia	31.5%	6,910
Panama Ports Company	Panama	90%	4,101
Jakarta International Container Terminal/ Kerjasama Operasi Terminal Petikemas Koja	Indonesia	51%/ 45.09%	3,168
Internacional de Contenedores Asociados de Veracruz/ L. C. Terminal Portuaria de Contenedores/ Ensenada International Terminal	Mexico	100%	2,565
Hutchison Korea Terminals/Korea International Terminals	South Korea	100%/88.9%	2,066
International Ports Services	Saudi Arabia	51%	1,620
Hutchison Laemchabang Terminal/Thai Laemchabang Terminal	Thailand	80%/87.5%	1,571
Freeport Container Port	The Bahamas	51%	1,202
Karachi International Container Terminal/ South Asia Pakistan Terminals	Pakistan	100%/ 90%	869
Alexandria International Container Terminals	Egypt	50%	622
Tanzania International Container Terminal Services	Tanzania	70%	382
Buenos Aires Container Terminal Services	Argentina	100%	317
Oman International Container Terminal	Oman	65%	187
Hutchison Ajman International Terminals	United Arab Emirates	100%	103
Saigon International Terminals	Vietnam	70%	N/A
Brisbane Container Terminals	Australia	100%	N/A
Sydney International Container Terminals	Australia	100%	N/A

In local currencies, revenue, EBITDA and EBIT of the Asia, Australia and others segment increased 12% respectively.

In Malaysia, Westports in Klang reported a throughput growth of 8% primarily driven by increased volumes from existing customers. EBIT increased by 11% from last year mainly due to the higher throughput and higher average revenue per TEU. To cope with the expansion, an additional berth is expected to commence operation by first quarter of 2013.

In Panama, the division operates the ports of Balboa and Cristobal located near both ends of the Panama Canal. The combined throughput of this transshipment hub decreased 3% from last year mainly due to the diversion of vessels to other terminals in order to reduce yard congestion during the labour slowdown in mid 2012. EBIT was 14% below last year, mainly due to lower throughput and higher operating costs. Further capacity expansion and facilities upgrade at Balboa and Cristobal are currently underway to improve yard capacity, productivity and efficiency and to support the long-term growth anticipated for the region.

In Indonesia, Jakarta International Container Terminal ("JICT") and the adjacent Kerjasama Operasi Terminal Petikemas Koja ("KOJA") reported a combined throughput growth of 2% mainly due to increased demands from the local region. Combined EBIT was 11% higher than last year due to higher throughput and higher average tariffs. Both JICT and KOJA are continuing to deliver productivity and efficiency improvements in order to handle increases in domestic demand.

The division's ports operations in Mexico are largely dependent on the economy of the US due to their close proximity. These ports reported a combined throughput and EBIT growth of 22% and 18% respectively from last year, mainly driven by continued strong cargoes growth between the Far East and the west coast of Latin America.

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 11% and there continued to be competitive pressure on average tariffs.

In Saudi Arabia, International Ports Services which operates at the Port of Damman, reported growth in throughput and EBIT of 1% and 5% respectively, mainly driven by higher volume from existing shipping lines' customers.

In Thailand, the Laemchabang container terminals reported a combined throughput growth of 5% due to continuing trade volume recovery and volume growth from existing customers. EBIT increased 19% compared to last year primarily due to increased throughput, partially offset by lower average tariffs.

Freeport Container Port, on Grand Bahama Island, reported a throughput and EBIT growth of 8% and 137% respectively, mainly due to additional services for transshipment operation and higher average tariff in 2012.

The semi-automated Barcelona Europe South Terminal is the most technologically advanced port facility in Southern Europe.

Panama Port Company's Balboa Port takes delivery of its first batch of 13 electric Rubber-Tyred Gantry Cranes in September 2012, part of a green initiative.

In Pakistan, Karachi International Container Terminal's throughput remained flat against last year, but reported a 5% decline in EBIT largely due to lower average tariffs and increases in direct costs. The development of the new South Asia Pakistan Terminals continues and on completion will provide the operation with increased flexibility in terms of operational and cost efficiencies.

In Egypt, the container handling operations at Alexandria and El Dekheila terminals reported increases of 7% and 16% in combined throughput and EBIT respectively. These results reflect the higher volumes from new customers and also from existing shipping lines who have realigned their European services connected to Egypt.

The division's operation in Asia, Australia and other regions also includes Tanzania International Container Terminal Services ("TICT") at the port of Dar es Salaam in Tanzania, Buenos Aires Container Terminal Services ("BACTSSA") in Argentina, Oman International Container Terminal ("OICT") at the Port of Sohar in Oman, Saigon International Terminals ("SITV") in Vietnam and Hutchison Ajman International Terminals ("HAJT") in the United Arab Emirates. TICT reported a throughput increase of 4% as new equipment increased productivity. BACTSSA reported a throughput decrease of 12% reflecting the import restrictions imposed by the local government to maintain balance of payments. OICT reported a significant throughput increase of 68% driven by both local cargoes and new transshipment services commenced during the year. SITV continued to be adversely affected by the market environment, but reported a reduction in start-up operating losses compared to last year mainly due to cost saving initiatives. HAJT handled 103,000 TEUs during the year and reported a positive EBIT contribution.

The development of new terminals in Brisbane and Sydney in Australia are progressing in accordance with plans and timetables which reflect expected demand and market conditions. The first berth at the greenfield port at Brisbane commenced operation in the fourth quarter of 2012 and the first two berths at Sydney are expected to come into operation in 2013. These ports are expected to contribute to the division's growth when become fully operational, which is typically around two to three years from the launch of commercial operation.