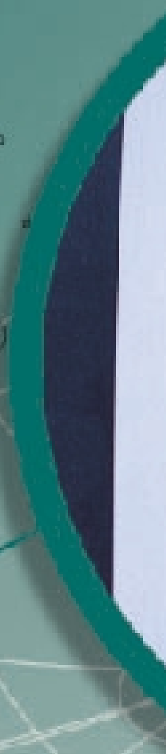
Hutchison Port Holdings is fast expanding into Europe since its acquisition of the Port of Felixstowe in 1991.



One of Hutchison's coastal ports – Shantou International Container Terminals.

The throughput in Freeport Container Port in the Bahamas doubled during the year.

Ports & related services

With the experience gained as the operator of Hongkong International Terminals, one of the world's largest independently owned container terminals, the Group continues to extend its expertise to strategic locations in other countries around the world.

Flagship company, HIT, achieved a milestone in 1998, handling its 50 millionth container.

Earnings before interest and tax ("EBIT") from the Group's ports and related services totaled HK$4,540 million (1997 – HK$4,946 million). The Group expanded its international network of port facilities with investments in two ports in the United Kingdom in 1998 and further opportunities are being explored. Combined throughput in 1998 at all operations rose 7.5% to 14.1 million TEUs (twenty foot equivalent units).

HONG KONG

In March 1998, the Group increased its interest in Hongkong International Terminals Limited ("HIT") from 85% to 88%. HIT, the world's largest privately owned container port facility, operates Terminals 4, 6 and 7 at Kwai Chung and the Group, through COSCO-HIT, also has an effective 44% interest in Terminal 8 East. Combined throughput from both operations totaled 6.0 million TEUs, marginally behind the 6.4 million TEUs handled in 1997, reflecting the loss of one customer that joined another shipping alliance and a slowdown in the export and import trade. As a result, EBIT for the year declined 10% from 1997. On 8 December 1998, the Hong Kong Government granted land at Tsing Yi to HIT, Modern Terminals Limited and Asia Container Terminals Limited to build Container Terminal 9, a six berth container terminal that is expected to have an annual capacity of 2.6 million TEUs when completed in 2004. HIT has received the right to own and operate two of the six berths.

Steady performance at HIT in Kwai Chung.

Hutchison Port Holdings
和記黃埔港口

HIT
Hongkong International Terminals Limited

Hutchison Delta Ports Limited
和記黃埔三角洲港口有限公司

Shanghai Container Terminals has helped make Shanghai Port one of the largest ports in the world.

During the year, the Group's interest in Mid-Stream Holdings Limited was increased from 95.5% to 100% and despite lower throughput and heightened competition, EBIT increased 26% as a result of efficient operating and cost controls.

In October, the River Trade Terminal Company (33% interest) commenced operations of phase 1 of the 65 hectare river trade terminal development at Tuen Mun. When fully completed in 2000, the facility will have an annual handling capacity of 1.3 million TEUs and 900,000 tonnes of breakbulk cargo and will principally serve the water borne trade between the Pearl River Delta and Hong Kong.

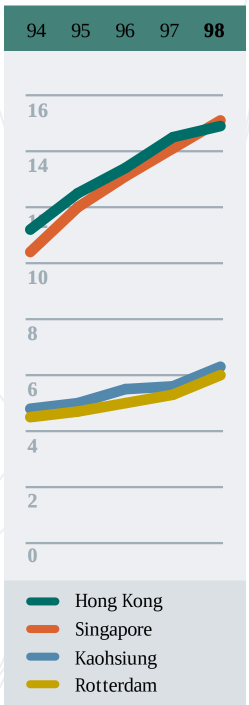
Hongkong United Dockyards (50% interest) returned to profitability in 1998 due to improved revenue from the ship repair business, reduced operating costs and the sale of one of its floating docks. The results of 50% owned Hongkong Salvage and Towage were in line with last year, reflecting increased revenues from its waste disposal container vessel business and the profit on the sale of one of its tugs.

MAINLAND CHINA

Throughput at the Group's 40% owned Shanghai Container Terminals Limited rose 15% to more than 2 million TEUs during the year and EBIT increased 16% over the previous year. This 10 container berth facility is one of the Mainland's most modern and the productivity enhancement programme, which is currently underway, is expected to increase the port's annual capacity to 2.2 million TEUs.

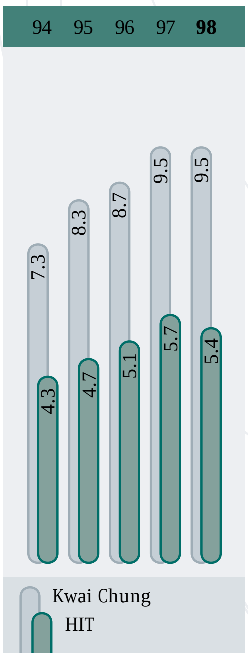
Yantian International Container Terminals ("YICT") recorded another year of strong growth with total throughput exceeding 1 million TEUs, up 63% from 1997, and EBIT was more than double the previous year. Construction of YICT's

Comparison of container throughputs
Millions TEUs



Yantian International Container Terminals recorded strong growth.

Kwai Chung container throughputs
Millions TEUs



HK$4.7 billion second phase is progressing and, when fully completed in 2000, YICT will have six container berths and will be one of the largest deep water container terminals in Southern China with an annual capacity of approximately 2 million TEUs. During the year, the Group increased its effective interest in YICT from 47.75% to 49.95%.

Hutchison Delta Ports ("HDP"), the Group's wholly owned subsidiary which invests in, develops and operates river and coastal ports in the Mainland, performed satisfactorily in difficult market conditions. HDP's six operating joint venture ports handled a total of 545,000 TEUs and 2.2 million tonnes of general cargo, an increase of 5% and 27% respectively over 1997.

In February this year, operations commenced at the 77.5% owned inland warehousing and container depot facilities in Guanlan, Shenzhen and is expected to enhance container traffic handling at YICT.

EUROPE

The Group's European ports reported EBIT 22% ahead of the previous year. The Port of Felixstowe, in which the Group has an effective 90% interest, had another satisfactory year, maintaining its ranking as the UK's leading container facility and reporting a 9% rise in throughput to 2.5 million TEUs. Progress has continued on the port's five year "Productivity Plus Programme" of modernisation, efficiency and productivity enhancements. Felixstowe comprises three terminals which can handle up to nine of the largest container vessels at any one time and in addition, it is one of the UK's busiest terminals for roll-on roll-off traffic.

In February 1998 the Group, through a 90% owned subsidiary, acquired Thamesport container port. This recently developed facility with an annual throughput capacity of approximately 600,000 TEUs, is a modern container terminal, 35 miles from London. In the period from the date of acquisition to 31 December 1998, TEU throughput increased by 28% compared to the same period in 1997 and this port made a positive contribution to the Group's profit for the year.

In April 1998, the Group acquired a 90% interest in Harwich International Port which is situated one mile from Felixstowe port on the opposite side of the Harwich Haven and serves the

Northern Europe and Scandinavia routes with regular passenger and freight roll-on roll-off services. This port, which also handles containers, dry bulk and agricultural products, made a positive contribution to the Group's profit for the year.

The acquisition of these two ports further strengthened the Group's competitive position and, together with the Port of Felixstowe, provide a solid base for future profit growth in the UK market.

上海集装箱码头有限公司
SHANGHAI CONTAINER TERMINALS LIMITED

盐田国际集装箱码头有限公司
Yantian International Container Terminals Limited

Port of Felixstowe

THE AMERICAS AND THE CARIBBEAN

The Group has a 72% interest in the ports of Balboa and Cristobal, located on the Pacific Ocean and Caribbean Sea ends of the Panama Canal respectively. These ports provide strategic access for the transatlantic and transpacific trade to the East and West Coasts of the Americas. Satisfactory progress has been made on the redevelopment of the Balboa facility which is on schedule for completion later this year and will double the combined annual throughput to 650,000 TEUs.

The second phase of the development of the two berth, Freeport Container Port on Grand Bahama Island is on schedule for completion this year to increase the annual throughput capacity from 560,000 TEUs to 950,000 TEUs. During 1998, the port, in which the Group has an effective 45% interest, more than doubled its throughput to 470,000 TEUs compared to the previous year.

The Group also has a 50% interest in the Freeport Harbour Company which owns and operates a major cruise ship facility on Grand Bahama Island and a 50% interest in the Grand Bahama Airport Company which owns and operates the islands' airport.

MYANMAR

During the year start up operations commenced at the container port facility at Thilawa, Yangon which is operated under a long term concession. In January this year, the Group increased its interest in this modern two berth facility with an annual capacity of 100,000 TEUs to 84.95%.