



WE KEEP THINGS **MOVING**

ANNUAL REPORT 2011



HPH
TRUST

HUTCHISON PORT HOLDINGS TRUST

Moving forward as the market leader in the world's largest trading hub

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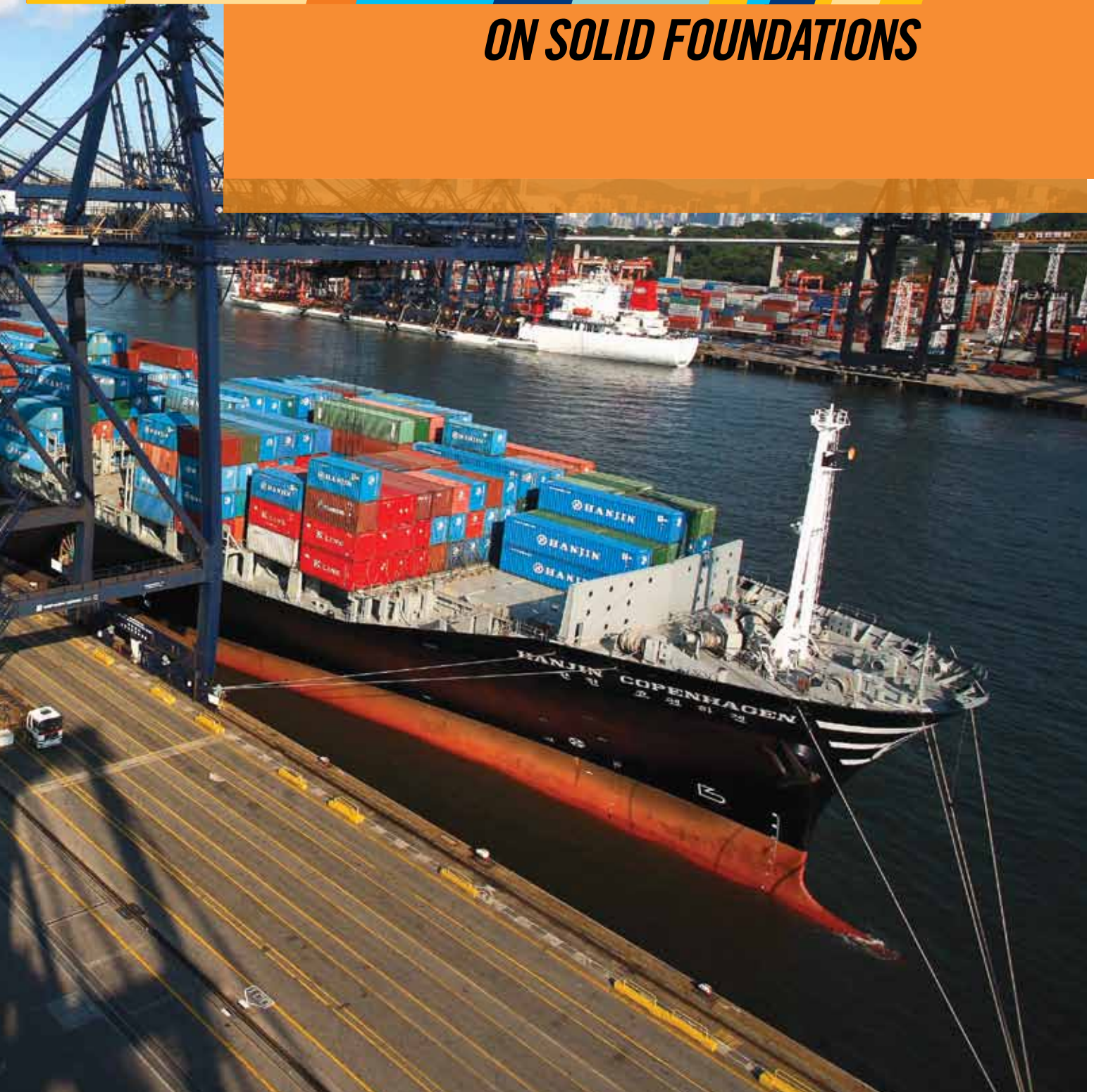
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We owe our success to a number of factors, among which is the geographic advantage of our natural deep-water terminals, in line with the industry trend towards the deployment of mega-vessels. We have the largest number of contiguous berths in the region, enabling several mega-vessels to dock simultaneously, and we have state-of-the-art equipment to service them. These factors combined make us the preferred ports-of-call in the South China region.



BUILDING

ON SOLID FOUNDATIONS



We are industry leaders in the Pearl River Delta, the world's largest cargo market by throughput. Our terminals have global connectivity, established customer relationships, and will continue to set new standards of excellence in port management for the industry. These strong fundamentals enabled us to deliver solid results in 2011 despite the challenging economic environment and a slowdown on some trade lanes.



LEADING

WITH STRENGTH AND RESILIENCE

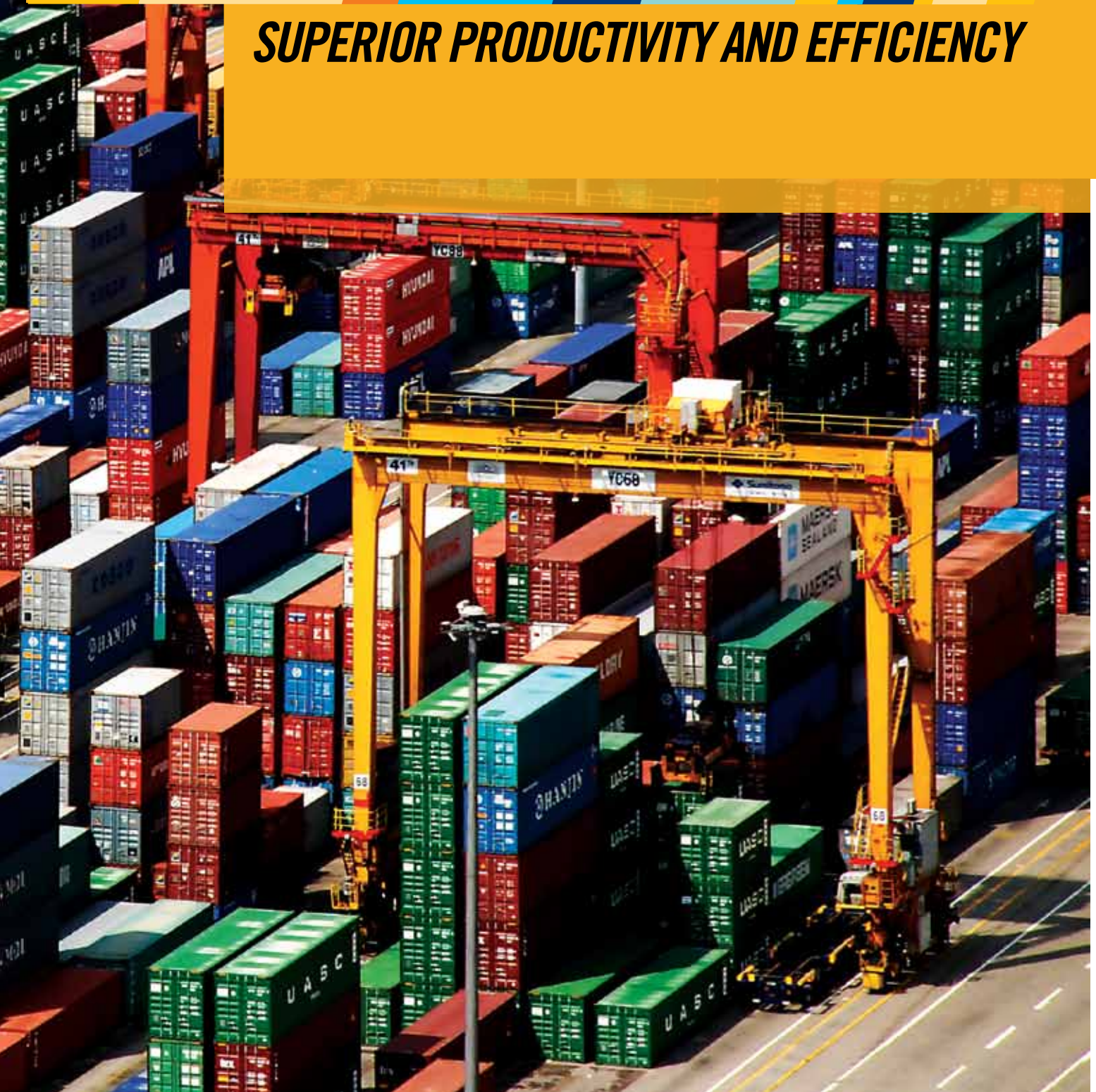


Our dedicated staff ensures that terminal operations run smoothly. We maintain strong relationships with customers, providing them with personalised service according to their specific requirements. The award-winning proprietary terminal management system, nGen, oversees every container moving in and out of the premises and ensures that our operations run with the highest levels of productivity and efficiency.



DELIVERING

SUPERIOR PRODUCTIVITY AND EFFICIENCY



THE TRUST

Hutchison Port Holdings Trust (“HPH Trust” or the “Trust”) is the world’s first publicly traded container port business trust. HPH Trust’s investment mandate is principally to invest in, develop, operate and manage deep-water container ports in the Guangdong Province, Hong Kong and Macau (collectively known as the Pearl River Delta (“PRD")).

The Trust has interests in world-class, market-leading deep-water container port assets (“Portfolio Container Terminals”) strategically located in Kwai Tsing, Hong Kong and Shenzhen, the People’s Republic of China (“PRC”). Collectively, these terminals operate 30 container berths across 514 hectares of land, with a combined throughput of approximately 21.9 million twenty-foot equivalent unit (“TEU”) in 2011.

The Trust’s portfolio also includes ancillary services such as trucking, feeder, freight-forwarding, supply chain management, warehousing and distribution. Additionally, the Trust is entitled to all the River Ports Economic Benefits¹ derived from the businesses of three river ports in Jiangmen, Nanhai and Zhuhai Jiuzhou, PRC, whose operations are complementary to the deep-water container ports operated by the Trust.

With their strong brand name and solid reputation, the Trust’s Portfolio Container Terminals enjoy long-term relationships with liners and customers and have proven their resilience and profitability with strong cash flow generation over the years.

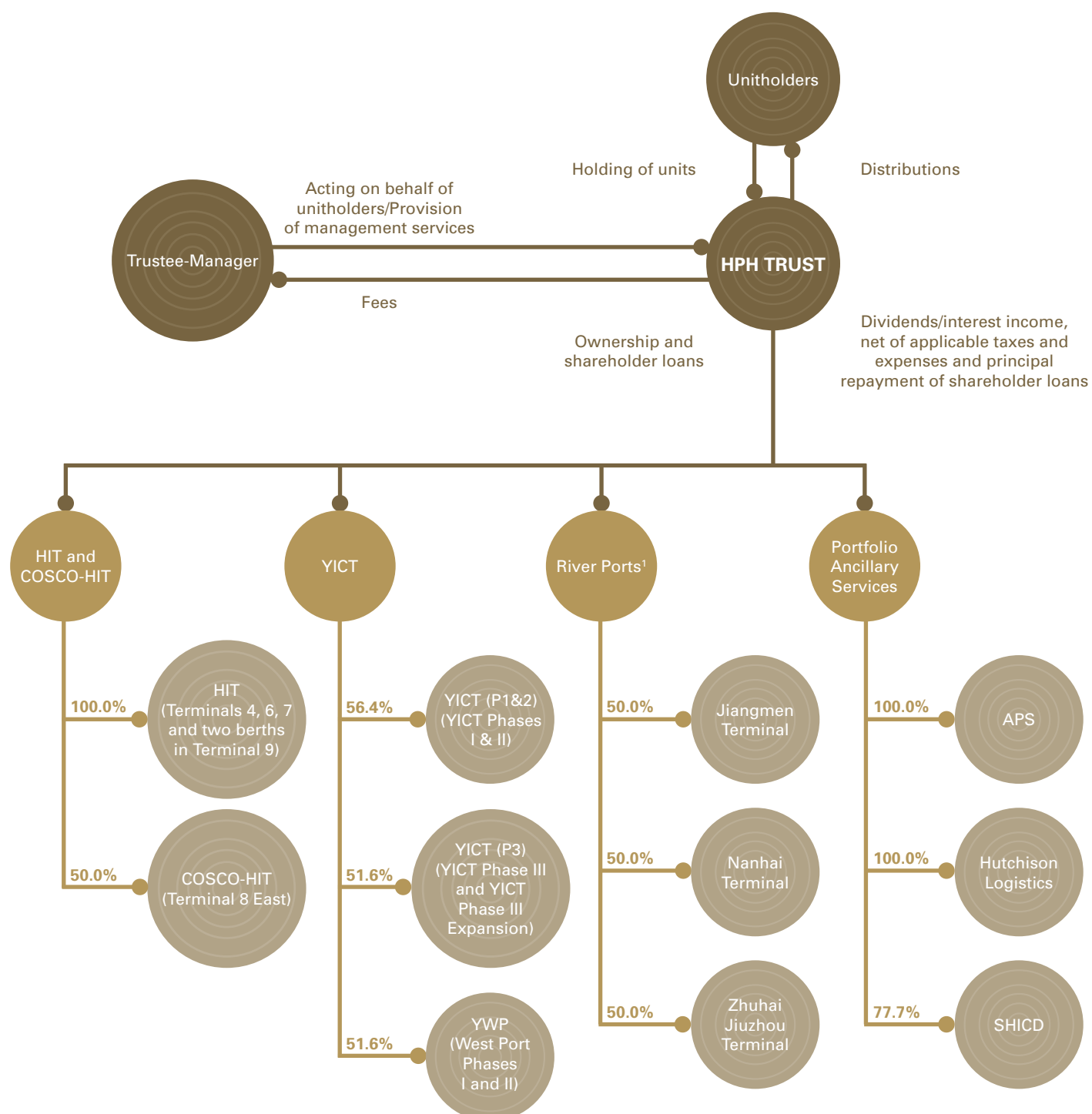
THE TRUSTEE-MANAGER

The Trust is managed by Hutchison Port Holdings Management Pte. Limited (the “Trustee-Manager”), an indirect wholly-owned subsidiary of Hutchison Whampoa Limited.

The Trustee-Manager has the dual responsibility of safeguarding the interests of unitholders and managing HPH Trust’s businesses. It manages HPH Trust’s businesses with the key objective of providing unitholders with stable and regular distributions and long-term growth in distributions per unit (“DPU”).

The Board of Directors (the “Board”) of the Trustee-Manager consists of individuals with a broad range of commercial experience, including expertise in the port industry.

¹ The River Ports Economic Benefits represent the economic interest and benefits of the river ports in Nanhai, Jiangmen and Zhuhai Jiuzhou, PRC (together the “River Ports”), including all dividends and any other distributions or other monies payable to Hutchison Port Holdings Limited (“HPH”) or any of its subsidiaries in its capacity as a shareholder of the relevant holding company of the River Ports arising from the profits attributable to the business of the River Ports and all sale or disposal proceeds derived from such businesses, assets, rights and/or liabilities constituting any part of the business of the River Ports as agreed with HPH and any of its subsidiaries



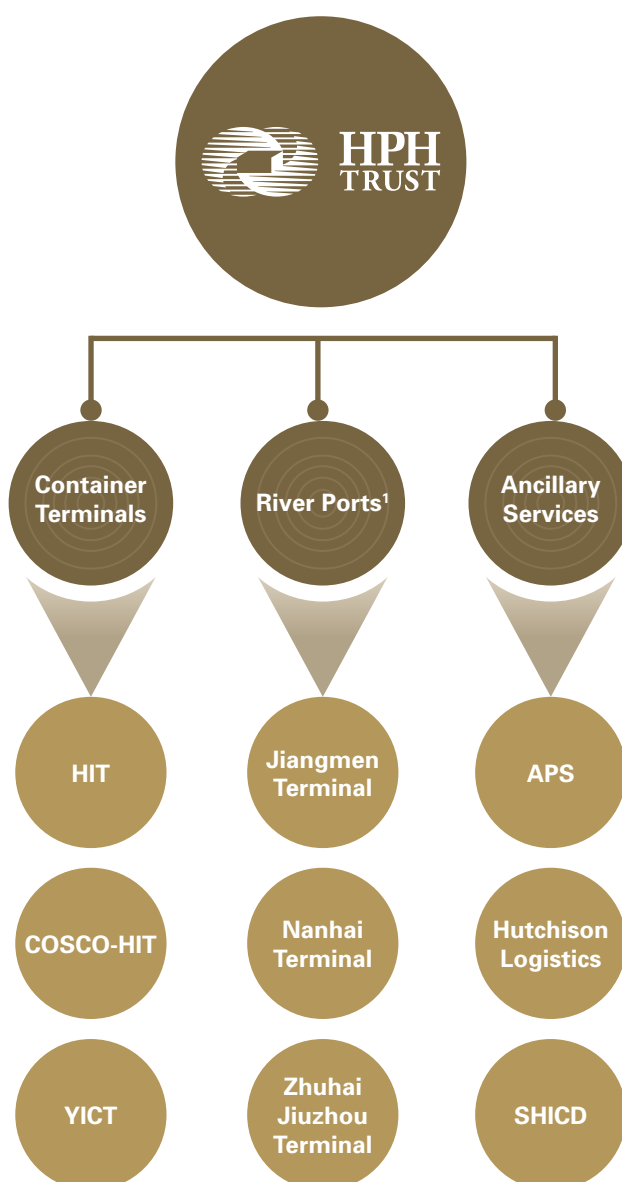
¹ HPH Trust holds River Ports Economic Benefits, but not the shares of the River Ports' holding companies



HPH Trust's principal assets include deep-water container port facilities in Hong Kong and Shenzhen, cities with two of the world's busiest ports.

Those port facilities are Hongkong International Terminals ("HIT"), COSCO-HIT Terminals ("COSCO-HIT"), and Yantian International Container Terminals ("YICT"). Operations in Hong Kong and Shenzhen are complemented by the river ports located in Jiangmen, Nanhai and Zhuhai Jiuzhou, and ancillary services which expand the cargo catchment area considerably. The ancillary services are Asia Port Services ("APS"), which provides container handling services in the harbour, empty container storage, container repair and feeder services between Hong Kong and the PRD; Shenzhen Hutchison Inland Container Depots ("SHICD"), which operates inland container depots and warehouses in Shenzhen; and Hutchison Logistics, a supply chain solutions and logistics service provider that has a multimodal network covering road, rail, sea and air.

Structure of HPH Trust



¹ HPH Trust holds River Ports Economic Benefits, but not the shares of the River Ports' holding companies

Located in the heart of the world's largest trading hub by throughput, the PRD region, HPH Trust's port assets can be found primarily in Hong Kong and Shenzhen. With a combined throughput of 47 million TEU, Hong Kong and Shenzhen together constituted the world's busiest container port market in 2011.

The Trust's assets include interests in deep-water container port assets at HIT, COSCO-HIT and YICT. The Trust's ports have natural deep-water berths which can accommodate mega-vessels of over 10,000 TEU in capacity.

HIT, COSCO-HIT and YICT are equipped with a proprietary terminal management system, nGen, from HPH, the world's leading port investor, developer and operator. With nGen, terminal operators are able to monitor the progress of each container that passes through the Trust's ports ensuring the efficiency that defines the Trust's operations and profitability. The system was first launched at YICT in 2003, and an updated version was introduced at HIT and COSCO-HIT in 2005.



PORTFOLIO ASSETS

HPH Trust's principal business portfolio comprises the following key assets

Hong Kong (HIT and COSCO-HIT)



Hongkong International Terminals

- Hongkong International Terminals Limited ("HITL") which operates Terminals 4, 6, 7 and two berths in Terminal 9 at Kwai Tsing ("HIT")
- 50% interest in COSCO-HIT Terminals (Hong Kong) Limited ("CHT") which operates Terminal 8 East at Kwai Tsing ("COSCO-HIT")
- Together, HIT and COSCO-HIT had over 60% of the market share of Kwai Tsing Port, Hong Kong by throughput in 2011. They operate 14 of the 24 deep-water berths there
- Strategically located transshipment hub
- Hong Kong's free port status is complemented by a conducive business environment and modern infrastructure
- Scale of operations and contiguous berths, resulting in operational synergies

Shenzhen, PRC (YICT)



Yantian International Container Terminals

- YICT (P1&2), YICT (P3) and YWP¹ which operate Yantian International Container Terminals and Shenzhen Yantian West Port Terminals²
- YICT is the leading privately-owned and operated deep-water container port in east Shenzhen and the overall market leader in Shenzhen. It had a market share of approximately 46% by throughput in 2011
- Largest deep-water port in Shenzhen with first mover advantage
- Gateway to the Guangdong Province trade catchment area, one of the densest manufacturing regions in the world
- Well-developed intermodal network to the PRC hinterland, presenting significant growth potential

¹ HPH Trust has an effective interest of 56.4% in YICT (P1&2), and 51.6% in both YICT (P3) and YWP

² Yantian International Container Terminals Limited ("YICT (P1&2)") operates Phases I and II ("YICT Phases I & II") of Yantian International Container Terminals ("YICT") located at Yantian, Shenzhen, PRC. Yantian International Container Terminals (Phase III) Limited ("YICT (P3)") operates Phase III of YICT ("YICT Phase III") and the Phase III expansion project of YICT ("YICT Phase III Expansion"); while Shenzhen Yantian West Port Terminals Limited ("YWP") operates West Port Phase I ("West Port Phase I") and West Port Phase II ("West Port Phase II")

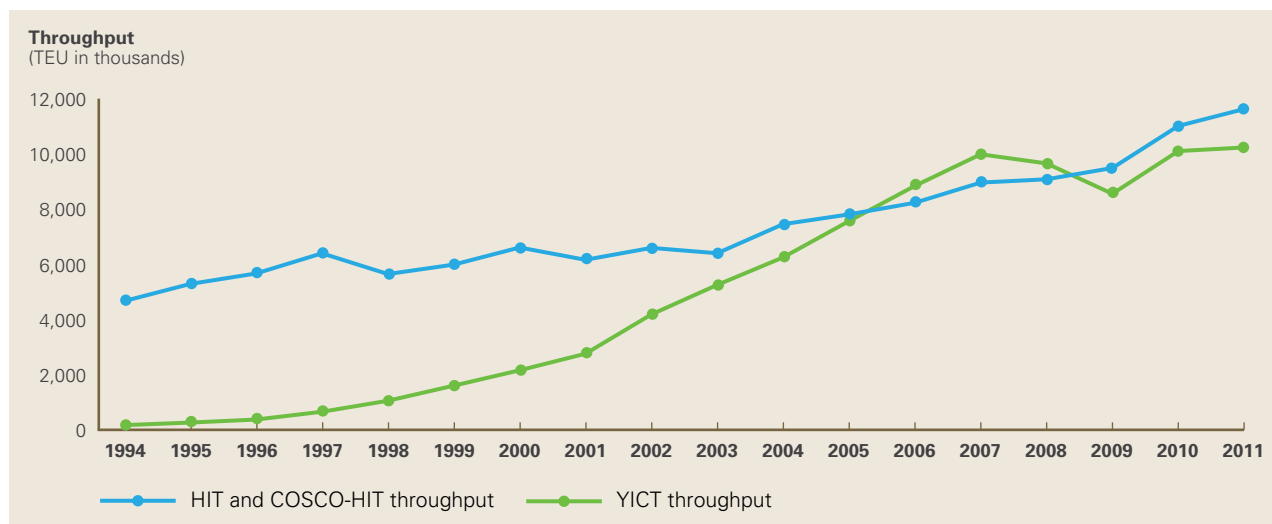
Competitive Strengths



The competitive strengths of the Portfolio Container Terminals are as follows:

- Natural deep-water geographic advantages underpinned by long-term operating rights
- Strong and established global connectivity
- Established reputation and brand with strong customer relationships
- Customised and quality service, employing proprietary and award-winning terminal management system, nGen, ensuring customer satisfaction
- Optimised design and layout, with advanced port infrastructure and facilities
- Complementary service offerings to customers

	HIT and COSCO-HIT	YICT	
Location	Kwai Tsing, Hong Kong	Shenzhen, PRC	
		In Operation	Under Construction
Container berths	14	16	3
Total area (ha)	141	373	44
Throughput in 2011 (TEU in thousands)	11,657	10,264	



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, i.e. traffic to and from the Pearl River Delta via barges. The published statistics are not directly comparable to throughput figures of HIT and COSCO-HIT shown in the above table. From 2009 onwards, 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.

KWAI TSING, HONG KONG

HIT and COSCO-HIT

HIT is operated by HITL, whose issued shares are 100% owned by HPH Trust. Since HIT first commenced operations at Kwai Chung in 1976, it has evolved from a single terminal to encompass 12 berths across Terminals 4, 6, 7 and 9 at Kwai Tsing Port, spanning a combined area of 111 hectares.

COSCO-HIT is operated by CHT, which is a 50-50 joint venture formed in 1991 between HIT Holdings Limited, an indirect wholly-owned subsidiary of HPH Trust, and COSCO Pacific Limited and became fully operational in 1994. It is currently made up of two container berths at Terminal 8 at Kwai Tsing Port. The combined area spans 30 hectares.

Due to Hong Kong's freeport status and strategic geographic location, Hong Kong has transformed from an origin and destination ("O&D") port into a key transshipment hub. HIT and COSCO-HIT's core service is in handling transshipment cargo. HIT handled its 10 millionth TEU and 100 millionth TEU in 1988 and 2006, respectively.

Around 1,800 employees and 3,000 contract workers run the day-to-day operations in HIT and COSCO-HIT.

HIT has won numerous industry accolades over the years. Details of these awards are set out on page 30 of the Annual Report.



Layout of Kwai Tsing Port and the location of terminals operated by HIT, COSCO-HIT and their competitors

SHENZHEN, PRC

YICT

In Shenzhen, HPH Trust has interests amounting to 56.4% in YICT (P1&2), 51.6% in YICT (P3), and 51.6% in YWP which collectively manage 19 berths across YICT Phases I & II, YICT Phase III and YICT Phase III Expansion, West Port Phase I and West Port Phase II respectively. The port covers an area of 417 hectares.

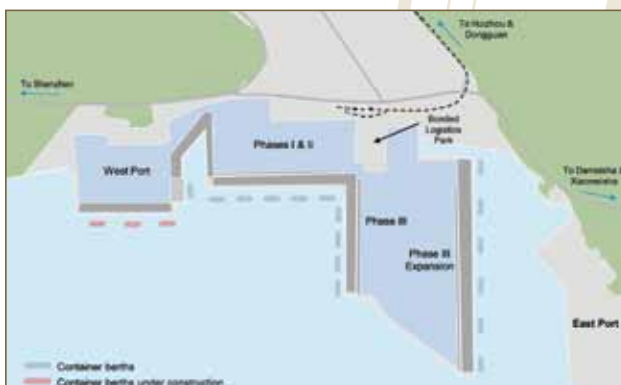
Owing to its ideal location in east Shenzhen, YICT is seen as the gateway to the Guangdong Province trade catchment area, one of the densest manufacturing regions in the world. It is also well-connected to the PRC hinterland by both highway networks and the national rail.



Pingyan Multimodal Service Coverage



Shenzhen Highway Network



Layout of YICT

“With a combined throughput of 21.9 million TEU, representing 52% of the entire throughput handled at deep-water ports in Hong Kong and Shenzhen in 2011, HPH Trust retains its market leadership of the region.”

Dear Unitholders,

Last year was an exciting one for HPH Trust, during which we listed on the Main Board of Singapore Exchange Securities Trading Limited (the “SGX-ST”). Despite economic turbulence in the US and Europe, the Trust demonstrated a high degree of resilience with strong results in our first 9.5 months as a listed entity. This solidified our position as the preferred deep-water ports operator in the Pearl River Delta (“PRD”).

Weakening trade demand prevented us from meeting forecast throughput for the 9.5 months, but the adoption of a strong marketing stance, plus a stringent focus on operational streamlining, enabled us to increase market share. We are pleased to report that this, together with pursuit of cost efficiencies, ensured that our net profit was in line with expectations. In addition, our DPU of 37.7 HK cents slightly exceeded forecast, demonstrating commitment to our promise to pay out 100% of distributable income for 2011.

Solid foundations ensure resilience

Our stature as an established deep-water ports operator, strategically located with an efficient and flexible operating environment, provides the requisite strength to weather the global economic storm. Uncertainties over the rate of recovery in the US economy led to depressed trans-Pacific trade growth in 2011. The Euro-zone debt crisis and increasing political tensions in the Middle East also meant growth in Asia-Europe trade was muted. However, our market dominance and well-established presence in these trade lanes, which are the most valuable global routings, means we are relatively better insulated from the difficulties experienced by the rest

of the market. We were also able to focus on the rapidly expanding market of intra-Asia and emerging market trade, as well as international transshipment growth.

The PRD continued to act as our main cargo source in 2011, during which greater deployment of the option to manufacture goods inland to reduce costs had no significant impact on our operations. As production costs at Chinese factories continue to rise, mainly as a result of increased labour costs and the strong Renminbi, manufacturers are increasingly turning to more efficient production methods, rather than relocation, to counter the trend. At the same time, the Trust has continued to enhance its hinterland strategy by expanding its multimodal network and strengthening its barge and rail connectivity, in order to enlarge its cargo catchment area.

Preferred port-of-call

Shippers and carriers compete to reduce container slot costs via increased use of mega-vessels for cost saving purposes. In this regard, the Trust’s ports experienced a substantial increase in the number of calls made by vessels with capacities of 10,000 TEU and above. Hong Kong and east Shenzhen are both natural deep-water ports, and are therefore preferred ports-of-call for mega-vessels. Our large number of contiguous deep-water berths provides an unparalleled platform on which to manage the operational complexities of servicing several mega-vessels simultaneously.

We are very pleased that the Trust has obtained the official land title and right-of-use for YICT Phase III. YICT Phase III now offers the longest contiguous berth in the region which will further reinforce our position as the preferred deep-water ports operator in the PRD, and aid our focus

Did you know?

**COMBINED THROUGHPUT OF HIT,
COSCO-HIT AND YICT IN 2011:**

21.9 million TEU

TOTAL BERTH LENGTH: 11,823 metres

TOTAL AREA: 514 hectares

on mega-vessel operations. By concentrating on continuous improvement in the efficient handling of mega-vessels – along with our focus on intra-Asia trade, high growth routes and transshipment – we believe we will see an increase in throughput volume during 2012.

Stability of returns

Due to the muted global economy, container throughput was 4% below IPO Prospectus¹ forecast for the 9.5 months of 2011. However, with a combined throughput of 21.9 million TEU, representing 52% of the entire throughput handled at deep-water ports in Hong Kong and Shenzhen in 2011, HPH Trust retains its market leadership of the region. The Trust's net profit for the period ended 31 December 2011 was in line with our forecast at HK\$3,018 million, while net profit margin was 31%. This was achieved mainly by adopting various cost saving initiatives and continued operational streamlining.

A HK\$2.8 billion bank loan in respect of our YICT operations has been renewed at an exceptionally competitive rate, providing greater financial stability in 2012. Capital expenditures in the year will be managed according to business demand, and our management team is committed to maintaining a stable forecast DPU yield, based on solid business returns.

Outlook for 2012

The economies of the emerging markets are showing growth, and intra-Asia trade and international trade with the Americas and Sub-Saharan Africa will continue to expand. China's economy appears to be stabilising, and the government is initiating manufacturer and exporter-friendly policies. We particularly welcome the

acceleration of infrastructure development across China, which enlarges the PRD catchment area, captures the growth of inland regions and ensures quicker and easier access to the Trust's ports. Carriers have entered into more vessel sharing agreements, concentrating traffic in larger ports that are able to handle them effectively. This will further enhance the competitiveness of the Trust's ports, as the preferred ports-of-call for mega-vessels. However, a faltering economic recovery in developed countries, coupled with the unpredictable future of the Euro-zone debt crisis, means the full outlook for 2012 remains uncertain. Nevertheless, the management team is confident that we will respond promptly and effectively to any challenges, given our strong fundamentals.

Acknowledgements

We wish to praise our staff, management and board members for their hard work and dedication to the Trust during our first year as a listed entity. We would also like to thank our customers, suppliers and business partners for their continued support, especially in what has been a demanding time for the industry. Lastly, we wish to thank our unitholders, whose unwavering support based on belief in the Trust since our listing in March 2011 has been the driving force behind our achievements. Thank you for your vote of confidence.

Together, we look forward to a bright year for the industry and the Trust.

Fok Kin Ning, Canning
Chairman

¹ The Prospectus dated 7 March 2011 and registered with the Monetary Authority of Singapore on 7 March 2011 (the "IPO Prospectus")



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1. Mr. FOK Kin Ning, Canning
2. Dr. John Edward Wenham MEREDITH
3. Mr. IP Sing Chi
4. Mr. Frank John SIXT
5. Mr. CHAN Tze Leung, Robert

Mr. FOK Kin Ning, Canning
Chairman and Non-executive Director

Mr. FOK Kin Ning, Canning, aged 60, has been the Chairman and Non-executive Director of the Trustee-Manager since February 2011. He is an executive director and the group managing director of Hutchison Whampoa Limited ("HWL"), the chairman of Hutchison Harbour Ring Limited ("HHR"), Hutchison Telecommunications Hong Kong Holdings Limited ("HTHKH"), Hutchison Telecommunications (Australia) Limited ("HTAL") and Power Assets Holdings Limited ("Power Assets") and the co-chairman of Husky Energy Inc. ("Husky"). He is also the deputy chairman of Cheung Kong Infrastructure Holdings Limited ("CKI") and a non-executive director of Cheung Kong (Holdings) Limited ("CKH"). Mr. Fok is also an alternate director to a director of HTHKH. He holds a Bachelor of Arts degree and a Diploma in Financial Management, and is a member of The Institute of Chartered Accountants in Australia.

Dr. John Edward Wenham MEREDITH
Deputy Chairman and Non-executive Director

Dr. John Edward Wenham MEREDITH, aged 73, has been the Deputy Chairman and Non-executive Director of the Trustee-Manager since February 2011. He is the group managing director of Hutchison Port Holdings Limited ("HPH"), president of Hutchison Ports (Panama), S.A. and holds senior management positions in other companies within HPH's worldwide operations. He graduated from the University of Southampton as a Master Mariner and holds an honorary Doctor of Laws degree awarded by the University of Western Ontario in Canada. He is well-known in the maritime industry and a pioneer in containerisation. He was awarded the Commander of the Order of the British Empire (CBE) by Queen Elizabeth II in 2011.

Mr. IP Sing Chi
Executive Director and Alternate Director
to Dr. John Edward Wenham MEREDITH

Mr. IP Sing Chi, aged 58, has been an Executive Director of the Trustee-Manager since February 2011 and Alternate Director to Dr. John Edward Wenham Meredith, the Deputy Chairman and Non-executive Director of the Trustee-Manager since 8 November 2011. He is the group executive director of HPH and chairman of Yantian International Container Terminals Limited. In addition, he is a member of the Hong Kong Port Development Council and the chairman of the Shipping & Port Operations Group of the Employers' Federation of Hong Kong and was the founding chairman (in 2000-2001) of the Hong Kong Container Terminal Operators Association Limited. He has over 30 years of experience in the maritime industry. He holds a Bachelor of Arts degree.

Mr. Frank John SIXT
Non-executive Director

Mr. Frank John SIXT, aged 60, has been a Non-executive Director of the Trustee-Manager since February 2011. He is also a member of the Audit Committee of the Trustee-Manager. He is an executive director and the group finance director of HWL, the non-executive chairman of TOM Group Limited ("TOM"), an executive director of CKI and Power Assets, a non-executive director of CKH and HTHKH and a director of HTAL and Husky. In addition, he is a director of Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust, Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust and Li Ka-Shing Unity Trustcorp Limited as trustee of another discretionary trust. He is also an alternate director of HTAL. He holds a Master's degree in Arts and a Bachelor's degree in Civil Law, and is a member of the Bar and of the Law Society of the Provinces of Quebec and Ontario, Canada.

Mr. CHAN Tze Leung, Robert
Independent Non-executive Director

Mr. CHAN Tze Leung, Robert, aged 65, has been an Independent Non-executive Director of the Trustee-Manager since February 2011. He is an independent non-executive director of Noble Group Ltd and Quam Limited. Mr. Chan is an experienced banker with over 30 years of experience in both commercial and investment banking. He retired as the chief executive officer of United Overseas Bank, Hong Kong on 31 December 2011. He is a senior adviser to Long March Capital Ltd, a fund management company based in Beijing and Shanghai in partnership with leading Chinese institutions including the CITIC Group and a Fellow of the Hong Kong Institute of Directors. He holds a Bachelor of Science (Econ) Hons. and a Master's degree in Business Administration.



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1. Mr. Graeme Allan JACK
2. Prof. MA Si Hang, Frederick
3. Mrs. SNG Sow-Mei (alias POON Sow Mei)
4. Mr. Kevin Anthony WESTLEY
5. Mrs. CHOW WOO Mo Fong, Susan

Mr. Graeme Allan JACK
Independent Non-executive Director

Mr. Graeme Allan JACK, aged 61, has been an Independent Non-executive Director of the Trustee-Manager since February 2011. He is also the Chairman of the Audit Committee of the Trustee-Manager. He has extensive experience in finance and audit. He is an independent director of The Greenbrier Companies Inc., and the independent trustee of Hutchison Provident Fund and the Hutchison Provident and Retirement Plan, two trusts established to fund the retirement of HWL Group employees. He retired as a partner of PricewaterhouseCoopers in 2006. He holds a Bachelor of Commerce degree and is a Fellow of the Hong Kong Institute of Certified Public Accountants and an Associate of The Institute of Chartered Accountants in Australia.

Prof. MA Si Hang, Frederick
Independent Non-executive Director

Prof. MA Si Hang, Frederick, aged 60, has been an Independent Non-executive Director of the Trustee-Manager since February 2011. He is a director (independent) of Husky and COFCO Corporation, and an independent non-executive director of China Resources Land Limited and Agricultural Bank of China Limited. He has extensive experience in the financial services industry and was the Secretary for Financial Services and the Treasury of the Hong Kong Special Administrative Region ("HKSAR") Government between 2002 and 2007. In July 2007, he was appointed Secretary for Commerce and Economic Development and he resigned from the government in July 2008 due to medical reasons. He is a member of the International Advisory Council of China Investment Corporation and an Honorary Professor of the School of Economics and Finance at the University of Hong Kong. Prof. Ma received an Honorary Fellowship from the School of Accountancy, Central University of Finance and Economics in 2010. He is a Justice of Peace and was awarded a Gold Bauhinia Star by the HKSAR Government in 2009. Prof. Ma holds a Bachelor of Arts (Hons) in Economics and History.

Mrs. SNG Sow-Mei (alias POON Sow Mei)
Independent Non-executive Director

Mrs. SNG Sow-Mei (alias POON Sow Mei), aged 70, has been an Independent Non-executive Director of the Trustee-Manager since February 2011. She is also a member of the Audit Committee of the Trustee-Manager. She is an independent non-executive director of CKI, ARA Asset Management (Fortune) Limited, ARA Trust Management (Suntec) Limited, ARA Asset Management (Prosperity) Limited and a director of INFA Systems Ltd. Mrs. Sng is also a senior consultant of Singapore Technologies Electronics Ltd. She was conferred the title of PPA(P) - Pingat Pentadbiran Awam (Perak), the Singapore Public Administration Medal (Silver) by the Republic of Singapore in 1996. She holds a Bachelor of Arts degree.

Mr. Kevin Anthony WESTLEY
Independent Non-executive Director

Mr. Kevin Anthony WESTLEY, aged 63, has been an Independent Non-executive Director of the Trustee-Manager since February 2011. He is a non-executive director of The Zuellig Group Incorporated Limited. He is also currently an adviser to the Chairman of The Hongkong and Shanghai Banking Corporation Limited. Mr. Westley is a member of the investment committee of the West Kowloon Redevelopment Authority. He retired from the HSBC Group in 2000 as the chairman and chief executive of HSBC Investment Bank (Asia) Limited. He holds a Bachelor of Arts (Hons) degree and is a Fellow of the Institute of Chartered Accountants of England and Wales.

Mrs. CHOW WOO Mo Fong, Susan
Alternate Director to Mr. FOK Kin Ning, Canning

Mrs. CHOW WOO Mo Fong, Susan, aged 58, has been an Alternate Director to Mr. Fok Kin Ning, Canning, the Chairman and Non-executive Director of the Trustee-Manager since February 2011. She is an executive director and the deputy group managing director of HWL, an executive director of CKI, HHR and Power Assets, a non-executive director of HTHKH and a director of HTAL. Mrs. Chow is also an alternate director to directors of each of CKI, Power Assets, HTAL and TOM. She was previously a non-executive director of TOM. She is a qualified solicitor and holds a Bachelor's degree in Business Administration.

Senior Management Team

Ms. HAI Chi Yuet Chief Executive Officer

Ms. HAI Chi Yuet has been the Chief Executive Officer (“CEO”) of the Trustee-Manager since February 2011. She is also the managing director of YICT and a member of the HPH Trust Exco, a committee of executives that determines the strategy for HPH Trust. She serves on many public bodies both in Hong Kong and Shenzhen, PRC. She is a member of the Election Committee for the Chief Executive of the HKSAR, and was the president of the Shenzhen Ports Association and deputy president of Guangdong Port & Harbours Association (in 2009-2011). She holds a Bachelor’s degree in Business Administration.

Mr. Ivor CHOW Chief Financial Officer

Mr. Ivor CHOW has been the Chief Financial Officer (“CFO”) of the Trustee-Manager since February 2011. He is also the managing director of HIT and a member of the HPH Trust Exco. He has been on the board of directors of several HPH Trust business portfolio assets since 2008. He previously served as the general manager of the Commercial division, finance director of the South China division, and the chief financial officer of several HPH subsidiaries. He holds a Bachelor’s degree in Mathematics and is a Chartered Accountant of The Institute of Chartered Accountants of Ontario.

Ms. LEE Tung Wan, Diana Deputy Chief Financial Officer

Ms. LEE Tung Wan, Diana has been the Deputy CFO of the Trustee-Manager since February 2011. She is also the general manager - Finance and Legal and Company Secretary of YICT. She held various executive positions at HPH. She focused in the financial planning and corporate finance area of the South China division of HPH and served as the chief financial officer of several HPH subsidiaries. She has also served as director on some of HPH Trust business portfolio assets’ boards of directors since 2006. She holds a Bachelor’s degree in Commerce and is an Associate of The Institute of Chartered Accountants in Australia.

Mr. YING Tze Man, Kenneth Director and General Manager of COSCO-HIT

Mr. YING Tze Man, Kenneth is the director and general manager of COSCO-HIT, and a member of the HPH Trust Exco. He held various executive positions at HPH. He was an executive director of HIT and the finance director of South China division of HPH. He is a member of the Port Development Advisory Group of Hong Kong. He is also a member of the Hong Kong Institute of Certified Public Accountants and a Fellow of the Association of the Chartered Association of Certified Accountants in the United Kingdom.

Ms. TSE Ting Ting, Anny Head of Human Resources

Ms. TSE Ting Ting, Anny has been the Head of Human Resources of the Trustee-Manager since February 2011. She is also the general manager - Human Resources of HIT and a member of the HPH Trust Exco. She has over 20 years of experience working in the human resources field in the ports, accounting, manufacturing and service industries. She has held numerous regional roles covering Asia-Pacific as well as operational responsibilities for China and Hong Kong. She holds a Master’s degree in Business Administration.

Mr. LEUNG Hoi Wai, Vincent Senior Legal and Compliance Counsel

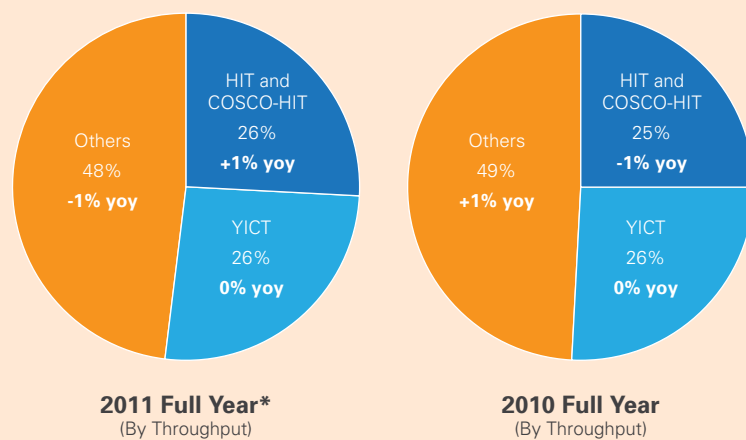
Mr. LEUNG Hoi Wai, Vincent has been the Senior Legal and Compliance Counsel of the Trustee-Manager since June 2011. He oversees the legal, compliance and corporate secretarial functions of HPH Trust. He holds a Postgraduate Certificate in Laws and a Bachelor of Laws degree. He is a qualified solicitor in Hong Kong and England and Wales, and has more than 14 years’ experience in legal and regulatory compliance affairs.

Did you know?

IF THE COMBINED THROUGHPUT OF HIT, COSCO-HIT AND YICT IN 2011 WERE LINED UP, THEY WOULD BE:

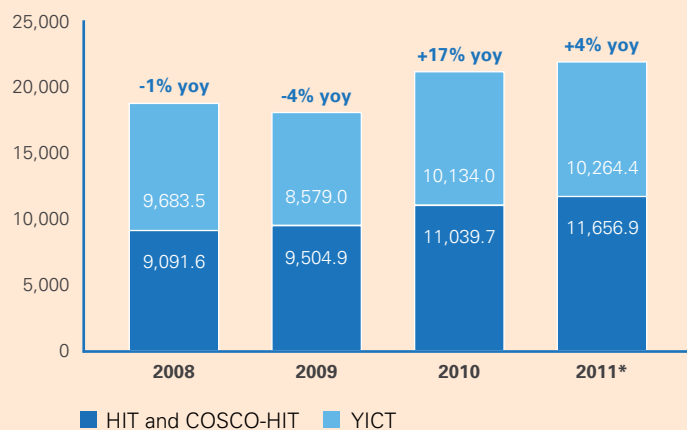
- = 133,502 kilometres (21.9 million TEU x 6.096 metres in length per TEU)**
- = 3 times the 40,076 kilometres circumference of the Earth**
- = 15 times the 8,852 kilometres length of the Great Wall of China**
- = 52 times the 2,586 kilometres distance between Hong Kong and Singapore**
- = 1,628 times the 82 kilometres length of the Panama Canal**

Kwai Tsing & Shenzhen Market Share



* 2011 throughput volume is on full year basis (i.e. includes the throughput volume before listing) for comparison purpose

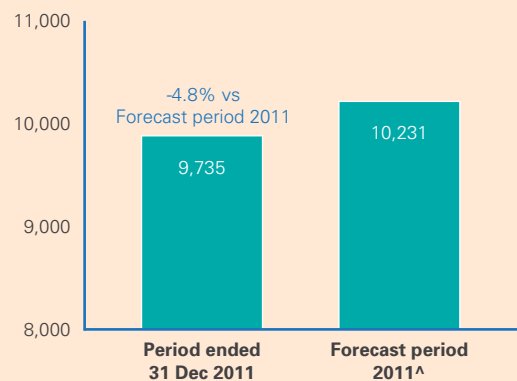
Throughput Volume
(TEU in thousands)



* 2011 throughput volume is on full year basis (i.e. includes the throughput volume before listing) for comparison purpose

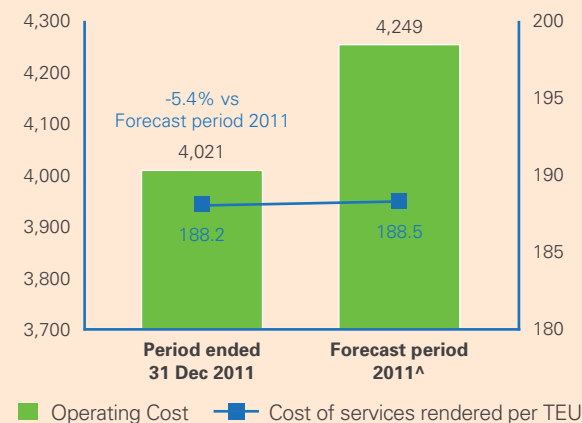
Revenues

(HK\$'Million)



Operating Costs

(HK\$'Million)



^ The forecast figure disclosed in the IPO Prospectus

The Trust was constituted on 25 February 2011 and the acquisition of assets and business undertakings of our initial portfolio was completed on 15 March 2011. Consequently, the financial period was from 25 February 2011 to 31 December 2011 but there were no operating activities for the period prior to 16 March 2011. As part of the listing exercise, the Trust provided forecast figures for 2011 ("2011F") which can be found in the IPO Prospectus.

Summary of Financial Results

	2011A HK\$'M	2011F HK\$'M	% Fav./ (Unfav.)
Revenue and other income	9,735	10,231	(4.8%)
Total operating expenses	6,017	6,475	7.1%
Profit for the period	3,018	3,013	0.1%
Profit attributable to unitholders	1,970	1,880	4.8%
Total distribution	3,283	3,257	0.8%
DPU for the period (HK cents)	37.7	37.4	0.8%

Revenue and other income for 2011 stood at HK\$9,735 million, which is 4.8% below the forecast for the same period. Due to the weakness of global trade demand and economic uncertainties, the container throughput volume at HIT and YICT was 2.5% and 7.4% below forecast expectations respectively. The effects were industry-wide, but we were able to mitigate the impact and gain market share from our competitors due largely to our superior deep-water ports facilities and domination of the valuable Europe-Asia and US-Asia trade lanes. This is heartening for the Trust at a time of increased challenges across the board.

A further encouraging development is that total operating expenses for the period came in 7.1% lower than forecast as the Trust launched cost saving initiatives and continued to streamline its operations for greater efficiency. The Trust also recorded lower depreciation and amortisation expenses as a direct result of the finalisation of the price allocation from the acquisition of the Trust's business portfolio at fair value.

As the interest rate environment continues to be favourable, the Trust's interest and other finance costs dipped 22.1% below the forecast for the period. Notably, the Trust was able to re-finance the HK\$2.8 billion bank loan of YICT at a competitive rate, which lends testament to its sound credit rating.

Profit before tax, after taking into account share of profits less losses after tax of associated companies and jointly controlled entities, was 3.6% above the forecast at HK\$3,443 million. Overall, the healthy performance can be attributed to cost efficiencies as a result of superior management and scale of our operations in HIT and YICT.

Tax came in at HK\$425 million, which was 37% above the forecast, mainly due to the reduction of accounting tax credits on the additional depreciation and amortisation arising from the acquisition of the Trust's business portfolio. As a whole, profit for the period ended 31 December 2011 was HK\$3,018 million, in line with the forecast. Net profit margin stood at 31% and earnings per unit attributable to unitholders slightly exceeded forecast at 22.6 HK cents.

Funding and Borrowings

In March 2011, the Trust raised gross proceeds of US\$5.45 billion from the initial public offering and issue of units to Cornerstone Investors¹. The entire amount of the proceeds has been applied fully towards part settlement of the consideration for the acquisition of the container port business from HPH and the assignment of certain related party and shareholders' loans ("Acquisition"). The remaining balance amount of the cash consideration for the Acquisition was funded out of the US\$3 billion bank loan raised in March 2011.

As at 31 December 2011, HPH Trust's outstanding bank loans were HK\$29.3 billion, with an effective interest rate of 1.6% per annum as at 31 December 2011. Details of the bank loans are set out on page 87 of the Annual Report.

Distribution

The Trust stood by its commitment to pay out 100% of its distributable income for the financial period ended 31 December 2011, with DPU at 37.7 HK cents, slightly exceeding our forecast. The management believes the Trust is on track to meeting its projected DPU for 2012.

¹ As defined in the IPO Prospectus

OPERATIONAL REVIEW

Hong Kong

HIT and COSCO-HIT, by virtue of their natural deep-water berths, give the Trust the ability to attract the growing mega-vessels container segment and service several such vessels simultaneously. Hong Kong's location and free port status also means it can continue to serve as a dominant transshipment hub that taps into the steady rise of intra-Asian container movement. Collectively, HIT and COSCO-HIT serve around 216 weekly shipping lines services (by trade routes). They also continue to enjoy the largest market share in Hong Kong.

Number of weekly services by trade routes

North America	34
Europe	33
Asia	113
Others	36
Total	216

As a free port, HIT and COSCO-HIT continue to be able to guarantee customers swift processing of their cargo with minimal customs duties. Also, as Hong Kong is a Special Administrative Region of the PRC, non-Chinese liners are permitted to conduct transshipment services for Chinese container trades, thus broadening the range of liners that pass through HIT.

HIT and COSCO-HIT enjoy optimal efficiency and significant cost savings through the use of internal trucking between terminals which is possible because of the contiguous layout of the yards. Furthermore, HIT and COSCO-HIT can service multiple mega-vessels simultaneously, thus maximising berth utilisation.

In 2011, HIT converted five diesel-driven rubber-tyred gantry cranes ("RTGCs") into hybrid RTGCs. In addition, HIT deployed an additional five electric and 15 hybrid RTGCs, which use 80% and 40% less fuel respectively than existing diesel-driven ones. The diesel-driven ones are scheduled to be converted to electric or hybrid mode in 2013.

Owing to HIT's world-renowned operating systems and advanced terminal facilities, the port is able to increase its throughput per berth and minimise berthing time for vessels.



Did you know?

IF THE COMBINED THROUGHPUT OF HIT, COSCO-HIT AND YICT IN 2011 WERE STACKED TOGETHER, THEY WOULD BE:

- = 56,721 kilometres (21.9 million TEU x 2.59 metres in height per TEU)
- = 6,411 times the 8,848 metres height of Mount Everest
- = 15,021 times the 3,776 metres height of Mount Fuji
- = 68,504 times of the 828 metres height of Burj Khalifa in Dubai
- = 202,575 times the 280 metres height of Overseas Union Bank Centre of Singapore



Shenzhen, PRC

The youngest of all the Trust's assets, YICT is a key growth driver, not least because it represents a key gateway to the world for China and vice versa. As the Trust's primary channel of tapping European and North American O&D trade routes, YICT generates gross quay crane moves per hour of above 30, making its terminals among the most operationally efficient in the world.

Located in the heart of one of the densest manufacturing regions in the world, YICT is blessed with superior connectivity via the highway network and its very own railway, Shenzhen Pingyan Multimodal Company Limited. This allows customers to move their cargo seamlessly from sea to land transportations. The PRC government's "Go West" policy also has the potential to complement YICT's network expansion beyond Guangdong Province.

The Trust completed the construction of the YICT Phase III Expansion in September last year. It is the longest contiguous berth in the region and, like HIT, is able to service several mega-vessels simultaneously.

The Trust's near-term focus is to grow throughput volume by targeting to increase mega-vessel operations and continuing to position the port as the leading O&D cargo hub in the region. Intra-Asia business and transshipment will also be a focus in the near-term to grow throughput volume. To cope with the anticipated increase in capacity needs, the Trust is rolling out the extension of one of the container berths of West Port Phase I, as well as the construction of three deep-water container berths (i.e. West Port Phase II).

Did you know?

TOTAL BERTH LENGTH OF HIT, COSCO-HIT AND YICT COMBINED:

- = 11,823 metres
- = 26 times the 452 metres height of the Petronas Twin Towers in Malaysia
- = 32 times the 367 metres height of the Bank of China Tower in Hong Kong
- = 36 times the 324 metres height of the Eiffel Tower
- = 1,375 times the 8.6 metres height of The Merlion

Growth Strategy

The Trust's strategic objective is to ensure its industry leadership position is sustainable. This should provide unitholders with stable and regular distributions and long-term DPU growth. To achieve these objectives, the Trust will implement the following:

Active business and asset management

To stay ahead of the competition and improve throughput at its ports, the Trust actively plans and implements initiatives to improve facilities and infrastructure, customise innovative solutions, provide value-added services to customers, and maintain close rapport with key stakeholders. At the same time margins are kept consistently within targets through enhancing our throughput mix, improving operational efficiency, and reducing operating costs.

Risk and capital management

Maintaining an optimal capital structure will enable the Trust to effectively implement growth strategies and engage in accretive acquisitions that will maximise returns to unitholders. The Trust also adopts a proactive interest rate management policy to manage the risk associated with fluctuations in the interest rate environment.

Development and acquisition

The Trust selectively pursues value-enhancing development projects and third party acquisition opportunities. Consolidation and investment opportunities in the deep-water container port market in the PRD are promising as expanding trade activity increases demand for deep-water container ports.

HPH, the world's top port operator, has granted the Trust certain rights to participate in, and rights of first refusal over, any future deep-water container ports developed or acquired by HPH in the PRD.

Outlook

With the shadow of Euro-zone debt crisis continuing and global economic recovery in doubt the market outlook for 2012 is unclear.

Challenges will certainly remain as global consumer spending growth is weak and demand for manufactured goods in the US and Europe is lacklustre. However with the Trust's market-leading domination of the world's most significant trade lanes, Europe to Asia and US to Asia, coupled with its strategic location among the growing economies of emerging markets, container shipping and throughput will expand in the long-term. The Chinese economy also appears to be resilient and there have been a number of trade-related government policies which support exporters and manufacturers.

In anticipation of the growth of container shipping through the PRD the Trust has embarked on organic expansion projects at HIT and COSCO-HIT and capital infrastructure works at YICT to provide increased future capacity. Although the near-term outlook is uncertain, the long-term position of the Trust as the preferred deep-water ports operator in the PRD is strong. The management team will monitor economic trends ceaselessly in 2012 in order to ensure the Trust reacts accordingly to any change in global or industry circumstances.





1969

HIT was formed to centralise the management of container operations at various dock areas



1985

HIT was granted the right to develop Terminal 6



5 October 1993

Hutchison Ports Yantian Limited ("HPY") and Shenzhen Dongpeng Industry Co., Ltd (now known as Shenzhen Yantian Port Group Co. Ltd ("YPG")) signed the joint venture contract to establish YICT



18 December 1996

Groundbreaking ceremony for YICT Phase II Project

1969

1991

HIT Terminal 7 was completed and the COSCO Pacific Limited and HIT joint venture was formed to develop Container Terminal 8 East



1976

HIT Terminal 4 commenced operations



20 July 1994

YICT officially commenced port terminal operations when the container vessel, the "Maersk Algeciras" arrived at the port



2001

HPY entered into official agreements with YPG and the Shenzhen Government to jointly develop YICT Phase III





July 2003

HIT officially launched the first berth of Container Terminal 9



8 November 2005

HPY and YPG officially signed a joint venture contract to develop the YICT Phase III Expansion for the total investment of over RMB10 billion



December 2007

YICT became the world's No. 1 port in terms of annual container throughput by a single terminal

Annual container throughput exceeded 10 million TEU for the first time since YICT commenced operations in 1994



September 2011

HPH Trust completed the construction of YICT Phase III Expansion

2 April 2012

HPH Trust became first ever dual currency trading counter

With the full support of the SGX-ST, HPH Trust units began trading in both Singapore and US dollars, the first of its kind in Singapore

2012

2006

HIT handled its 100 millionth TEU, a world record for a single operator



15 December 2004

HPY entered into agreement with Shenzhen Yantian Port Holdings Limited ("YPH") to develop West Port Phase I

18 March 2011

HPH Trust successfully mounted largest-ever IPO in Southeast Asia and Singapore

HPH Trust commenced trading on the Main Board of the SGX-ST at a listing price of US\$1.01 and raised a total of US\$5.4 billion



21 February 2012

HPH Trust posted strong results for the first financial period

Revenue of HK\$9,735 million, net profit of HK\$3,018 million, and DPU of 37.7 HK cents

2011



Third Place, Top Six Container Terminals in Intermodal Services in China by the Container Branch of China Ports Association

YICT won this in recognition of its contributions to container transportation via railway



ISO 14001:2004 by the Hong Kong Quality Assurance Agency

All of HIT's and COSCO-HIT's container terminals were certified compliant with ISO14001:2004 guidelines in 2011

2010



Transport and Logistics Sector Gold Award at Hong Kong Awards for Environmental Excellence 2009

HIT won this in recognition of its outstanding performance in the areas of "Green Leadership", "Programme and Performance", and "Partner Synergy"

2009



First Place, Top 10 Container Terminals in China of 2008 by the Container Branch of China Ports Association

YICT won this based on a combination of its leading position in volume and customer service

2008



International Sanitary Port by the World Health Organization and General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China

YICT became one of the first ports in China to be named an "International Sanitary Port", in recognition of the standards achieved in sanitary conditions, and efforts in "going green"

2006



Asia Pacific and Hong Kong Information and Communication Technology Awards

HIT received the Grand Award for eBusiness for the nGen system and the Gold Award for eBusiness (Applications) at the Hong Kong Information and Communication Technology Awards

HIT also won the Grand Prize in the Industrial Applications Domain at the Asia Pacific Information and Communication Technology Awards

2005



Best Global Container Port of the Year 2005-2006 by the Global Institute of Logistics ("GIL") in London

YICT was recognised by GIL as the first port operator to be awarded such an accolade. This was also the first ever international award granted to a port in China

2002



Best Container Terminal Operator Award in Lloyd's List Maritime Asia Awards

HIT won this in recognition of its key status in the maritime and transport industry

NURTURING FUTURE LEADERS

Ever supportive of cultivating the next generation of industry leaders, HPH Trust provides numerous internship opportunities to students interested in pursuing a career in logistics. Every year, HIT offers more than 20 placements and YICT welcomes more than 30 interns through their doors.

HIT played proud host to the 9th Citi International Case Competition ("CICC") in October 2011. The CICC is designed for undergraduate business students to work in teams to troubleshoot real-life business situations and present their solutions within a 26-hour deadline.

The students were given an overview of HIT terminal operations and a tour of the facilities before HPH Trust's Executive Director, Mr. Ip Sing Chi and the Trustee-Manager's CFO and HIT's Managing Director, Mr. Ivor Chow gave a presentation of the company.



Students, professors and judges at the CICC final competition and award ceremony



Free talk between the students and YICT's management

For six consecutive years, YICT has been running an annual three-week summer study camp for students from Dalian Maritime University ("DMU") and Shenzhen University ("SZU"). The programme is known for the in-depth exposure it gives to participants who learn about the complexities of terminal operations, conduct research on enterprise management and experience corporate culture.

One of the highlights of the programme was the free talk between the students and YICT's management. On 1 August 2011, Ms. Hai Chi Yuet, CEO of the Trustee-Manager and Managing Director of YICT, met with the students who were keen to ask questions and seek advice. Topics such as career planning, personal development, how to cultivate one's curiosity and good habits, among others, were discussed.

At the end of the internship, the students gave presentations on their projects to the panel of judges, and after returning to campus, they shared what they learned during the internship with their teachers and fellow students.



YICT organised an internship programme for Masters students from the University of Birmingham



Summer camp for students from Dahaicun Hope Primary School

For eight consecutive years, YICT has been organising exchange programmes for Dahaicun Hope Primary School, located in Shilin County of South China's Yunnan Province. Every summer, YICT invites ten top-performing students from the school to attend YICT Summer Camp in Shenzhen. The students tour the terminal of YICT, visit SZU, and scenic spots in the city. All these experiences have broadened the students' learning horizons.

YICT also arranges for two teachers from the school to attend a two-week seminar at Shenzhen Tianxin Primary School. This programme is credited with attracting outstanding teachers to join, and more students to register, at the school.



A group of South Asian students, from Tsuen Wan Trade Association School, visiting HIT

HPH Dock School Programme

The HPH Dock School Programme aims to match "a school to each port". In Hong Kong, HPH Trust adopts two local schools through which it provides scholarships and other educational initiatives.

Tsuen Wan Trade Association Primary School was the first school to be part of this programme. It was adopted in 1992. Since then, HIT has presented annual scholarship awards to students who demonstrate outstanding academic performance. HIT also sponsors special classes to help local students improve their English-language abilities, and to help South Asian students raise their Chinese-language abilities.

Building upon the success of Tsuen Wan Trade Association Primary School, CCC Chuen Yuen College was adopted in 1999. HIT focused on providing information technology courses and supporting green initiatives at this middle school to promote IT and environmental protection awareness among the younger generation.

More recently, HIT adopted Hong Kong Institute of Vocational Education ("Tsing Yi IVE") as their Dock School. HIT sponsored this year's Final Year Project Competition organised by the IVE Business Administration Department, as well as the contest organised by Tsing Yi IVE for secondary school students.



Mr. Ivor Chow (front row, fourth from right), CFO of the Trustee-Manager and Ms. Josephine Kea (front row, fourth from left), Deputy Academic Director of Vocational Training Council, with senior staff, lecturers and students of IVE Tsing Yi at the Prize Presentation Ceremony

Helping the community

Since 2002, the HIT Community Caring Group ("CCG") has conducted self-funded programmes in Kwai Tsing and Tsuen Wan districts in Hong Kong to reach out to the elderly, and the mentally and physically challenged.

Working closely with the HWL Volunteer Team and the Yan Chai Hospital Group, CCG regularly organises outdoor activities, visits, festival celebration parties, and house cleaning services for the elderly people.



HIT CCG members visited elderly people living in the Kwai Tsing District



Members of HIT's Community Care Group, together with their own children, joined the elderly in making cakes



YICT teamed up with the Chi Heng Foundation, a Hong Kong charity organisation, to host a Shenzhen visit for children from AIDS families in Central China

The YICT Volunteer Group, established in 1998, has 204 registered members who provide services at Yantian District communities. As an active member of the Yantian Volunteer Association, the volunteer group has taken part in various volunteer activities, including seashore clean-up drives, blood donations, clothes donations, tree planting, and visiting orphans at the Children's Welfare Institution.

YICT has been honoured on numerous occasions for its commitment to charity work, most recently in September 2011 at the "Caring for the Elderly Month" kick-off and the "Elderly Caring and Respecting" Model Families Honouring Ceremony held at the Yantian District Social Welfare Centre.



YICT volunteers visited Welfare Centre residents

Recognising that the port business is a heavy-duty industry, HPH Trust's Portfolio Container Terminals have over the years kept true to their promise to operate their businesses efficiently, while minimising any impact on the environment.



Asia Pacific Green Cargo Terminal Operator of the Year Award

HIT and YICT have successfully implemented a series of green initiatives, which aim to reduce pollutants, carbon emissions, noise, energy and water consumption. Wastewater and scrap materials are also reused or recycled where possible.

A member of Hong Kong's Business Environment Council, HIT is also a signatory to the 2008 Carbon Reduction Charter and 2006 Clean Air Charter. In 2007, HIT also received the Indoor Air Quality Certificate and the Gold Wastewi\$e logo. Environmental Certificates were also awarded to HIT as part of the 2003 and 2007 Hong Kong Award for Industries.

HIT was also accredited with ISO 14001, an international environmental management standard that specifies a process for the implementation of a strict environmental management system spanning all aspects of the business.

HIT's implementation of hybrid and electric cranes is one of the many reasons it was singled out by Frost and Sullivan for the Asia Pacific Green Cargo Terminal Operator of the Year Award, which recognises HIT's strong green practices and efforts to reduce the carbon footprint of its day-to-day operations.



From 2008 to 2011, YICT had a total 20% reduction in energy consumption and 18% reduction in carbon emissions per TEU

GOING GREEN

“Green” rubber-tyred gantry cranes and reusing old rubber tyres

As part of efforts to reduce port emissions and save fuel, HIT and YICT are in the process of reconfiguring their existing diesel-driven RTGCs to run on electric power. HIT was the first Hong Kong terminal operator to convert its existing diesel-driven RTGCs into electric RTGCs in 2008. YICT now has 150 electric RTGCs in operation, while HIT has 59 hybrid RTGCs and 57 electric RTGCs.

Electric RTGCs emit up to 95% less exhaust fumes, use up to 80% less fuel and produce about 45% less noise than conventional RTGCs. Five such cranes were received at HIT in July 2011, where they were deployed in an area of the yard that was recently renovated to accommodate hybrid and electric RTGCs. YICT has allocated a similar area for future electric RTGCs.



New order of ten electric and hybrid RTGCs at HIT in July 2011

YICT has patent rights to a unique process that allows their terminals to extend the useful life of old RTGC rubber tyres by three to five years. The process involves injecting special additives into old RTGC rubber tyres, and reduces disposals by 150 rubber tyres every year.



YICT converted a large percentage of its diesel-driven RTGCs into electricity-powered ones



Reused RTGC rubber tyres by extending their life

In July 2011, HIT took delivery of five new hybrid RTGCs and took delivery of a further ten units in December, bringing the total number of RTGCs to 146. HIT also converted five diesel-driven RTGCs into hybrid RTGCs last year. Hybrid RTGCs consume 40% less fuel than diesel-driven RTGCs, produce 50% less carbon emissions, and emit no black smoke. They also use a smaller engine, and thus require less frequent maintenance of the engine and electrical components. The remaining 30 diesel-driven units will be converted to either electric RTGCs or hybrid RTGCs in order to achieve the goal of operating with 100% “green” cranes by 2013.

Solar panels

At HIT, a solar PV (photovoltaic) system powers the floodlights and office lighting of Terminal 4. In total, the 129 thin film solar panels generate around 19,200 kWh of electricity a year. HIT also has another solar heating system that provides hot water for the Tower 4 changing room. The annual saving is equivalent to around 21,000 kWh of electricity.

At YICT, solar panels save about 12,000 kWh of electricity a year, which is used for water heating and lighting. Solar-powered light poles save 40,000 kWh of electricity a year compared with conventional light poles.



Solar panels power the emergency gatehouse at HIT



Environmentally-friendly LNG-powered tractor at YICT



YICT was the first container terminal operator in China to have LED lighting for its RTGCs operations

Lighting and yard illumination

HIT installed electric ballasts in the yards and office buildings for greater energy efficiency. They emit less heat and as a result reduce the power needed for air conditioning.

This year YICT shall take delivery of quay cranes equipped with the latest LED technology which consume 75% less electricity, and last 17 times longer than conventional sodium lamps. HIT, COSCO-HIT and YICT have also begun carrying out trials on the application of LED technology in its quay cranes, RTGCs, light towers and light masts.

The container yard lighting at YICT can adjust its intensity after midnight, saving approximately 840,000 kWh annually, and consuming 20% less electricity.

Hybrid buses and LNG-powered tractors

YICT was the first Chinese container terminal operator to successfully use liquefied natural gas ("LNG") container tractors in its operations.

Currently, there are 141 LNG tractors operational around the clock at YICT. Compared to diesel-driven container tractors with the same horsepower, LNG tractors emit 82% less particulate matters.

HIT has already used hybrid buses to replace intra-terminal shuttle buses, and YICT is exploring the possibility of doing the same.



Special garbage collection bins at an office site to encourage recycling



Reusing condensed water from the air-conditioning system, implemented thanks to suggestions submitted by staff



The YICT Office Building is outfitted with eco-friendly low-emission glass

“Green” offices

The YICT Office Building is outfitted with eco-friendly low-emission glass, which reduces energy needed to cool the building during summer. Its advanced central air-conditioning system adjusts the frequency based on the loading, which helps reduce energy consumption. Additionally, energy-saving bulbs have replaced traditional light bulbs in all of YICT's office buildings.

Internally, staff members of HIT, COSCO-HIT and YICT are encouraged to raise environmental suggestions through various channels such as the Work Improvement Team and Environmental Awareness Committee. Many suggestions are accepted and implemented in work places and for terminal operations. These terminals have already established a recyclable waste segregation scheme where industrial and household wastes are separated for disposal and recycling.

Staff members are also encouraged to adopt environmentally-friendly practices such as separating their garbage for recycling, reusing old papers, and switching off lights when not in use.

WASTEWATER MANAGEMENT

In August 2011, Ms. Hai Chi Yuet, attended the Waterborne Transportation Development Summit in Beijing. At the summit, Hai shared YICT's environmental protection philosophy and initiatives with relevant government officials, experts and representatives from the port and shipping industry.

The comprehensive wastewater treatment facilities at YICT extract all wastewater generated from port activities and offices for treatment, before discharging it through municipal sewage pipelines. The quality of treated water at YICT exceeds the local discharge standard. Some of the treated water is stored and reused for fishing ponds, irrigation, and vehicle wheel washing purposes.



Treated water used for fishing ponds at YICT



Ms. Hai Chi Yuet, CEO of the Trustee-Manager and Managing Director of YICT, speaking at the Waterborne Transportation Development Summit 2011 in Beijing

For its efforts at conserving water, YICT has won state-level accolades such as "Shenzhen Water-saving Enterprise" and "Shenzhen Water-saving Star" from the Shenzhen Water Supply Bureau. YICT has also been designated an Advanced Waste Reduction Enterprise by the Steering Committee of the Pengcheng Waste Reduction Programme.

YICT's pierheads are equipped with four oil-spill detection systems which operate 24 hours a day to detect any oil spills from vessels. The system is able to alert the relevant operational team in real-time to take immediate action should an oil spill occur.

In July 2011, YICT, YPG, YPH and Shenzhen Agriculture and Fishery Bureau jointly released 6.4 million fingerlings into Dapeng Bay in eastern Shenzhen. The event was a major step to preserve fish species and the aquatic environment.



The oil-spill detection system at the pierhead



Safe Driving Talk held in June 2011 for internal tractor drivers at HIT

WORKPLACE SAFETY

A long-time advocate of road safety, HIT has been involved with the Kwai Tsing District Council Road Safety Committee since 1988 and has been a fervent supporter of its Road Safety Campaign, as well as other initiatives such as the Articulated Vehicle Safety Campaign Carnival.

Tractor safety is a priority at HIT. More than 200 drivers attended the annual Safe Driving Talk held in June 2011, which aims to promote the safety performance of tractor drivers. The talk was part of a larger Road Safety Campaign jointly organised with the Kwai Tsing District Council with an aim to raise road safety awareness among professional drivers and residents in the Kwai Tsing district.



Mr. Ivor Chow (left), CFO of the Trustee-Manager, receiving the CISPROS Level 3 Certificate from Lee Kai-ming, GBS, JP, Chairman of OSHC

Representatives from the Hong Kong Police Department's Traffic New Territories South unit, the Institute of Advanced Motorists, and the Driver Improvement Scheme, were invited as guest speakers at the event.

In July 2011, HIT received the Continual Improvement Safety Programme Recognition of System ("CISPROS") Level 3 Certificate from the Occupational Safety & Health Council ("OSHC") in a ceremony held at the terminal. HIT was one of only five companies in Hong Kong to have received this prestigious certificate. The CISPROS Level 3 certificate acknowledges HIT's commitment to making continual improvements to its occupational safety and health management system through programmes that keep its staff and contractors' employees up-to-date with the latest industry practices.

At YICT, the Occupational Health and Safety Committee organises training and education campaigns to promote a safety culture and maintain a hazard-free working environment.

The committee hosted 16 safety events in 2011, led by frontline managers, to promote safety culture. All major safety issues were covered in the events, including safe driving, safe RTGC/quay cranes operations, equipment maintenance safety, and fire evacuation training.



As a newly listed entity on the Main Board of the SGX-ST, HPH Trust is committed to establishing long-term relationships with our stakeholders. We firmly believe that timely and open communication with stakeholders, potential investors, media and analysts helps facilitate enquiries and feedback which are imperative for the progress of the Trust.

Having our operations based in Hong Kong and Shenzhen only spurs us to go beyond fulfilling the minimum requirements of disclosure to reach out to our stakeholders in Singapore, regionally and globally. To build and maintain good rapport, we have dedicated investor relations and corporate communications teams in our headquarters in Hong Kong and also work closely with our trusted consultants in Singapore.

Below are some examples of the activities we have undertaken since our listing in March 2011 to uphold good governance and establish consistent and timely news flow.

Announcement of Financial Results

We publish timely announcements of our financial results on the SGX-ST's online portal ("SGXNET"). In addition, all information disseminated via emails to media and the financial community is mirrored on our corporate website (www.hphtrust.com) in an easily downloadable format for public access.

Management hosts briefings in Singapore in conjunction with our results announcements. Being physically present in Singapore allows us to meet with analysts, fund managers, equity sales representatives, unitholders and others who are interested in obtaining business updates first-hand.

We also aim to arrange individual and group teleconferences with all interested parties to coincide with our results releases.

Corporate Literature

News releases, results presentation slides and all significant corporate announcements are posted on SGXNET, as well as immediately uploaded onto a dedicated "Investor Relations" section (www.hphtrust.com/investor_home.html) on our corporate website for consistency and easy access.

Did you know?

TOTAL PORT AREA OF HIT, COSCO-HIT AND YICT COMBINED:

- = 514 hectares**
- = Same area as Sentosa (500 hectares)**
- = 13 times the size of Singapore Night Safari (40 hectares)**
- = 623 football fields (0.825 hectares)**



investors from Singapore, Hong Kong, UK, US, Australia and other Asian countries. To generate greater awareness and interest, we have also participated in key investor conferences including Barclays Capital Asia Investment Symposium, Citi Transportation Conference, DB Access Asia Conference, DBS Vickers Pulse of Asia Conference and Morgan Stanley's Tenth Annual Asia Pacific Summit just to name a few.

Research Coverage

There are around 20 research houses covering our Trust, including Barclays Capital, Citigroup, CLSA, Credit Suisse, Daiwa Securities, DBS Vickers, Deutsche Bank, Goldman Sachs, HSBC, Jefferies, J.P. Morgan, Merrill Lynch, Morgan Stanley, UBS and UOB Kay Hian.



Senior management and the investor relations team maintain close contact with these research houses to ensure they are kept abreast of corporate developments.

Site Visits

Management proudly opens its doors to analysts and investors who want to view the Trust's port assets for themselves. We believe this lends an enriching perspective to their investment decisions, and further reinforces the value and sheer scale of our operations. In 2011, we hosted over 20 tours for the financial community to our Portfolio Container Terminals in Hong Kong and Shenzhen.

On top of these investors' visits, HPH Trust regularly hosts VIP visits for various Heads of State and ministry officials at our ports.

In addition to the Annual Report, which provides a comprehensive update on our performance and corporate developments, we have also made available our IPO Prospectus on our corporate website for easy download. Our corporate brochure is also available on the website for those who are new to HPH Trust and want a quick and comprehensive overview of our business.

Conferences, Briefings and Road Shows

HPH Trust regularly engages the investor community through face-to-face meetings, conference calls, emails, results briefings and the Annual General Meeting of the unitholders.

Senior management is particularly involved in interacting with existing and potential investors via direct meetings at road shows and conferences, as well as via video conferences and teleconferences in order to consistently update them on key developments, or to address any concerns. In 2011, the Trust met with over 250 institutional

TRUSTEE-MANAGER

Hutchison Port Holdings Management Pte. Limited

BOARD OF DIRECTORS

Chairman and Non-executive Director

Mr. FOK Kin Ning, Canning, BA, DFM, CA (Aus)

Deputy Chairman and Non-executive Director

Dr. John Edward Wenham MEREDITH, CBE, LLD (Hon.)

Executive Director

Mr. IP Sing Chi, BA

(also Alternate to Dr. John Edward Wenham MEREDITH)

Non-executive Directors

Mr. Frank John SIXT, MA, LLL

Mrs. CHOW WOO Mo Fong, Susan, BSc

(Alternate to Mr. FOK Kin Ning, Canning)

Independent Non-executive Directors

Mr. CHAN Tze Leung, Robert, BSc (Econ), MBA

Mr. Graeme Allan JACK, BCom, CA (Aus)

Prof. MA Si Hang, Frederick, BA, GBS, JP

Mrs. SNG Sow-Mei (alias POON Sow Mei), BA

Mr. Kevin Anthony WESTLEY, BA, FCA, BBS

AUDIT COMMITTEE

Mr. Graeme Allan JACK *(Chairman)*

Mr. Frank John SIXT

Mrs. SNG Sow-Mei (alias POON Sow Mei)

REGISTERED OFFICE

50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Telephone: (65) 6536 5355
Fax: (65) 6536 1360

COMPANY SECRETARY

Ms. LIM Ka Bee

UNIT REGISTRAR AND UNIT TRANSFER OFFICE

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Telephone: (65) 6536 5355
Fax: (65) 6536 1360

AUDITOR

PricewaterhouseCoopers LLP
8 Cross Street
#17-00 PWC Building
Singapore 048424
Telephone: (65) 6236 3388
Fax: (65) 6236 3300

Partner-in-charge: Mr. SOH Kok Leong

Date of appointment: 23 February 2011

PRINCIPAL BANKERS

DBS Bank Ltd
Bank of China Ltd
China Construction Bank Corporation
Industrial and Commercial Bank of China Ltd
Standard Chartered Bank (Hong Kong) Ltd

CORPORATE DIRECTORY

Company Registration No.: 201100749W
Website: www.hphtrust.com

The issue managers for the initial public offering of HPH Trust (the "Offering") were DBS Bank Ltd., Deutsche Bank AG, Singapore Branch, and Goldman Sachs (Singapore) Pte. The issue managers for the Offering assume no responsibility for the contents of the Annual Report.

HPH Trust is a business trust constituted under the Business Trusts Act, Chapter 31A ("BTA"). Hutchison Port Holdings Management Pte. Limited (the "Trustee-Manager") as the trustee-manager of HPH Trust is responsible for managing the business of HPH Trust as defined in the deed of trust dated 25 February 2011 (the "Trust Deed").

The Trustee-Manager strives to attain and maintain the highest standards of corporate governance as it believes that effective corporate governance practices are fundamental to enhancing unitholders' value and safeguarding interests of unitholders and other stakeholders. Accordingly, the Trustee-Manager has adopted sound corporate governance principles that emphasise an experienced Board of Directors (the "Board"), effective internal control, stringent disclosure practices, transparency and accountability. It is, in addition, committed to continuously improving these practices and inculcating an ethical corporate culture.

The Board sets out in this report the corporate governance principles and practices in place for the period ended 31 December 2011 in reference to the BTA, the Business Trusts Regulations 2005 ("BTR") and the Code of Corporate Governance 2005 (the "Code").

BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1

The Board is responsible for directing the strategic objectives of HPH Trust and overseeing the management of the business of HPH Trust. Directors are charged with the task of promoting the success of HPH Trust and making decisions in the best interests of HPH Trust. The Board has established a framework for the management of HPH Trust, putting in place all relevant internal controls and risk management processes.

The Board, led by the Chairman (Non-executive), Mr. Fok Kin Ning, Canning, approves and monitors strategies and policies, annual budgets and business plans, evaluates the performance of HPH Trust, and supervises the management of HPH Trust (the "Management"). The Management is responsible for the day-to-day operations of the HPH Trust group companies (the "Group") under the leadership of the Chief Executive Officer ("CEO").

The Board has established an Audit Committee to assist it in discharging its responsibilities.

The Board meets at least once every quarter. Amongst other things, the Board approves the quarterly and full-year financial results for release to the SGX-ST and material transactions requiring announcements under the Listing Manual of the SGX-ST. As and when necessary, board meetings are also supplemented by resolutions circulated to Directors for decisions.

The Board held four meetings in 2011 with 100% attendance.

	Name of Director	Attended/Eligible to attend
Chairman and Non-executive Director	Mr. Fok Kin Ning, Canning ⁽¹⁾	4/4
Deputy Chairman and Non-executive Director	Dr. John Edward Wenham Meredith ⁽²⁾	4/4
Executive Director	Mr. Ip Sing Chi	4/4
Non-executive Director	Mr. Frank John Sixt	4/4
Independent Non-executive Directors	Mr. Chan Tze Leung, Robert	4/4
	Mr. Graeme Allan Jack	4/4
	Prof. Ma Si Hang, Frederick	4/4
	Mrs. Sng Sow-Mei (alias Poon Sow Mei)	4/4
	Mr. Kevin Anthony Westley	4/4

Notes:

(1) Mrs. Chow Woo Mo Fong, Susan is the Alternate Director to Mr. Fok Kin Ning, Canning

(2) Mr. Ip Sing Chi is also the Alternate Director to Dr. John Edward Wenham Meredith

To enable Directors to fully discharge their duties and obligations, each Director has been furnished with a legal and regulatory compliance manual prepared by professional advisers. They have also been provided with updates and briefings from time to time by professional advisers, auditors and Management on relevant practices, new laws, rules and regulations, changes in accounting standards and risk management issues applicable or relevant to the performance of their duties and responsibilities as Directors.

Board Composition and Guidance

Principle 2

The composition of the Board is determined using the following principles:

- (i) The majority of Board members should be Non-executive and Independent Directors;
- (ii) The Chairman of the Board should be a Non-executive Director;
- (iii) The Board should comprise Directors with a wide range of commercial and management experience; and
- (iv) At least a majority of the Directors should be independent from management and business relationships with the Trustee-Manager and from every substantial shareholder of the Trustee-Manager.

The Board comprises nine Directors, of whom five are independent and non-executive. The Directors come from diverse backgrounds with various expertise in the container terminal industry and finance, business and management fields. They are able to apply their expertise and experience to further the interests of HPH Trust. The Board has the appropriate balance of Independent Directors and the five Independent Directors are particularly aware of their responsibility to constantly place the interests of unitholders as a whole foremost in the consideration of all relevant matters.

Chairman and CEO

Principle 3

The role of the Chairman and the Deputy Chairman are separate from that of the CEO. Such division of responsibilities helps to reinforce their independence and accountability.

The Chairman, Mr. Fok Kin Ning, Canning, assisted by the Deputy Chairman, Dr. John Edward Wenham Meredith, are responsible for providing leadership to, and overseeing the functioning of the Board to ensure that it acts in the best interests of the Group and that Board meetings are planned and conducted effectively. The Chairman is responsible for setting the agenda for each Board meeting, taking into account, where appropriate, matters proposed by the Directors, the Company Secretary and the Deputy Company Secretary. With the support of the Executive Director, the Company Secretary and the Deputy Company Secretary, the Chairman seeks to ensure that all Directors are properly informed of issues arising at Board meetings and provided with adequate and accurate information in a timely manner. The Chairman also actively encourages Directors to be fully engaged in the Board's affairs and contribute to the Board's functions. The Board, under the leadership of the Chairman, has adopted good corporate governance practices and procedures and taken appropriate steps to provide effective communication with unitholders and other stakeholders, as outlined later in this report.

The CEO, Ms. Hai Chi Yuet, is responsible for managing the businesses of the Group, attending to the formulation and successful implementation of Group policies and assuming full accountability to the Board for all Group operations. Acting as the principal manager of the Group's businesses, the CEO attends to developing strategic operating plans that reflect the long-term objectives and priorities established by the Board and is directly responsible for maintaining the operational performance of the Group. Working with the Chief Financial Officer ("CFO"), Mr. Ivor Chow and the executive management team of each core business unit, the CEO presents annual budgets to the Board for consideration and approval, and ensures that the Board is fully apprised of the funding requirements of the businesses of the Group. With the assistance of the CFO, the CEO sees to it that the funding requirements of the businesses are met and closely monitors the operating and financial results of the businesses against plans and budgets, taking remedial action if necessary. She maintains an ongoing dialogue with the Chairman, the Deputy Chairman and all Directors to keep them fully informed of all major business developments and issues. She is also responsible for building and maintaining an effective executive team to support her in her role.

Board Membership

Principle 4

As at 31 December 2011, the Board comprised nine Directors, including the Chairman, the Deputy Chairman, one Executive Director, one Non-executive Director and five Independent Non-executive Directors. The representation of Independent Non-executive Directors fulfilled the minimum requirement of the BTA throughout the year. Biographical details of the Directors are set out on pages 18 to 21 of the Annual Report and on the Group's website (www.hphtrust.com).

The Board takes into consideration its size, experience and overall competence and expertise to determine if the Board is effective. No Nominating Committee has been established as the Trustee-Manager and not HPH Trust appoints all the Directors. The nomination function, however, is still to be performed by the Board.

The Board is satisfied that the Directors have given sufficient time and attention to the affairs of the Trustee-Manager and HPH Trust. From time to time, new Directors may be identified for appointment, if necessary, to complement the experience and competency of the existing members of the Board.

Directors' Independence

A Director is considered to be independent in accordance with the provisions of the BTR if he or she is independent from management and business relationships with the Trustee-Manager and from every substantial shareholder of the Trustee-Manager. The Board has conducted an annual review of the independence of the Independent Directors: Messrs. Chan Tze Leung, Robert, Graeme Allan Jack, Ma Si Hang, Frederick, Sng Sow-Mei (alias Poon Sow Mei) and Kevin Anthony Westley.

Messrs. Graeme Allan Jack, Chan Tze Leung, Robert, and Kevin Anthony Westley, are considered to be independent from management and business relationships with the Trustee-Manager, and from every substantial shareholder(s) of the Trustee-Manager. Construed within the context of the BTR, Prof. Ma Si Hang, Frederick and Mrs. Sng Sow-Mei (alias Poon Sow Mei) are considered to be independent from management and business relationships with the Trustee-Manager, but not independent from the substantial shareholder of the Trustee-Manager. With respect to Prof. Ma Si Hang, Frederick and Mrs. Sng Sow-Mei (alias Poon Sow Mei), the Board has in its review taken the following into consideration:

- In the case of Mrs. Sng Sow-Mei (alias Poon Sow Mei), notwithstanding that she is currently an independent director and a member of the audit committees of Cheung Kong Infrastructure Holdings Limited ("CKI"), which is listed in Hong Kong; ARA Asset Management (Fortune) Limited, which manages Fortune Real Estate Investment Trust ("Fortune REIT"), which is listed in Singapore and Hong Kong; ARA Trust Management (Suntec) Limited, which manages Suntec Real Estate Investment Trust ("Suntec REIT"), which is listed in Singapore; and ARA Asset Management (Prosperity) Limited, which manages Prosperity Real Estate Investment Trust ("Prosperity REIT"), which is listed in Hong Kong, the Directors noted that these roles should not interfere with her ability to exercise independent judgment in the interests of the unitholders of HPH Trust for the following reasons:
 - (i) Mrs. Sng does not have any relationship with the chief executive officers, members of the management teams, boards of directors or major shareholders or unitholders of these companies or real estate investment trusts ("REITs").
 - (ii) She is not involved in the day-to-day management and operation of these companies or REITs.
 - (iii) She does not own any shares or units in CKI, Suntec REIT and Prosperity REIT and she is only a minority shareholder or unitholder of:
 - (a) ARA Asset Management Limited (listed in Singapore) – holding 237,600 shares. Mrs. Sng is not a director of this company;
 - (b) Fortune REIT (listed in Singapore and Hong Kong) – holding 220,000 units.
 - (iv) She exercises independent judgment as a member of the audit committees of the above-mentioned companies or REITs, in particular on interested person transactions and on internal audit control and management by participating in various meetings with relevant professional institutions and financial advisers prior to major transaction approvals.
 - (v) The above-mentioned companies/REITs of which she is currently an independent director are in different businesses from HPH Trust.
 - (vi) Her former and current diplomatic and business experiences in the region, in particular, North East Asia and South China, will enable her to provide macro as well as micro views to HPH Trust's businesses.

As such, given her extensive experience and qualifications, she will be able to contribute as an Independent Director on the Board.

- In the case of Prof. Ma Si Hang, Frederick, notwithstanding that he is a non-executive director of Husky Energy Inc., ("Husky"), an associated company of Hutchison Whampoa Limited, and his role is that of an independent director, he is not involved in the day-to-day management of that company. In any case, that company does not engage in the same business as HPH Trust and should not interfere with the exercise of his independent judgment with regard to the interests of all the unitholders of HPH Trust.

Having carried out the review, the Board is satisfied that the relationships described above will not interfere with either of Mrs. Sng Sow-Mei's (alias Poon Sow Mei) or Prof. Ma Si Hang, Frederick's independent judgment and ability to act with regard to the interests of all the unitholders of HPH Trust as a whole. Accordingly, the Board has, pursuant to Regulation 12(6) of the BTR, determined that both Mrs. Sng Sow-Mei (alias Poon Sow Mei) and Prof. Ma Si Hang, Frederick are independent from management and business relationships with the Trustee-Manager or independent from the substantial shareholder of the Trustee-Manager, as the case may be, and the Board is satisfied that these Directors' independent judgment and ability to act with regard to the interests of all the unitholders as a whole will not be interfered with, despite the relationships, and are therefore both Independent Directors.

As (i) Mrs. Sng Sow-Mei (alias Poon Sow Mei) is also a director of CKI, the Fortune REIT Manager, the Suntec REIT Manager and the Prosperity REIT Manager and (ii) Prof. Ma Si Hang, Frederick is also a director of Husky, they will not participate in any discussions of the Board in relation to any transactions with (a) (in relation to Mrs. Sng Sow-Mei (alias Poon Sow Mei)) CKI, Fortune REIT, Suntec REIT and Prosperity REIT, (b) (in relation to Prof. Ma Si Hang, Frederick) Husky, or (c) (in relation to both of them) any matters that might give rise to a conflict of interest with the above mentioned entities and shall abstain from voting on any such proposals at any meeting of the Board.

The Board is satisfied that the Independent Directors are considered to be independent.

Board Performance

Principle 5

A review of the Board's performance was undertaken informally and factors taken into consideration include the attendance at meetings, contributions and performance of each individual Director and the independence of Directors.

Access to Information

Principle 6

The Board meets regularly, and at least four times a year with meeting dates scheduled at the beginning of the year. Between scheduled meetings, the Management provides monthly internal financial statements of key operating entities of the Group and other relevant information to Directors on a regular basis with respect to the activities and development in the businesses of the Group. Throughout the year, Directors participate in the consideration and approval of routine and operational matters of the Trustee-Manager by way of circular resolutions with supporting explanatory materials, supplemented by additional verbal and/or written information or notification from the Company Secretary and other executives as and when required. Details of material or notable transactions of subsidiaries and associated companies are provided to the Directors as appropriate. In addition, Directors have full access to information on the Group and independent professional advice at all times whenever deemed necessary by the Directors, and they are at liberty to propose appropriate matters for inclusion in Board agendas. Directors also have separate and independent access to the Management, the Company Secretary and the Deputy Company Secretary at all times.

The Company Secretary, Ms. Lim Ka Bee, and the Deputy Company Secretary, Ms. Edith Shih, are responsible to the Board for ensuring that Board procedures are followed and Board activities are efficiently and effectively conducted. These objectives are achieved through adherence to proper Board processes and the timely preparation and dissemination to Directors of comprehensive meeting agendas and papers. Minutes of all Board and Audit Committee meetings are prepared and maintained by the Company Secretary to record in sufficient details the matters considered and decisions reached by the Board or Committee, including any concerns raised or dissenting views voiced by any Director. The minutes are available for inspection by any Director at any reasonable time and on reasonable notice.

The Company Secretary and the Deputy Company Secretary are responsible for ensuring that the Board is fully apprised of all legislative, regulatory and corporate governance developments relating to the Group and that it takes these into consideration when making decisions for the Group.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7

Directors' remuneration and fees are borne by the Trustee-Manager and not HPH Trust. In practice, the Directors' remuneration and fees are paid out from the Trustee-Manager's fee income, subject to the Board's endorsement and approval by the shareholder of the Trustee-Manager.

No Remuneration Committee has been established as all the Directors are appointed and remunerated by the Trustee-Manager, and not HPH Trust.

The Trustee-Manager has established policy on executive remuneration, which is subject to review by the Board from time to time.

Level of Mix of Remuneration

Principle 8

The remuneration of key executives is determined with reference to their expertise and experience in the industry, the performance and profitability of the Group as well as remuneration benchmarks from other local and international companies and prevailing market conditions. They also participate in bonus arrangements which are determined in accordance with the performance of the Group and the individual's performance.

Disclosure on Remuneration

Principle 9

The table below disclosed in bands of S\$250,000, remuneration for the top five key executives for the financial period ended 31 December 2011:

	Salary %	Variable Bonus %	Benefits %	Total %
Key Executives				
S\$750,000 to S\$1 million				
Ms. Hai Chi Yuet <i>Chief Executive Officer</i> <i>Managing Director, YICT</i>	40	53	7	100 ⁽¹⁾
S\$500,000 to S\$750,000				
Mr. Ivor Chow <i>Chief Financial Officer</i> <i>Managing Director, HIT</i>	52	43	5	100 ⁽¹⁾
Mr. Ying Tze Man, Kenneth <i>Director and General Manager, COSCO-HIT</i>	53	43	4	100
S\$250,000 to S\$500,000				
Ms. Lee Tung Wan, Diana <i>Deputy Chief Financial Officer</i> <i>General Manager – Finance and Legal and</i> <i>Company Secretary, YICT</i>	55	40	5	100 ⁽¹⁾
Ms. Tse Ting Ting, Anny <i>Head of Human Resources</i> <i>General Manager – Human Resources, HIT</i>	60	34	6	100 ⁽¹⁾

Note:

(1) Most of the aggregate compensation of the relevant key executives will be paid by the relevant operating subsidiary of the Group (YICT to Ms. Hai Chi Yuet in her role as Managing Director of YICT and Ms. Lee Tung Wan, Diana in relation to her role as General Manager – Finance and Legal and Company Secretary of YICT, and HIT to Mr. Ivor Chow in relation to his role as Managing Director of HIT and Ms. Tse Ting Ting, Anny in relation to her role as General Manager – Human Resources of HIT), with the remainder of the aggregate compensation of each of the relevant key executives being paid by the Trustee-Manager (out of its own account)

There are no employees of the Trustee-Manager and the Group who are immediate family members of the Directors or the CEO and whose remuneration exceeded S\$150,000 during the financial period ended 31 December 2011.

The remuneration of the Trustee-Manager is provided for in the Trust Deed. The Trustee-Manager is entitled under the Trust Deed to management fees, acquisition fee, divestment fee and development fee based on pre-agreed mechanisms in the Trust Deed. Fees paid to the Trustee-Manager for the financial period ended 31 December 2011 are set out on page 94 of the Annual Report.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10

The Board has overall responsibility to unitholders for ensuring that the Group is well managed and guided by its strategic objectives. In presenting HPH Trust's quarterly and full-year financial results, the Board aims to provide a balanced and understandable assessment of HPH Trust's performance, position and prospects.

Management provides the Board with financial and operational reports on HPH Trust's performance and financial position on a quarterly basis and monthly management accounts of key operating entities of the Group. All Directors also have unrestricted access to HPH Trust's records and information through requests for further explanations, briefings and informal discussions on HPH Trust's operations or business issues from the Management.

Audit Committee

Principle 11

The Audit Committee comprises two Independent Non-executive Directors and one Non-executive Director who possess the relevant business, accounting and financial management experience and skills to understand financial statements and contribute to the financial governance, internal controls and risk management of HPH Trust. It is chaired by Mr. Graeme Allan Jack with Mr. Frank John Sixt and Mrs. Sng Sow-Mei (alias Poon Sow Mei) as members.

Under its terms of reference, the Audit Committee is required to oversee the relationship between the Trustee-Manager and its external auditor and external audit process, review the Group's quarterly and full-year results and financial statements, and any formal announcements relating to the Group's financial performance, oversee the Group's internal control and risk management function, monitor compliance with statutory and the SGX-ST Listing Manual requirements, review the scope, extent and effectiveness of the activities of the Group's Internal Audit function, oversee interested person transactions of the Group, report to the Board any inadequacies or deficiencies or matters of concern within its terms of reference and engage independent legal and other advisers and perform investigations as it determines is necessary.

The Audit Committee held four meetings in 2011 with 100% attendance of its members.

Name of Members	Attended/Eligible to attend
Mr. Graeme Allan Jack (<i>Chairman</i>)	4/4
Mr. Frank John Sixt	4/4
Mrs. Sng Sow-Mei (alias Poon Sow Mei)	4/4

The Audit Committee meets with the CFO and other senior management of the Group from time to time to review the quarterly and full-year results and financial statements, and any formal financial performance-related announcements and other financial, internal control and risk management matters of the Group. It considers and discusses the reports and presentations of the Management and the Group's internal and external auditors with a view to ensuring that the Group's consolidated financial statements are prepared in accordance with accounting principles generally accepted in Hong Kong and Singapore. It also meets with the Group's principal external auditor, PricewaterhouseCoopers LLP ("PwC"), to consider their reports on the scope and outcome of their independent review of the quarterly financial information and their annual audit of the consolidated financial statements. In addition, the Audit Committee holds regular private meetings with the external auditor, the CFO and the internal auditor separately without the presence of the Management.

The Audit Committee assists the Board in meeting its responsibilities for maintaining an effective system of internal control. It reviews the process by which the Group evaluates its control environment and risk assessment process, and the way in which business and control risks are managed. It reviews with the Group's internal auditor the work plan for their audits together with their resource requirements, and considers the internal auditor reports to the Audit Committee on the effectiveness of internal controls in the Group business operations. In addition, it also receives reports from the Deputy Company Secretary on the Group's compliance status with regulatory requirements. These reviews and reports are taken into consideration by the Audit Committee when it makes its recommendation to the Board for approval of the consolidated financial statements for the year.

During 2011, the Audit Committee reviewed the volume and nature of non-audit services provided by the external auditor and received the requisite information from the external auditor evidencing the latter's independence. Based on the information, the Audit Committee is satisfied that the financial, professional and business relationships between HPH Trust and the external auditor will not prejudice the independence and objectivity of the external auditor.

The Audit Committee reviewed and endorsed an Interested Person Transactions Policy during the year to regulate interested person transactions to ensure timely, complete and accurate reporting of these transactions. The Audit Committee also reviewed the volume and nature of interested person transactions.

HPH Trust has in place a Whistle-blowing Policy where staff of the Group may, in confidence, approach the Audit Committee to raise concerns about possible improprieties in matters of financial reporting or other matters. Contact details of the Audit Committee have been made available to staff.

Internal Controls

Principle 12

The Board has overall responsibility for the Group's system of internal control and assessment and management of risks.

In meeting its responsibility, the Board seeks to increase risk awareness across the Group's business operations and has put in place policies and procedures, including parameters of delegated authority, which provide a framework for the identification and management of risks. It also reviews and monitors the effectiveness of the systems of internal control to ensure that the policies and procedures in place are adequate. Reporting and review activities include review by the CEO and the Board and approval of detailed operational and financial reports, budgets and plans provided by the management of the business operations, review by the Board of actual results against budget, review by the Audit Committee of the ongoing work of the Group's internal audit and risk management functions, as well as regular business reviews by the CEO and the executive management team for each core business unit.

Whilst these procedures are designed to identify and manage risks that could adversely impact the achievement of the Group's business objectives, they do not provide absolute assurance against material mis-statement, errors, losses or fraud.

Internal Control Environment

The Board is responsible overall for monitoring the operations of the businesses within the Group. Managing Directors or General Managers are appointed to the boards of all material operating subsidiaries and associates for monitoring those companies, including attendance at board meetings, review and approval of business strategies, budgets and plans, and setting of key business performance targets. The executive management team of each core business division is accountable for the conduct and performance of each business in the division within the agreed strategies and similarly the management of each business is accountable for its conduct and performance.

The Group's internal control procedures include a comprehensive system for reporting information to the executive management teams of each core business and the Executive Director.

Business plans and budgets are prepared annually by the management of individual businesses and subject to review and approval by both the executive management teams and the Executive Director as part of the Group's five-year corporate planning cycle. Reforecasts for the current year are prepared on a quarterly basis, reviewed for variances to the budget and for approval. When setting budgets and reforecasts, management identifies, evaluates and reports on the likelihood and potential financial impact of significant business risks.

The Executive Director reviews monthly management reports on the financial results and key operating statistics of each business and holds monthly meetings with the executive management team and senior management of business operations to review these reports, business performance against budgets, forecasts, significant business risk sensitivities and strategies. In addition, the CFO and finance directors and financial controllers of the business operations have monthly meetings to review monthly performance against budget and forecast, and to address accounting and finance related matters.

The Group maintains a centralised cash management system for its subsidiary operations and the Group's Finance Department oversees the Group's investment and lending activities. Treasury reports on the Group's cash and liquid investments, borrowings and movements thereof are distributed weekly.

The CFO has established guidelines and procedures for the approval and control of expenditures. Operating expenditures are subject to overall budget control and are controlled within each business with approval levels set by reference to the level of responsibility of each executive and officer. Capital expenditures are subject to overall control within the annual budget review and approval process, and more specific control and approval prior to commitment by the Executive Director, the CEO or the CFO whose approval is also required for unbudgeted expenditures and material expenditures within the approved budget. Quarterly reports of actual versus budgeted and approved expenditures are also reviewed.

Review of Internal Control Systems

The Board, through the Audit Committee, has conducted a review of the effectiveness of the Group's internal control systems for the period ended 31 December 2011 covering all material financial, operational and compliance controls and risk management functions, and is satisfied that such systems are effective and adequate. Such review covered reviews on the Group's compliance with terms provided for in the right of first refusal agreement (the "ROFR Agreement") and the non-compete agreement (the "Non-Compete Agreement"), both dated 28 February 2011, entered into between Hutchison Port Holdings Limited (the "Sponsor") and the Trustee-Manager, in its capacity as the trustee-manager of HPH Trust. Details of the ROFR Agreement and Non-Compete Agreement are set out in the "Statement of Policies and Practices" section on page 51 of the Annual Report. In addition, it has also reviewed and was satisfied with the adequacy of resources, qualifications and experience of the staff of the Group's accounting and financial reporting function, and their training programmes and budget.

Internal Audit

Principle 13

The General Manager of the Group's Internal Audit function, reporting directly to the Audit Committee, provides independent assurance as to the existence and effectiveness of the risk management activities and controls in the Group's business operations worldwide. Using a risk assessment methodology and taking into account the dynamics of the Group's activities, internal audit develops its yearly audit plan which is reviewed by the Audit Committee,

and reassessed during the year as needed to ensure that adequate resources are deployed and the plan's objectives are met. Internal audit is responsible for assessing the Group's internal control system, formulating an impartial opinion on the system, and reporting its findings to the Audit Committee, the CEO, the CFO and the senior management concerned as well as following up on all reports to ensure that all issues have been satisfactorily resolved. In addition, a regular dialogue is maintained with the Group's external auditor so that both are aware of the significant factors which may affect their respective scope of work.

Depending on the nature of business and risk exposure of individual business units, the scope of work performed by the internal audit function includes financial and operations reviews, recurring and surprise audits, fraud investigations and productivity efficiency reviews.

Reports from the external auditor on internal controls and relevant financial reporting matters arising from the statutory audit are presented to the General Manager of the Group's Internal Audit function and, as appropriate, to the CFO and the finance director or financial controller of the relevant executive management team. These reports are reviewed and the appropriate actions are taken.

Legal and Regulatory Compliance

The Legal Department has the responsibility of safeguarding the legal interests of the Group. It monitors the day-to-day legal affairs of the Group, including preparing, reviewing and approving all legal and corporate secretarial documentation of Group companies, working in conjunction with finance, corporate secretarial and business unit personnel on the review and co-ordination process, and advising management of legal and commercial issues of concern. In addition, the Legal Department is responsible for overseeing regulatory compliance matters of all Group companies. The department also determines and approves the engagement of external legal advisors, ensuring the requisite professional standards are maintained as well as most cost effective services are rendered.

Risk Management

The Trustee-Manager regularly reviews the business and operational activities of HPH Trust to identify areas of significant business risk as well as take appropriate measures to control and mitigate these risks. The Trustee-Manager reviews all significant control policies and procedures and highlights all significant matters to the Audit Committee and the Board.

Communication with Unitholders

Principle 14

The Group actively promotes investor relations and communication with the investment community when the quarterly and full-year financial results are announced and during the course of the year. Through its CEO and CFO and the Group's Corporate Affairs function, the Group responds to requests for information and queries from the investment community including institutional shareholders, analysts and the media through regular briefing meetings, conference calls and presentations.

The Board is committed to providing clear and full information on the Group to unitholders through the publication of notices, announcements, circulars, quarterly and full-year financial results. The Trustee-Manager does not practise selective disclosures and releases its financial results and other material information to the unitholders of HPH Trust on a timely basis in accordance with the requirements of the Listing Manual of the SGX-ST, via the SGXNET system. All announcements made on behalf of HPH Trust are also available on HPH Trust's corporate website (www.hphtrust.com).

All unitholders of HPH Trust will receive a copy of the Annual Report, and Notice of Annual General Meeting of the unitholders annually. Notice of the Annual General Meeting of the unitholders will also be advertised in a major newspaper in Singapore and will be made available on the SGX-ST's website.

Greater Unitholder Participation

Principle 15

At the Annual General Meeting of the unitholders, unitholders will be given opportunities to participate, engage, and openly communicate their views on matters relating to HPH Trust to the Board. The Chairman of the Board, Management as well as the external auditor will be available to attend to any queries raised by the unitholders.

In accordance with the Trust Deed, a unitholder of HPH Trust is allowed to appoint one or two proxies to attend and vote at any meeting of unitholders on his behalf through proxy forms sent in advance.

Further information concerning the Group and its business can be located on the Group's website.

The Group values feedback from unitholders on its efforts to promote transparency and foster investor relationships. Comments and suggestions are welcome and can be addressed to the Group Corporate Affairs function by mail at 150 Beach Road, #17-03 Gateway West, Singapore 189720 or by email to the Group at ir@hphtrust.com.

DEALING IN SECURITIES

The Trustee-Manager has adopted its own internal Code of Conduct to provide guidance to all officers of the Trustee-Manager with regard to dealings in units of HPH Trust in compliance with Rule 1207(19) of the Listing Manual of the SGX-ST.

Directors and executives are also expected to observe insider-trading laws at all times even when dealing with units of HPH Trust within the permitted trading period. All Directors and key officers may, as requested by the Trustee-Manager, be required to confirm annually that they have complied with and are not in breach of the provisions of this Code of Conduct.

CORPORATE SOCIAL RESPONSIBILITY

The Trustee-Manager is committed to ensuring that its commercial activities have minimal impact on both the marine environment and climate change. The Trustee-Manager is also committed to ensuring that high standards are adhered to in relation to health, safety and welfare of our employees. The Trustee-Manager places strong emphasis on developing a corporate culture premised on socially and environmentally responsible actions and behaviour.

The Group is committed to the long-term sustainability of its businesses and the communities in which it conducts business. It has adopted a proactive approach to environmental, social and governance responsibility and focuses on impetuses related to our stakeholders, our employees, the environment, our operating practices and the community.

STATEMENT OF POLICIES AND PRACTICES

The Trustee-Manager has established the following policies and practices in relation to its management and governance:

- (a) The trust property of HPH Trust is properly accounted for and trust property is kept distinct from the property of the Trustee-Manager held in its own capacity. Different bank accounts are maintained for the Trustee-Manager in its capacity as trustee-manager of HPH Trust and the Trustee-Manager in its own capacity, and regular internal reviews are carried out to ascertain that all trust property has been fully accounted for.
- (b) The Management provides regular updates to the Board and the Audit Committee about potential projects that it is looking into on behalf of HPH Trust and the Board and the Audit Committee ensure that all such projects are within the permitted business scope under the Trust Deed. Prior to the carrying out of any significant business transaction, the Board, the Audit Committee and/or the Management will have careful regard to the provisions of the Trust Deed and when in doubt seek advice from professional advisers.
- (c) The Trustee-Manager is not involved in any other businesses other than managing HPH Trust. All potential conflicts, if arising, will be identified by the Board and the Management and reviewed. In addition, the majority of the Board are Independent Directors of the Trustee-Manager who do not have management or business relationships with the Trustee-Manager and are independent from any substantial shareholder of the Trustee-Manager and are therefore able to examine independently and objectively, any potential conflicts between the interest of the Trustee-Manager in its own capacity and the interests of all unitholders of HPH Trust. In respect of matters in which a Director has an interest, direct or indirect, such interested Director will abstain from participating in the review and approval process with regard to the matter. There is (i) the Non-Compete Agreement pursuant to which the Sponsor has undertaken not to invest in, develop, operate and manage deep-water container ports in the Guangdong Province, Hong Kong and Macau and HPH Trust has undertaken not to invest in, develop, operate and manage deep-water container ports in any part of the world outside of the Guangdong Province, Hong Kong and Macau, save that the Sponsor may pursue any investment opportunity (including undertaking greenfield port development) declined by HPH Trust; and (ii) the ROFR Agreement pursuant to which (aa) a right of first refusal has been granted by the Sponsor to HPH Trust to acquire port development project or developed port falling within the investment mandate of HPH Trust and owned by the Sponsor or its subsidiaries and (bb) a right of first refusal has been granted by the Trustee-Manager as the trustee-manager of HPH Trust to the Sponsor to acquire port development project or developed port of HPH Trust, both on terms and conditions contained in the ROFR Agreement. The Trustee-Manager maintains a register of all opportunities/transactions arising from the implementation of the Non-Compete Agreement and the ROFR Agreement. Also, the Trustee-Manager

incorporates in its internal audit plan, a review of the implementation of the Non-Compete Agreement and the ROFR Agreement and the Audit Committee reviews the internal audit reports at least twice a year to ascertain that the terms of the Non-Compete Agreement and the ROFR Agreement have been complied with.

- (d) The Management identifies interested person transactions in relation to HPH Trust. The Trustee-Manager maintains a register to record all interested person transactions which are entered into by HPH Trust and the bases, including any quotations from unrelated parties obtained to support such bases, on which they are entered into. The Trustee-Manager incorporates into its internal audit plan a review of all interested person transactions entered into by HPH Trust. The Audit Committee reviews the internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor interested person transactions have been complied with and conducts annual review of all such transactions to determine if such transactions have been conducted on normal commercial terms and will not be prejudicial to the interests of HPH Trust and the unitholders. In addition, all such interested person transactions conducted and any contract entered into by the Trustee-Manager on behalf of HPH Trust with a related party of the Trustee-Manager or HPH Trust, shall comply with and be in accordance with all applicable requirements of the Listing Manual of the SGX-ST and the BTA as well as such other guidelines as may from time to time be prescribed to apply to business trusts.
- (e) The expenses payable to the Trustee-Manager in its capacity as the trustee-manager of HPH Trust out of the Trust property are appropriate and in accordance with the Trust Deed, and regular internal reviews are carried out to ensure such expenses payable are in order. Fees and expenses paid to the Trustee-Manager out of HPH Trust property are disclosed on page 94 of the Annual Report.
- (f) The Trustee-Manager has engaged the services of and obtained advice from professional advisers and consultants from time to time, and has complied with the requirements of the BTA and the Listing Manual of the SGX-ST.

INTERESTED PERSON TRANSACTIONS

The aggregate of transactions entered into with interested persons during the first financial period of HPH Trust ended 31 December 2011 pursuant to Rule 907 of the Listing Manual of the SGX-ST are as follows:

(A) Interested Person Transactions from the date of constitution of HPH Trust to 18 March 2011 (the "Listing Date")

Name of Interested Person	Aggregate value of all interested person transactions from date of constitution to Listing Date (excluding transactions less than S\$100,000 and excluding transactions entered into pursuant to general mandate under Rule 920) 2011 HK\$'000	Aggregate value of all interested person transactions from date of constitution to Listing Date (entered into pursuant to general mandate under Rule 920 but excluding transactions less than S\$100,000) 2011 HK\$'000
Hutchison Whampoa Limited and its subsidiaries and its associates	88,564,558	NIL

(B) Interested Person Transactions from the Listing Date to 31 December 2011

Name of Interested Person	Aggregate value of all interested person transactions from after Listing Date to 31 December 2011 (excluding transactions less than S\$100,000 and excluding transactions entered into pursuant to general mandate under Rule 920) 2011 HK\$'000	Aggregate value of all interested person transactions from after Listing Date to 31 December 2011 (entered into pursuant to general mandate under Rule 920 but excluding transactions less than S\$100,000) 2011 HK\$'000
Hutchison Whampoa Limited and its subsidiaries and its associates	286,666	NIL

MATERIAL CONTRACTS

There are no material contracts between HPH Trust and its subsidiaries involving the interests of the CEO, each Director or controlling unitholder of HPH Trust (as defined in the Listing Manual of the SGX-ST), either still subsisting at the end of the financial period ended 31 December 2011, or if not then subsisting, entered into since the constitution of HPH Trust, other than, where applicable:

- (a) as disclosed on pages 305 to 330 of the IPO Prospectus dated 7 March 2011;
- (b) as disclosed in note 29 to the financial statements of the Annual Report; and
- (c) interested person transactions as listed in the Interested Person Transactions section of the Annual Report.

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Report of the Trustee-Manager

The directors of Hutchison Port Holdings Management Pte. Limited, the trustee-manager of Hutchison Port Holdings Trust ("HPH Trust" or the "Trust" and the trustee-manager of HPH Trust, the "Trustee-Manager") present their report to the unitholders of the Trust together with the audited accounts of the Trust and its subsidiaries (collectively the "Group") for the period from 25 February 2011 (date of constitution of the Trust) to 31 December 2011.

DIRECTORS

The directors of the Trustee-Manager in office at the date of this report are as follows:

Mr. Fok Kin Ning, Canning (Chairman)	(appointed on 14 February 2011)
Dr. John Edward Wenham Meredith	(appointed on 14 February 2011)
Mr. Ip Sing Chi	(appointed on 14 February 2011)
<i>(also alternate to Dr. John Edward Wenham Meredith)</i>	
Mr. Frank John Sixt	(appointed on 14 January 2011)
Mr. Chan Tze Leung, Robert	(appointed on 14 February 2011)
Mr. Graeme Allan Jack	(appointed on 14 February 2011)
Prof. Ma Si Hang, Frederick	(appointed on 14 February 2011)
Mrs. Sng Sow-Mei (alias Poon Sow Mei)	(appointed on 14 January 2011)
Mr. Kevin Anthony Westley	(appointed on 14 February 2011)
Mrs. Chow Woo Mo Fong, Susan	(appointed on 14 February 2011)
<i>(alternate to Mr. Fok Kin Ning, Canning)</i>	

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE UNITS AND DEBENTURES

Neither at the end of nor at any time during the period was the Trustee-Manager a party to any arrangement whose object was to enable the directors of the Trustee-Manager to acquire benefits by means of the acquisition of units in, or debentures of, the Trust.

DIRECTORS' INTERESTS IN UNITS OR DEBENTURES

According to the register kept by the Trustee-Manager for the purposes of Sections 13 and 76 of the Business Trusts Act, Chapter 31A of Singapore, particulars of the interests of directors who held office at the end of the period in units in, or debentures of, the Trust are as follows:

	Holdings registered in name of director		Holdings in which a director is deemed to have an interest	
	At 31.12.2011	As at date of constitution/ date of appointment if later	At 31.12.2011	As at date of constitution/ date of appointment if later
Number of units held by :				
Mr. Fok Kin Ning, Canning	-	-	601,000	-
Dr. John Edward Wenham Meredith	-	-	-	-
Mr. Ip Sing Chi	-	-	-	-
Mr. Frank John Sixt	-	-	20,000	-
Mr. Chan Tze Leung, Robert	-	-	400,000	-
Mr. Graeme Allan Jack	-	-	-	-
Prof. Ma Si Hang, Frederick	-	-	500,000	-
Mrs. Sng Sow-Mei (alias Poon Sow Mei) #	1,000,000	-	-	-
Mr. Kevin Anthony Westley	-	-	250,000	-
Mrs. Chow Woo Mo Fong, Susan	-	-	1,275,000	-

Such interests are held jointly by Mrs. Sng Sow-Mei and her spouse

There were no changes in any of the above mentioned interests in the Trust between the end of the financial year and 21 January 2012.

OPTIONS

There were no options granted during the period by the Trustee-Manager to any person to take up unissued units in the Trust.

No units have been issued during the period by virtue of the exercise of options to take up unissued units of the Trust.

There were no unissued units of the Trust under option at the end of the period.

DIRECTORS' CONTRACTUAL BENEFITS

No director of the Trustee-Manager has received or become entitled to receive a benefit by reason of any material contract made by the Trust or its subsidiaries with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the accompanying accounts and in this report, and except that certain directors receive remuneration as a result of their employment with such subsidiaries.

AUDIT COMMITTEE

The members of the audit committee of the Trustee-Manager (the "Audit Committee") during the period, at the end of the period and as at the date of this report were as follows:

Mr. Graeme Allan Jack (Chairman)
Mrs. Sng Sow-Mei (alias Poon Sow Mei)
Mr. Frank John Sixt

Mr. Graeme Allan Jack and Mrs. Sng Sow-Mei (alias Poon Sow Mei) are independent and are non-executive directors. Mr. Frank John Sixt is a non-executive director with the relevant business and financial management experience and skills to understand financial statements and contribute to the financial governance, internal controls and risk management of the Trust.

The Audit Committee carried out its functions in accordance with Regulation 13(6) of the Business Trusts Regulations 2005. In performing its functions, the Audit Committee has reviewed:

- the scope and the results of internal audit procedures with the internal auditor of the Trustee-Manager;
- with the independent auditor of the Trust, the audit plan of the Trust and the independent auditor's report in relation to significant accounting, tax and internal control matters of the Trust arising from the statutory audit;
- the assistance given by the officers of the Trustee-Manager to the independent auditor; and
- the statement of financial position and statement of changes in equity of the Trust and the consolidated accounts of the Group for the period from 25 February 2011 (date of constitution of the Trust) to 31 December 2011 before their submission to the Board of Directors of the Trustee-Manager (the "Board"), as well as the independent auditor's report on the statement of financial position and statement of changes in equity of the Trust and the consolidated accounts of the Group.

The Audit Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment as the auditor of the Trust at the forthcoming Annual General Meeting of the unitholders.

INDEPENDENT AUDITOR

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors of the Trustee-Manager

John Edward Wenham Meredith
Director

Ip Sing Chi
Director

21 February 2012

Statement by the Trustee-Manager

In the opinion of the directors of the Trustee-Manager,

- (a) the consolidated income statement and consolidated statement of comprehensive income set out in the accounts on pages 60 and 61 are drawn up so as to give a true and fair view of the results of the business of the Group for the period from 25 February 2011 (date of constitution of the Trust) to 31 December 2011;
- (b) the statements of financial position set out on pages 62 and 63 are drawn up so as to give a true and fair view of the state of affairs of the Trust and of the Group as at 31 December 2011;
- (c) the statements of changes in equity set out on page 65 are drawn up so as to give a true and fair view of the changes in equity of the business of the Trust and of the Group for the period from 25 February 2011 (date of constitution of the Trust) to 31 December 2011;
- (d) the consolidated statement of cash flows set out on page 64 is drawn up so as to give a true and fair view of the cash flow of the business of the Group for the period from 25 February 2011 (date of constitution of the Trust) to 31 December 2011; and
- (e) at the date of this statement, there are reasonable grounds to believe that the Trustee-Manager will be able to pay the Trust's debts as and when they fall due.

In accordance with Section 86(2) of the Act, we further certify:

- (a) the fees or charges paid or payable out of the trust property of the Trust to the Trustee-Manager are in accordance with the Deed of Trust dated 25 February 2011 constituting the Trust;
- (b) the interested person transactions entered into by the Group during the period from 25 February 2011 (date of constitution of the Trust) to 31 December 2011 are not detrimental to the interests of all the unitholders of the Trust as a whole based on the circumstances at the time of the relevant transactions; and
- (c) the Board of Directors of the Trustee-Manager is not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of the Trust or on the interests of all the unitholders of the Trust as a whole.

The Board of Directors has, on the date of this statement, authorised the above statements and the accounts of the Group as at and for the period from 25 February 2011 (date of constitution of the Trust) to 31 December 2011 for issue.

On behalf of the Board of Directors of the Trustee-Manager

John Edward Wenham Meredith
Director

Ip Sing Chi
Director

21 February 2012

Statement by the Chief Executive Officer

In accordance with Section 86(3) of the Act, I certify that I am not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of the Trust or on the interests of all the unitholders of the Trust as a whole.

Hai Chi Yuet

Chief Executive Officer

21 February 2012

Independent Auditor's Report

TO THE UNITHOLDERS OF HUTCHISON PORT HOLDINGS TRUST

Report on the accounts

We have audited the accompanying accounts of Hutchison Port Holdings Trust (the "Trust") and its subsidiaries (the "Group"), set out on pages 60 to 100, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Trust as at 31 December 2011, the consolidated income statement, the consolidated statement of comprehensive income and the consolidated statement of changes in equity of the Group, the statement of changes in equity of the Trust, and the consolidated statement of cash flows of the Group for the period from 25 February 2011 (date of constitution) to 31 December 2011, and a summary of significant accounting policies and other explanatory information.

Trustee-Manager's responsibility for the accounts

Hutchison Port Holdings Management Pte. Limited (the "Trustee-Manager") is responsible for the preparation of accounts that give a true and fair view in accordance with the provisions of the Singapore Business Trust Act (the "Act") and Hong Kong Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair income statements and statements of financial position and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of accounts that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Trustee-Manager, as well as evaluating the overall presentation of the accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accounts of the Group and the statement of financial position and the statement of changes in equity of the Trust are properly drawn up in accordance with the provisions of the Act and Hong Kong Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Trust as at 31 December 2011, and the results, changes in equity and cash flows of the Group and the changes in equity of the Trust for the period from 25 February 2011 (date of constitution) to 31 December 2011.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Trustee-Manager of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP

Public Accountants and Certified Public Accountants
Singapore, 21 February 2012

Consolidated Income Statement

FOR THE PERIOD FROM 25 FEBRUARY 2011 (DATE OF CONSTITUTION OF THE TRUST) TO 31 DECEMBER 2011

	Note	HK\$'000
Revenue and other income	4	9,735,315
Cost of services rendered		(3,241,997)
Staff costs		(190,389)
Depreciation and amortisation		(2,150,094)
Other operating income		153,654
Other operating expenses		(588,106)
Total operating expenses		(6,016,932)
Operating profit	5	3,718,383
Interest and other finance costs	6	(416,241)
Share of profits less losses after tax of associated companies		13,405
Share of profits less losses after tax of jointly controlled entities		126,918
Profit before tax		3,442,465
Tax	7	(424,936)
Profit for the period		3,017,529
Allocated as: Profit attributable to non-controlling interests		(1,047,241)
Profit attributable to unitholders of HPH Trust		1,970,288
Earnings per unit attributable to unitholders of HPH Trust	9	HK 22.62 cents

Consolidated Statement of Comprehensive Income

FOR THE PERIOD FROM 25 FEBRUARY 2011 (DATE OF CONSTITUTION OF THE TRUST) TO 31 DECEMBER 2011

	HK\$'000
Comprehensive income:	
Profit for the period	3,017,529
Other comprehensive income:	
Investments	
Valuation losses taken to reserves	(2,559)
Currency translation differences	55,590
Actuarial losses of defined benefit plans	(204,476)
Total comprehensive income for the period	2,866,084
Allocated as: Attributable to non-controlling interests	(1,070,186)
Attributable to unitholders of HPH Trust	1,795,898

Note:

Items shown within other comprehensive income have no tax effect.

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2011

	Note	HK\$'000
ASSETS		
Non-current assets		
Fixed assets	10	26,764,978
Projects under development	11	1,349,681
Leasehold land and land use rights	12	46,221,315
Railway usage rights	13	16,431
Customer relationships	14(a)	8,171,044
Goodwill	14(b)	41,594,064
Associated companies	15	129,155
Jointly controlled entities	16	2,595,529
Investments	17	809,643
Deferred tax assets	18	9,000
		<u>127,660,840</u>
Current assets		
Cash and cash equivalents	19	7,890,456
Trade and other receivables	20	3,006,714
Inventories		143,595
		<u>11,040,765</u>
Current liabilities		
Trade and other payables	21	8,871,006
Bank loans	22	32,620
Current tax liabilities		279,732
		<u>9,183,358</u>
Net current assets		<u>1,857,407</u>
Total assets less current liabilities		<u>129,518,247</u>
Non-current liabilities		
Bank loans	22	29,019,665
Pension obligations	23	265,340
Deferred tax liabilities	18	12,209,664
Other non-current liabilities		556
		<u>41,495,225</u>
Net assets		<u>88,023,022</u>
EQUITY		
Units in issue	24	68,539,835
Reserves		550,526
Net assets attributable to unitholders of HPH Trust		<u>69,090,361</u>
Non-controlling interests		<u>18,932,661</u>
Total equity		<u>88,023,022</u>

Statement of Financial Position of Hutchison Port Holdings Trust

AS AT 31 DECEMBER 2011

	Note	HK\$'000
ASSETS		
Non-current assets		
Investment in a subsidiary	25	<u>67,290,000</u>
Current assets		
Cash and cash equivalents	19	1,275
Trade and other receivables	20	<u>2,232</u>
		<u>3,507</u>
Current liabilities		
Trade and other payables	21	<u>29,226</u>
Net current liabilities		<u>(25,719)</u>
Total assets less current liabilities		<u>67,264,281</u>
EQUITY		
Units in issue	24	68,539,835
Reserves		<u>(1,275,554)</u>
Total equity		<u>67,264,281</u>

Consolidated Statement of Cash Flows

FOR THE PERIOD FROM 25 FEBRUARY 2011 (DATE OF CONSTITUTION OF THE TRUST) TO 31 DECEMBER 2011

	Note	HK\$'000
Operating activities		
Cash generated from operations	26(a)	5,532,883
Interest and other finance costs paid		(314,373)
Tax paid		(432,816)
Net cash from operating activities		<u>4,785,694</u>
Investing activities		
Acquisition of subsidiary companies	26(b)	(56,527,420)
Purchase of fixed assets and additions to projects under development		(1,793,842)
Proceeds on disposal of fixed assets		2,017
Dividend received from investments		87,120
Dividends received from associated companies and jointly controlled entities		169,027
Interest received		107,199
Net cash used in investing activities		<u>(57,955,899)</u>
Financing activities		
Issuance of units		42,494,693
Drawdown of bank loans		26,170,000
Repayment of bank loans		(5,774,840)
Upfront debt transaction costs and facilities fee of bank loans		(351,170)
Repayment of loan by a jointly controlled entity		5,000
Distribution to unitholders of HPH Trust		(1,245,372)
Distribution to non-controlling interests		(237,650)
Net cash from financing activities		<u>61,060,661</u>
Net changes in cash and cash equivalents		7,890,456
Cash and cash equivalents at beginning of the period		-
Cash and cash equivalents at end of the period	19	<u>7,890,456</u>

Statements of Changes in Equity

FOR THE PERIOD FROM 25 FEBRUARY 2011 (DATE OF CONSTITUTION OF THE TRUST) TO 31 DECEMBER 2011

	Units in issue HK\$'000	Exchange and other reserves HK\$'000	Revaluation reserve HK\$'000	Pension reserve HK\$'000	Retained profits / (accumulated losses) HK\$'000	Attributable to unitholders HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
Group								
Balance as at 25 February 2011	-	-	-	-	-	-	-	-
Comprehensive income:								
Profit for the period	-	-	-	-	1,970,288	1,970,288	1,047,241	3,017,529
Other comprehensive income:								
Investments:								
Valuation losses taken to reserves	-	-	(2,559)	-	-	(2,559)	-	(2,559)
Currency translation difference	-	32,645	-	-	-	32,645	22,945	55,590
Transferred to/(from) reserve	-	16	-	-	(16)	-	-	-
Actuarial losses of defined benefit plans	-	-	-	(204,476)	-	(204,476)	-	(204,476)
Total comprehensive income/(loss)	-	32,661	(2,559)	(204,476)	1,970,272	1,795,898	1,070,186	2,866,084
Transactions with owners:								
Issuance of units	68,539,835	-	-	-	-	68,539,835	-	68,539,835
Relating to acquisition of interests in subsidiary companies	-	-	-	-	-	-	18,785,425	18,785,425
Distributions	-	-	-	-	(1,245,372)	(1,245,372)	(922,950)	(2,168,322)
Balance as at 31 December 2011	68,539,835	32,661	(2,559)	(204,476)	724,900	69,090,361	18,932,661	88,023,022
HPH Trust								
Balance as at 25 February 2011	-	-	-	-	-	-	-	-
Loss and total comprehensive loss for the period	-	-	-	-	(30,182)	(30,182)	-	(30,182)
Transaction with owners:								
Issuance of units	68,539,835	-	-	-	-	68,539,835	-	68,539,835
Distributions	-	-	-	-	(1,245,372)	(1,245,372)	-	(1,245,372)
Balance as at 31 December 2011	68,539,835	-	-	-	(1,275,554)	67,264,281	-	67,264,281

1 GENERAL INFORMATION

Hutchison Port Holdings Trust ("Trust" or "HPH Trust") is a business trust constituted by a deed of trust dated 25 February 2011 (the "Trust Deed") and registered with the Monetary Authority of Singapore. HPH Trust is principally regulated by the Business Trusts Act, Chapter 31A of Singapore and Securities and Futures Act, Chapter 289 of Singapore. Under the Trust Deed, Hutchison Port Holdings Management Pte. Limited (the "Trustee-Manager"), has declared that it will hold all its assets (including businesses) acquired on trust for the unitholders as the Trustee-Manager of HPH Trust. The registered address of the Trustee-Manager is at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623. HPH Trust was listed on the Main Board of Singapore Exchange Securities Trading Limited (the "SGX-ST") on 18 March 2011.

HPH Trust is established with the principal investment mandate of investing in, developing, operating and managing deep-water container ports in the Guangdong Province of the People's Republic of China ("PRC"), Hong Kong and Macau. HPH Trust may also invest in other types of port assets including river ports, which are complementary to the deep-water container ports owned by HPH Trust, as well as undertake certain port ancillary services including, but not limited to, trucking, feedering, freight-forwarding, supply chain management, warehousing and distribution services.

On 28 February 2011, the Trust entered into a sale and purchase agreement with Hutchison Port Holdings Limited ("HPH") to acquire the deep-water container ports in Shenzhen and Hong Kong, certain port ancillary services and economic benefits in certain river ports. The consideration for the acquisitions and the loan assignments was HK\$88,564,558,000. The acquisitions were completed on 15 March 2011.

2 SIGNIFICANT ACCOUNTING POLICIES

The accounts have been prepared in accordance with Hong Kong Financial Reporting Standard ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The accounts have been prepared under the historical cost convention except for investments which are stated at fair value, as explained in the significant accounting policies set out below.

There is no material difference in preparing the accounts using HKFRS and International Financial Reporting Standards ("IFRS"). No material adjustments are required to restate the accounts prepared under HKFRS to comply with IFRS.

The preparation of accounts in conformity with HKFRS requires management to exercise its judgement in the process of applying the accounting policies of HPH Trust and its subsidiaries (collectively "the Group"). It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the accounts, are disclosed in Note 3.

(a) Basis of consolidation

The consolidated accounts of the Group for the period from 25 February (date of constitution of the Trust) to 31 December 2011, which include all its direct and indirect subsidiary companies and also incorporate the interest in associated companies and jointly controlled entities on the basis set out in Notes 2(c) and 2(d) below. Results of subsidiary companies, associated companies and jointly controlled entities acquired or disposed of during the period are included as from their effective dates of acquisition to 31 December 2011 or up to the dates of disposal as the case may be. The acquisition of subsidiary companies is accounted for using the acquisition method.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Subsidiary companies

A subsidiary is an entity in which the Group has the power, directly or indirectly, to govern the financial and operating policies, so as to obtain benefits from their activities. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of subsidiary companies are the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On the acquisition by acquisition basis, the Group recognises a non-controlling interest in the acquiree either at fair value or at non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

The Trust's investment in a subsidiary is stated at cost less provision for impairment losses. The result of the subsidiary is accounted for by the Trust on the basis of dividend received and receivable.

(c) Associated companies

An associate is an entity, other than a subsidiary company or a jointly controlled entity, in which the Group has a long-term equity interest and over which the Group is in a position to exercise significant influence over its management, which includes participation in the financial and operating policy decisions.

The results and assets and liabilities of associates are incorporated in these accounts using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under HKFRS 5, Non-current assets held for sale and discontinued operations. The total carrying amount of such investments is reduced to recognise any identified impairment loss in the value of individual investments.

(d) Joint ventures

A joint venture is a contractual arrangement whereby the venturers undertake an economic activity which is subject to joint control and over which none of the participating parties has unilateral control.

Jointly controlled entities are joint ventures which involve the establishment of separate entities. The results and assets and liabilities of jointly controlled entities are incorporated in these accounts using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under HKFRS 5, "Non-current assets held for sale and discontinued operations". The total carrying amount of such investments is reduced to recognise any identified impairment loss in the value of individual investments.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Fixed assets

Fixed assets are stated at cost less depreciation and any impairment loss. Properties comprise buildings and civil works. Buildings and civil works are depreciated on the basis of an expected life of 50 years, or the remainder thereof, or over the remaining period of the lease of the underlying leasehold land and land use rights, whichever is lesser. The period of the lease includes the period for which a right of renewal is attached. Other assets comprised motor vehicles, computer equipment and other fixed assets.

Depreciation of fixed assets other than properties is provided at rates calculated to write off their costs to their residual values over their estimated useful lives on a straight line basis as follows:

Container terminal equipment	10 - 35 years
Barges	15 years
Motor vehicles	5 years
Computer equipment	5 years
Other fixed assets	5 - 25 years

The gain or loss on disposal or retirement of a fixed asset is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the income statement.

(f) Projects under development

Projects under development are carried at cost and include project development expenditure and capitalised interest on related loans incurred up to the date of completion. On completion, projects under development are transferred to fixed assets.

(g) Leasehold land and land use rights

The acquisition costs and upfront payments made for the leasehold land and land use rights are presented on the statement of financial position as leasehold land and land use rights and expensed in the income statement on a straight-line basis over the period of the lease/rights.

(h) Customer relationships

Customer relationships, which are acquired in a business combination, are recognised at fair value at the acquisition date. Customer relationships are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the customer relationships.

(i) Goodwill

Goodwill is initially measured at cost being excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed. Goodwill on acquisition of a foreign operation is treated as an asset of the foreign operation.

Goodwill arising on acquisition is retained at the carrying amount as a separate asset or, as applicable, included within investments in associated companies and jointly controlled entities at the date of acquisition, and subject to impairment test annually and when there are indications that the carrying value may not be recoverable. If the cost of acquisition is less than the fair value of the Group's share of the net identifiable assets of the acquired company, the difference is recognised directly in the income statement.

The profit or loss on disposal of a subsidiary company, associated company or jointly controlled entity is calculated by reference to the net assets at the date of disposal including the attributable amount of goodwill but does not include any attributable goodwill previously eliminated against reserves.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Railway usage rights

Railway usage rights are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line basis over the period of operation of approximately 45 years.

(k) Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the group companies operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided in full, using the liabilities method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associated companies and jointly controlled entities except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(l) Investments

Investments (other than investments in subsidiary companies, associated companies or jointly controlled entities) are non-derivative financial assets that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. At the end of the reporting period subsequent to initial recognition, these financial assets are carried at fair value and changes in fair value are recognised in other comprehensive income and accumulated under the heading of revaluation reserve except for impairment losses which are charged to the income statement. Where these investments are interest bearing, interest calculated using the effective interest method is recognised in the income statement. Dividends from investments are recognised as other operating income in the income statement when the right to receive payment is established. When investments are sold, the cumulative fair value gains or losses previously recognised in revaluation reserve is removed from revaluation reserve and recognised in the income statement.

(m) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of the reporting period subsequent to initial recognition, loans and receivables are carried at amortised cost using effective interest method less impairment. Interest calculated using the effective interest method is recognised in the income statement.

(n) Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Inventories

Inventories consist mainly of replacement parts and are stated at the lower of cost and net realisable value. Cost is calculated on the weighted average basis.

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, demand deposits with maturity less than three months, and bank overdrafts, excluding secured bank balances.

(q) Borrowings and borrowing costs

The borrowings are initially measured at fair value, net of transaction costs, and are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the period of the borrowings using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

(r) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

(s) Provisions

Provisions are recognised when it is probable that an outflow of economic benefits will be required to settle a present obligation as a result of past events and a reliable estimate can be made of the amount of the obligation.

(t) Asset impairment

Assets that have an indefinite useful life are tested for impairment annually. Assets that are subject to depreciation and amortisation are reviewed for impairment to determine whether there is any indication that the carrying values of these assets may not be recoverable and have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Such impairment loss is recognised in profit or loss except where the asset is carried at valuation and the impairment loss does not exceed the revaluation surplus for that asset, in which case it is treated as a revaluation decrease.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of reporting period.

(ii) Bonus plan

The expected cost of bonus payments are recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

(iii) Pension plans

Pension plans are classified into defined benefit and defined contribution plans.

Pension costs for defined benefit plans are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to income statement so as to spread the regular cost over the future service lives of employees in accordance with the advice of the actuaries who carry out a valuation of the plans. The pension obligation is measured as the present value of the estimated future cash outflows using interest rates determined by reference to market yields at the end of reporting period based on high quality corporate bonds with currency and term similar to the estimated term of benefit obligations. All actuarial gains and losses are recognised in full, in the year in which they occur, in other comprehensive income.

The contributions to the defined contribution plans are charged to the income statement in the year incurred.

Pension costs are charged against the income statement within staff costs. The pension plans are generally funded by the relevant Group companies taking into account the recommendations of independent qualified actuaries and by payments from employees for contributory plans.

(v) Foreign exchange

(i) Functional and presentation currency

The consolidated accounts are presented in Hong Kong dollars, which is same as the functional currency of HPH Trust.

(ii) Transactions and balances

Transactions in foreign currencies are converted at the rates of exchange ruling at the transaction dates. Monetary assets and liabilities are translated at the rates of exchange ruling at the end of reporting period. Exchange differences are included in the determination of profit or loss for the period.

(iii) Group companies

The accounts of all overseas Group entities are translated into Hong Kong dollars using the year end rates of exchange for statement of financial position items and the average rates of exchange for the year for the income statement items. Exchange differences are recognised in other comprehensive income and accumulated under the heading of exchange reserve. On disposal of the net investment in a foreign entity, such exchange gains and losses are transferred out of the exchange reserve and are recognised in the income statement. Exchange differences arising from translation of inter-company loan balances between the Group entities are recognised in other comprehensive income and accumulated under the heading of exchange reserve when such loans form part of the Group's investment in a foreign entity. When such loans are repaid, the related exchange gains and losses are transferred out of the exchange reserve and are recognised in the income statement.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Distributions to the Trust's unitholders

Distributions to the Trust's unitholders are recorded in equity in the period in which they are approved for payment.

(x) Operating leases

Leases in which a significant portion of the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Payments made/income received under operating leases net of any incentives received from/ provided to the leasing company are charged/credited to the income statement on a straight-line basis over the lease periods.

(y) Revenue recognition

Revenue is recognised:

- (i) for ports and related services and transportation and logistics solutions, when the service is rendered;
- (ii) for management and service fee income, when the service is rendered; and
- (iii) for licence fee, on an accrual basis.

(z) Standards and amendments which are not yet effective

The following standards and amendments which are relevant to the Group's operations, were in issue but not yet effective and have not been early adopted by the Group.

HKFRS 7 Amendments ¹	Financial Instruments : Disclosures – Transfer of Financial Assets
HKFRS 7 Amendments ³	Financial Instruments : Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 7 Amendments ⁶	Financial Instruments : Disclosures – Mandatory Effective Date of HKFRS 9 and Transition Disclosures
HKFRS 9 ⁵	Financial Instruments
HKFRS 10 ³	Consolidated Financial Statements
HKFRS 11 ³	Joint Arrangements
HKFRS 12 ³	Disclosure of Interests in Other Entities
HKFRS 13 ³	Fair Value Measurement
HKAS 1 Amendment ²	Presentation of Financial Statements
HKAS 19 Amendment ³	Employee Benefits
HKAS 27 (2011) ³	Separate Financial Statements
HKAS 28 (2011) ³	Investments in Associates and Joint Ventures
HKAS 32 Amendment ⁴	Financial Instruments : Presentation – Offsetting Financial Assets and Financial Liabilities

1 Effective for annual periods beginning 1 July 2011

2 Effective for annual periods beginning 1 July 2012

3 Effective for annual periods beginning 1 January 2013

4 Effective for annual periods beginning 1 January 2014

5 Effective for annual periods beginning 1 January 2015

6 Effective for annual periods beginning 1 January 2015 for those disclosures in connection with HKFRS 9

The Group is in the process of assessing the impact of these new or revised standards and amendments. The Group considers that these new and revised HKFRS are unlikely to result in a substantial change to the Group's accounting policies and presentation of the consolidated accounts.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

Significant estimates and assumptions concerning the future may be required in selecting and applying those methods and policies in the accounts. The Group bases its estimates and judgements on historical experience and various other assumptions that it believes are reasonable under the circumstances. Actual results may differ from these estimates and judgements under different assumptions or conditions.

The following is a review of the more significant assumptions and estimates as well as the accounting policies and methods used in the preparation of the accounts.

(a) Long lived assets

The Group has made substantial investments in tangible long-lived assets in its container terminal operating business. Changes in technology or changes in the intended use of these assets may cause the estimated period of use or value of these assets to change.

The Group considers its assets impairment accounting policy to be a policy that requires one of the most extensive applications of judgements and estimates by management.

Assets that are subject to depreciation are reviewed to determine whether there is any indication that the carrying value of these assets may not be recoverable and have suffered an impairment loss. If any such indication exists, the recoverable amounts of the assets are estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Such impairment loss is recognised in the income statement.

Management's judgement is required in the area of asset impairment, particularly in assessing: (1) whether an event has occurred that may indicate that the related asset values may not be recoverable; (2) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell or net present value of future cash flows which are estimated based upon the continued use of the asset in the Group; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level, if any, of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's financial condition and results of operations.

(b) Goodwill

Goodwill is initially measured at cost being excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed. Goodwill is also subject to the annual impairment test described above.

For the purposes of impairment tests, the recoverable amount of goodwill is determined based on value-in-use calculations. The value-in-use calculations primarily use cash flow projections based on financial budgets approved by management. There are a number of assumptions and estimates involved for the preparation of cash flow projections for the period covered by the approved budget. Key assumptions include the expected growth in revenues and gross margin, timing of future capital expenditures, growth rates and selection of discount rate, which approximately reflect the risks involved. Management prepared the financial budgets reflecting actual and prior year performance and market development expectations. Judgement is required to determine key assumptions adopted in the cash flow projections and changes to key assumptions can significantly affect these cash flow projections and therefore the results of the impairment tests. The Trustee-Manager expects that any reasonable change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of goodwill to exceed its recoverable amount.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENT (CONTINUED)

(c) Customer relationships

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. Customer relationships are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the customer relationships.

The Group considers its impairment accounting policy to be a policy that requires one of the most extensive applications of judgements and estimates by management. Intangible assets with definite useful lives are subject to amortisation and are reviewed to determine whether there is any indication that the carrying value of these assets may not be recoverable and have suffered an impairment loss. If any such indication exists, the recoverable amounts of the intangible assets are estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Such impairment loss is recognised in the income statement.

Management's judgement is required in the area of intangible asset impairment, particularly in assessing:

(1) whether an event has occurred that may indicate that the related asset values may not be recoverable; and
(2) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell or net present value of future cash flows which are estimated based upon the continued use of the asset in the Group.

(d) Depreciation

Depreciation of operating assets constitutes a substantial operating cost for the Group. The cost of fixed assets is charged as depreciation expense over the estimated useful lives of the respective assets using the straight-line method. The Group periodically reviews changes in technology and industry conditions, asset retirement activity and residual values to determine adjustments to estimated remaining useful lives and depreciation rates.

Actual economic lives may differ from estimated useful lives. Periodic reviews could result in a change in depreciable lives and therefore depreciation expense in future periods.

(e) Accrual of net revenue

Accrual of revenue was made with reference to the throughput handling and the terms of agreements of container handling service. Consequently, recognition of revenue is based on the volume of services rendered as well as the latest tariff agreed with customers or best estimated by the management. This estimate is based on the latest tariff and other industry consideration as appropriate. If the actual revenue differs from the estimated accrual, this will have an impact on revenue in future periods.

(f) Pension costs

The Group operates several defined benefit plans. Pension costs for defined benefit plans are assessed using the projected unit credit method in accordance with Hong Kong Accounting Standards ("HKAS") 19, Employee Benefits. Under this method, the cost of providing pensions is charged to consolidated income statement so as to spread the regular cost over the future service lives of employees in accordance with the advice of the actuaries who carry out a valuation of the plans. The pension obligation is measured at the present value of the estimated future cash outflows using interest rates determined by reference to market yields at the end of reporting period based on high quality corporate bonds with currency and term similar to the estimated term of benefit obligations. All actuarial gains and losses are recognised in full, in the year in which they occur, in the consolidated statement of comprehensive income.

Management appointed actuaries to carry out a full valuation of these pension plans to determine the pension obligations that are required to be disclosed and accounted for in the accounts in accordance with the HKFRS requirements.

The actuaries use assumptions and estimates in determining the fair value of the defined benefit plans and evaluate and update these assumptions on an annual basis. Judgement is required to determine the principal actuarial assumptions to determine the present value of defined benefit obligations and service costs. Changes to the principal actuarial assumptions can significantly affect the present value of plan obligations and service costs in future periods.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENT (CONTINUED)

(g) Tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the accounts. Deferred tax assets are recognised for unused tax losses carried forward to the extent it is probable that future taxable profits will be available against which the unused tax losses can be utilised, based on all available evidence. Recognition primarily involves judgement regarding the future financial performance of the particular legal entity or tax group in which the deferred tax asset has been recognised. A variety of other factors are also evaluated in considering whether there is convincing evidence that it is probable that some portion or all of the deferred tax assets will ultimately be realised, such as the existence of taxable temporary differences, group relief, tax planning strategies and the periods in which estimated tax losses can be utilised. The carrying amount of deferred tax assets and related financial models and budgets are reviewed at the end of the reporting period and to the extent that there is insufficient convincing evidence that sufficient taxable profits will be available within the utilisation periods to allow utilisation of the carry forward tax losses, the asset balance will be reduced and charged to the consolidated income statement.

4 REVENUE AND OTHER INCOME AND SEGMENT INFORMATION

(a) Revenue and other income

	HK\$'000
Revenue	
Rendering of port and related services	9,368,434
Rendering of transportation and logistics solutions	219,121
Management and service fee income	50,178
System development and support fees	16,866
Licence fee	1,147
	<hr/>
	9,655,746
Other income	
Interest income	79,569
	<hr/>
	9,735,315

(b) Segment information

The chief operating decision maker has been determined as the executive committee of HPH Trust (the "Executive Committee"). The Executive Committee reviews the internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

HPH Trust is principally engaged in investing in, developing, operating and managing deep-water container ports and port ancillary services and therefore management considers that HPH Trust operates in one single business segment.

Disclosures by geographical location are shown below:

	Revenue and other income HK\$'000	Non-current assets HK\$'000
Hong Kong	4,618,341	49,788,124
Mainland China	5,116,974	77,872,716
	<hr/>	<hr/>
	9,735,315	127,660,840

5 OPERATING PROFIT

Operating profit is stated after crediting and charging the following:

	HK\$'000
<u>Crediting</u>	
Dividend income from the River Ports Economic Benefits (Note 17b)	83,844
Net exchange gain	47,649
<u>Charging</u>	
Auditor's remuneration	
- audit services	11,025
- non-audit services	817
Amortisation	
- leasehold land and land use rights	962,855
- railway usage rights	434
- intangible assets	268,956
Depreciation of fixed assets	917,849
Net loss on disposal of fixed assets	930
Operating lease rentals	
- office premises and port facilities	61,831
Staff costs included in cost of services rendered	710,045

6 INTEREST AND OTHER FINANCE COSTS

	HK\$'000
Interest and other finance costs on:	
Bank loans and overdrafts	310,600
Less: Interest capitalised in projects under development	(806)
Loans from non-controlling interests	1,211
Other finance costs	105,236
	416,241

The capitalisation rates applied to funds borrowed and used for the development of container terminals and related facilities are at a weighted average of 0.63% per annum for the period.

7 TAX

	HK\$'000
Current tax	476,101
Deferred tax (Note 18)	(51,165)
	<u>424,936</u>

The tax charge on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate of the Group as follows:

	HK\$'000
Profit before tax excluding share of profits less losses after tax of jointly controlled entities and associated companies	<u>3,302,142</u>
Tax calculated at weighted average tax rate of 21.4%	705,212
Tax exemption in PRC	(448,643)
Income not subject to tax	(51,172)
Expenses not deductible for tax purposes	61,660
Temporary differences not recognised	50
Withholding tax on unremitted earnings	154,441
Tax loss not recognised	<u>3,388</u>
Total tax	<u>424,936</u>

8 DISTRIBUTIONS

During the period, HPH Trust paid a distribution of 14.3 HK cents per unit to the unitholders of HPH Trust amounting to HK\$1,245.4 million.

On 21 February 2012, the Board of Directors of the Trustee-Manager recommended the distribution of 23.4 HK cents per unit for the period ended 31 December 2011 amounting to HK\$2,037.9 million and payable on 29 March 2012. These accounts do not reflect this distribution, which will be recognised in equity as an appropriation of retained profits in the financial year ending 31 December 2012.

9 EARNINGS PER UNIT

HPH Trust was constituted on 25 February 2011, the acquisition of a portfolio of container terminals and ancillary services was only completed on 15 March 2011. Consequently, there were no operating activities for the period prior to 16 March 2011.

The calculation of earnings per unit is based on profit attributable to unitholders of HPH Trust of HK\$1,970,288,000 for the period from 25 February 2011 (date of constitution) to 31 December 2011 and on 8,708,888,000 units in issue, which is the weighted average number of units for the period from 18 March 2011 (the listing date) to 31 December 2011.

Diluted earnings per unit is the same as the basic earnings per unit as there are no dilutive instruments issued during the period ended 31 December 2011.

10 FIXED ASSETS

	Properties HK\$'000	Container handling equipment HK\$'000	Barges HK\$'000	Other assets HK\$'000	Total HK\$'000
Group					
Acquisition of subsidiary companies	18,150,055	8,505,761	22,402	314,945	26,993,163
Additions	14,517	77,513	803	2,431	95,264
Transfer from projects under development (Note 11)	284,186	181,369	-	91,880	557,435
Disposals	(6)	(2,809)	-	(132)	(2,947)
Depreciation	(435,177)	(415,051)	(3,487)	(64,134)	(917,849)
Currency translation differences	30,330	8,918	-	664	39,912
Closing net book amount	18,043,905	8,355,701	19,718	345,654	26,764,978
At 31 December 2011					
Cost	18,486,204	8,775,368	23,205	411,751	27,696,528
Accumulated depreciation	(442,299)	(419,667)	(3,487)	(66,097)	(931,550)
Net book amount	18,043,905	8,355,701	19,718	345,654	26,764,978

11 PROJECTS UNDER DEVELOPMENT

	HK\$'000
Group	
Acquisition of subsidiary companies	1,068,929
Additions	960,318
Transfer to fixed assets/leasehold land and land use rights (Notes 10 & 12)	(693,775)
Currency translation differences	14,209
At 31 December 2011	1,349,681

Projects under development mainly represent the cost of construction of port facilities in the PRC incurred by subsidiary companies.

During the period, the Group has capitalised borrowing costs amounting to HK\$806,000 on qualifying assets.

12 LEASEHOLD LAND AND LAND USE RIGHTS

	HK\$'000
Group	
Net book value	
Acquisition of subsidiary companies	47,008,165
Additions	25,198
Transfer from projects under development (Note 11)	136,340
Amortisation	(962,855)
Currency translation differences	14,467
At 31 December 2011	46,221,315

13 RAILWAY USAGE RIGHTS

	HK\$'000
Group	
Net book value	
Acquisition of subsidiary companies	16,253
Amortisation	(434)
Currency translation differences	612
At 31 December 2011	<u>16,431</u>

14 INTANGIBLE ASSETS

(a) Customer relationships

	HK\$'000
Group	
Net book value	
Acquisition of subsidiary companies	8,440,000
Amortisation	(268,956)
At 31 December 2011	<u>8,171,044</u>

(b) Goodwill

	HK\$'000
Group	
Acquisition of subsidiary companies	<u>41,594,064</u>

Goodwill is allocated to the Group's cash-generating units ("CGU") identified according to geographical locations as the Group has one business segment only. The goodwill is allocated as follows:

	HK\$'000
Hong Kong	20,666,002
Mainland China	20,928,062
	<u>41,594,064</u>

For the purpose of impairment test, the recoverable amount of CGU is determined based on value in use calculations. Cash flow projections used in the value in use calculations were based on the financial budgets approved by management covering a five-year period. The key assumptions adopted on growth rates and discount rates used in the value in use calculations are based on management's best estimates and past experience. Terminal value at 2-3% growth rates are determined by considering both internal and external factors relating to the port operation. Pre-tax discount rates used of 8-10% reflect specific risks relating to the relevant business.

15 ASSOCIATED COMPANIES

HK\$'000

Group

Share of net assets 129,155

Details of the principal associated company at 31 December 2011 are as follows:

Name	Place of establishment	Principal activities	Interest held
Shenzhen Yantian Tugboat Company Ltd.*	PRC	Provision of tugboat services in the PRC	23.84%

* Audited by PricewaterhouseCoopers network firms

The aggregate amounts of revenue, results, assets and liabilities of the associated companies are as follows:

HK\$'000

Revenue 214,571

Net profit for the period 45,506

Total assets 632,125

Total liabilities 226,576

The Group's share of revenues and results of associated companies are as follows:

HK\$'000

Share of revenue 66,092

Share of results 13,405

16 JOINTLY CONTROLLED ENTITIES

	HK\$'000
Group	
Share of net assets	2,570,029
Loan to a jointly controlled entity	25,500
	<u>2,595,529</u>

The loan to a jointly controlled entity is unsecured, interest free and not expected to be repayable within one year. The carrying amount of the loan to a jointly controlled entity approximates its fair value.

Details of principal jointly controlled entities as at 31 December 2011 are as follows:

Name	Place of establishment	Principal activities	Interest held
COSCO-HIT Terminals (Hong Kong) Limited*	Hong Kong	Container terminals operation	50.00%
Beijing Leading Edge Container Services Co. Limited*	PRC	Provision of logistic services	50.00%
Mercury Sky Group Limited**	British Virgin Islands	Investment holding	50.00%
Shenzhen Leading Edge Port Services Co. Limited*	PRC	Provision of port agency services	49.00%
Yantian Port International Information Co. Limited*	PRC	Provision of electronic port community system	28.21%

* Audited by PricewaterhouseCoopers network firms

** Not required to be audited under the laws of the country of incorporation

The aggregate amounts of revenues, results, assets and liabilities of the jointly controlled entities are as follows:

	HK\$'000
Revenue	826,971
Net profit for the period	<u>254,638</u>

	HK\$'000
Non-current assets	6,797,766
Current assets	1,084,556
Total assets	<u>7,882,322</u>
Non-current liabilities	220,564
Current liabilities	2,639,586
Total liabilities	<u>2,860,150</u>

The Group's share of revenues and results of jointly controlled entities are as follows:

	HK\$'000
Share of revenue	412,155
Share of results	<u>126,918</u>

17 INVESTMENTS

	HK\$'000
Group	
Listed equity security	34,088
Unlisted equity security (Note a)	555
River Ports Economic Benefits (Note b)	775,000
	<u>809,643</u>

Notes:

- (a) The unlisted equity security represented investment in 5% interest in Shenzhen Hutchison Whampoa Logistics Limited.
- (b) The River Ports Economic Benefits represent the economic interest and benefits of the river ports in Nanhai, Jiangmen and Zhuhai Jiuzhou, PRC (together the "River Ports"), including all dividends and any other distributions or other monies payable to a related company or any of its subsidiaries in its capacity as a shareholder of the relevant holding company of the River Ports arising from the profits attributable to the business of the River Ports and all sale or disposal proceeds derived from such businesses, assets, rights and/or liabilities constituting any part of the business of the River Ports as agreed with a related company and any of its subsidiaries.

18 DEFERRED TAX

	HK\$'000
Group	
Deferred tax assets	(9,000)
Deferred tax liabilities	12,209,664
Net deferred tax liabilities	<u>12,200,664</u>

The movement in deferred income tax (assets)/liabilities during the period is as follows:

	Unused tax losses HK\$'000	Accelerated depreciation allowances HK\$'000	Fair value adjustments arising from acquisitions HK\$'000	Withholding tax on unremitted earnings HK\$'000	Others HK\$'000	Total HK\$'000
Acquisition of subsidiary companies	(14,671)	493,521	11,674,911	98,623	(468)	12,251,916
Tax charged/(credited) to income statement	464	25,400	(167,984)	90,822	133	(51,165)
Other temporary differences	-	(17)	(53)	-	(17)	(87)
Balance as at 31 December 2011	<u>(14,207)</u>	<u>518,904</u>	<u>11,506,874</u>	<u>189,445</u>	<u>(352)</u>	<u>12,200,664</u>

18 DEFERRED TAX (CONTINUED)

Notes:

- (a) The deferred tax assets and liabilities are offset when there is a legally enforceable right to set off and when the deferred income taxes relate to the same fiscal authority.
- (b) Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through the future taxable profit is probable. The Group has unrecognised tax losses of HK\$621,130,000 as at 31 December 2011 to carry forward against future taxable income. These tax losses have no expiry date.
- (c) Deferred tax liabilities is calculated in full on temporary differences under the liabilities method using a tax rate of the countries in which the Group operated for temporary differences from fair value adjustments arising from acquisition and withholding taxes arising from unremitted earnings.

19 CASH AND CASH EQUIVALENTS

	Group HK\$'000	Trust HK\$'000
Cash at bank and in hand	235,095	1,275
Short-term bank deposits	7,655,361	-
	<u>7,890,456</u>	<u>1,275</u>

The weighted average effective interest rate as at 31 December 2011 for short-term deposit for the Group and the Trust were 1.27% and 0.02% respectively.

Cash and cash equivalents are denominated in the following currencies:

	Group Percentage	Trust Percentage
Hong Kong dollar	26%	5%
Renminbi	68%	0%
United States dollar	6%	44%
Singapore dollar	0%	51%
	<u>100%</u>	<u>100%</u>

The carrying amounts of cash and cash equivalents approximate their fair values. The maximum exposure of credit risk is the carrying amounts of the cash and cash equivalents.

20 TRADE AND OTHER RECEIVABLES

	Group HK\$'000	Trust HK\$'000
Trade receivables	2,453,727	-
Less : Provision for impairment of receivables	(9,910)	-
	2,443,817	-
Other receivables and prepayments	303,723	2,232
Amounts due from jointly controlled entities (Note a)	239,619	-
Amounts due from associated companies (Note a)	19,555	-
	<u>3,006,714</u>	<u>2,232</u>

As at 31 December 2011, trade and other receivables are denominated in the following currencies:

	Group Percentage	Trust Percentage
Hong Kong dollar	87%	62%
Renminbi	5%	0%
United States dollar	8%	0%
Singapore dollar	0%	38%
	<u>100%</u>	<u>100%</u>

As at 31 December 2011, the carrying amounts of trade and other receivables of the Group and of the Trust approximate their fair values.

Notes:

- (a) The amounts due from associated companies and jointly controlled entities are unsecured, interest free and have no fixed terms of repayment except for amounts of HK\$7,550,000 which are interest bearing at Hong Kong Interbank Offered Rate plus 1.15%.
- (b) As of 31 December 2011, trade receivables of the Group amounting to HK\$1,155,298,000 were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	HK\$'000
Up to 2 months	653,795
2 to 3 months	159,593
Over 3 months	341,910
	<u>1,155,298</u>

20 TRADE AND OTHER RECEIVABLES (CONTINUED)

- (c) As of 31 December 2011, trade receivables of the Group amounting to HK\$9,910,000 were impaired and provided for. The individual impaired receivables related to those balances in dispute with customers, based on management assessment, that only a portion of the receivables is expected to be recovered. The Group does not hold any collateral over these balances.

Movement of provisions for impairment of trade receivables of the Group is as follows:

	HK\$'000
Acquisition of subsidiary companies	14,154
Provision for impairment	2,074
Write back of provision for impairment of receivables	(2,104)
Receivables written off as uncollectible	(3,938)
Currency translation differences	(276)
At 31 December 2011	<u>9,910</u>

The creation and release of provisions for impairment of receivables have been included in income statement. Amounts charged to the provision for impairment of receivables are generally written off when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above.

21 TRADE AND OTHER PAYABLES

	Group HK\$'000	Trust HK\$'000
Trade payables, other payables and accruals	6,786,619	10,783
Loans from non-controlling interests (Note a)	1,264,640	-
Amounts due to:		
- related companies (Note b)	78,934	10,932
- a subsidiary (Note b)	-	7,511
Distribution payable to non-controlling interests	740,813	-
	<u>8,871,006</u>	<u>29,226</u>

As at 31 December 2011, trade and other payables are denominated in the following currencies:

	Group Percentage	Trust Percentage
Hong Kong dollar	72%	54%
Renminbi	27%	0%
United States dollar	1%	36%
Singapore dollar	0%	10%
	<u>100%</u>	<u>100%</u>

As at 31 December 2011, the carrying amounts of trade and other payables of the Group and of the Trust approximate their fair values.

Notes:

- (a) The loans from non-controlling interests are unsecured, interest free except for an amount of HK\$30,380,000 which bears interest at Hong Kong Dollar Prime Rate and has no fixed terms of repayment.
- (b) Amounts due to related companies and a subsidiary are unsecured, interest free and have no fixed terms of repayment.

22 BANK LOANS

	Current portion HK\$'000	Non-current portion HK\$'000	Total HK\$'000
Group			
Unsecured bank loans	27,700	5,742,300	5,770,000
Secured bank loans	4,920	23,535,300	23,540,220
Total principal amount of bank loans	32,620	29,277,600	29,310,220
Unamortised loan facilities fees	-	(257,935)	(257,935)
As at 31 December 2011	32,620	29,019,665	29,052,285

The carrying amounts of bank loans approximate their fair values as the bank loans bear floating interest rate and are repriced within six months at the prevailing market interest rates. The loans are fully repayable from February 2014 to November 2016.

The effective interest rate of the Group's bank loans at 31 December 2011 is 1.6%.

As at 31 December 2011, bank loans are denominated in the following currencies:

	Percentage
Group	
Hong Kong dollar	20%
United States dollar	80%
	100%

At 31 December 2011, assets of the Group totalling HK\$6,836,903,000 and all the shares in a subsidiary (Note 31) were pledged as security for bank loans.

23 PENSION OBLIGATIONS

	HK\$'000
Group	
Defined benefit plans	
Plan obligations	265,340

The Group operates a number of defined benefit and defined contribution plans, the assets of which are held independently of the Group's assets in trustee administered funds.

23 PENSION OBLIGATIONS (CONTINUED)

(a) Defined benefit plans

The Group's defined benefit plans in Hong Kong are contributory final salary pension plan or non-contributory guaranteed return defined contribution plan of the Group. The Group's plans were valued by Towers Watson Hong Kong Limited, qualified actuaries as at 31 December 2011 using the projected unit credit method to account for the pension accounting costs in accordance with HKAS 19 "Employee Benefits".

The amounts recognised in the consolidated statement of financial position are determined as follows:

	HK\$'000
Present value of defined benefit obligations	1,159,115
Fair value of plan assets	(893,775)
Net defined benefit plan obligations	<u>265,340</u>

The movements in the present value of the defined benefit obligation over the period are as follows:

	HK\$'000
Acquisition of subsidiary companies	1,025,143
Current service cost	34,109
Interest cost	19,357
Contributions by plan participants	6,329
Actuarial loss	134,918
Benefits paid	(60,910)
Net transfer in liabilities	169
At 31 December 2011	<u>1,159,115</u>

The movement in the fair value of plan assets of the period is as follows:

	HK\$'000
Acquisition of subsidiary companies	942,183
Expected return on plan assets	54,234
Actuarial loss	(69,558)
Employer contributions	21,328
Employee contributions	6,329
Benefits paid	(60,910)
Net transfer in assets	169
At 31 December 2011	<u>893,775</u>

The principal actuarial assumptions used for accounting purposes are as follows:

	%
Discount rate applied to the defined benefit plan obligations	1.20 - 1.50
Expected rate of return on plan assets	7.00
Future salary increases	4.00
Interest credited on plan accounts	<u>5.00 - 6.00</u>

23 PENSION OBLIGATIONS (CONTINUED)

(a) Defined benefit plans (Continued)

Fair value of the plan assets are analysed as follows:

	HK\$'000
Equity instruments	609,463
Debt instruments	210,030
Other assets	74,282
At 31 December 2011	<u>893,775</u>

The amounts recognised in the consolidated income statement are as follows:

	HK\$'000
Current service cost	34,109
Interest cost	19,357
Expected return on plan assets	(54,234)
	<u>(768)</u>

The actual return on plan assets was a loss of HK\$15,324,000.

The experience adjustments are as follows:

	HK\$'000
Present value of defined benefit obligations	1,159,115
Fair value of plan assets	(893,775)
Deficit	<u>265,340</u>
Experience adjustments on defined benefit obligations losses	<u>(4,959)</u>
Experience adjustments on plan assets losses	<u>(69,558)</u>

There is no immediate requirement for the Group to fund the deficit between the fair value of defined benefit plan assets and the present value of the defined benefit plan obligations disclosed as at 31 December 2011. Contributions to fund the obligations are based upon the recommendations of independent qualified actuaries for each of the pension plans of the Group to fully fund the relevant schemes on an ongoing basis. The realisation of the deficit is contingent upon the realisation of the actuarial assumptions made which is dependent upon a number of factors including the market performance of plan assets. Funding requirements of the major defined benefit plans of the Group are detailed below.

The Group operates two principal plans in Hong Kong. One plan, which has been closed to new entrants since 1994, provides benefits based on the greater of the aggregate of the employee and employer vested contributions plus a minimum interest thereon of 6% per annum, and a benefit derived by a formula based on the final salary and years of service. A formal independent actuarial valuation, undertaken for funding purposes under the provision of Hong Kong's Occupational Retirement Schemes Ordinance ("ORSO"), at 31 July 2011 reported a funding level of 118% of the accrued actuarial liabilities on an ongoing basis. The valuation used the attained age valuation method and the main assumptions in the valuation are an investment return of 6% per annum and salary increases of 4%. The valuation was performed by Tian Keat Aun, a Fellow of The Institute of Actuaries, of Towers Watson Hong Kong Limited. The second plan provides benefits equal to the employer vested contributions plus a minimum interest thereon of 5% per annum. As at 31 December 2011, this plan is fully funded for the funding of vested benefits in accordance with the ORSO funding requirements. During the period ended 31 December 2011, forfeited contributions totalling HK\$795,000 were used to reduce the level of contributions of the period ended 31 December 2011 and no forfeited contribution was available at 31 December 2011 to reduce future year's contributions.

(b) Defined contribution plans

The Group's cost in respect of defined contribution plans for the period amounted to HK\$34,417,000.

24 UNITS IN ISSUE

	Group and Trust	
	Number of units	HK\$'000
As at 25 February 2011 (date of constitution of the Trust)	-	-
Unit issued at registration	1	-
Units issued upon HPH Trust listing on the SGX-ST on 18 March 2011	8,708,887,999	68,539,835
As at 31 December 2011	<u>8,708,888,000</u>	<u>68,539,835</u>

All issued units are fully paid and rank pari passu in all respects.

25 INVESTMENT IN A SUBSIDIARY

	HK\$'000
Trust	
Investment cost	10,000
Capital contribution	<u>67,280,000</u>
	<u>67,290,000</u>

Pursuant to an investment agreement entered between the HPH Trust and a wholly-owned subsidiary, HPHT Limited, dated 4 August 2011 (the "Agreement"), HPH Trust made capital contributions of HK\$67,280,000,000 to HPHT Limited ("Capital Contribution") through capitalising the amounts due from the subsidiary. HPH Trust has no right to require HPHT Limited to return any Capital Contribution. HPHT Limited may return to HPH Trust any Capital Contribution at any time in whole or in part. Accordingly, the capital contribution is accounted for as investment in a subsidiary.

Details of subsidiary companies of the Group are disclosed in Note 31.

26 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of operating profit to cash generated from operations:

	HK\$'000
Operating profit	3,718,383
Depreciation and amortisation	2,150,094
Net loss on disposal of fixed assets	930
Dividend income	(85,964)
Interest income	(79,569)
Operating profit before working capital changes	5,703,874
Increase in inventories	(1,034)
Increase in trade and other receivables	(503,844)
Decrease in amounts due from related companies, associated companies and jointly controlled entities	43,263
Increase in trade and other payables	260,338
Decrease in pension obligations	(22,096)
Exchange difference	52,382
Cash generated from operations	5,532,883

(b) Acquisition of subsidiary companies

	HK\$'000
Fixed assets	26,993,163
Projects under development	1,068,929
Leasehold land and land use rights	47,008,165
Railway usage rights	16,253
Customer relationships	8,440,000
Associated companies	128,327
Jointly controlled entities	2,640,924
Investments	812,239
Deferred tax assets	9,000
Cash and cash equivalents	5,991,996
Trade and other receivables	2,623,295
Inventories	142,561
Trade and other payables	(8,870,020)
Bank loans	(8,905,038)
Other non-current liabilities	(12,343,875)
Total identifiable net assets	65,755,919
Non-controlling interests	(18,785,425)
Goodwill (Note 27)	41,594,064
Purchase consideration for the acquisition and loan assignments (Note 27)	88,564,558
Less: Settlement by issuance of units	(26,045,142)
	62,519,416
Less: Cash and cash equivalents acquired	(5,991,996)
Net cash outflow for the acquisition	56,527,420

27 BUSINESS COMBINATION

In March 2011, the Group acquired a portfolio of container terminals and ancillary services, which comprise:

- 100% interests in Hongkong International Terminals Limited, the owner and operator of Terminals 4, 6, 7 and two berths in Terminal 9 at Kwai Tsing, Hong Kong;
- 50% interest in COSCO-HIT Terminals (Hong Kong) Limited, the owner and operator of Terminal 8 East at Kwai Tsing, Hong Kong;
- 56.41% interest in Yantian International Container Terminals Limited, the operator of Yantian International Container Terminals Phases I and II at Yantian district, Shenzhen, in the Guangdong Province of the PRC;
- 51.64% interest in Yantian International Container Terminals (Phase III) Limited, the operator of Yantian International Container Terminals Phase III and its expansion project, which is being developed;
- 51.64% interest in Shenzhen Yantian West Port Terminals Limited, the operator of Shenzhen Yantian West Port Terminals Phase I and Shenzhen Yantian West Port Terminals Phase II which is being developed;
- 100% interest in Asia Port Services Limited, which is mainly engaged in providing port ancillary services including mid-stream services (which are vessel-handling services in the harbour involving the lifting and discharging of containers from barge alongside the vessel);
- 77.7% interest in Shenzhen Hutchison Inland Container Depots Co., Limited, which operates the inland container depot and warehouse in Shenzhen, the PRC;
- 100% interest in HPH E. Commerce Limited, which provides logistics services; and
- The economic interest and benefits in the river ports in Nanhai, Jiangmen and Zhuhai Jiuzhou, PRC, which serve predominantly as feeder ports to the deep-water facilities referred to above and hence are complementary to the operation of these deep-water ports.

27 BUSINESS COMBINATION (CONTINUED)

Details of consideration paid and the fair value of equity interest held at the acquisition date are as follows:

	HK\$'000
Purchase consideration	88,564,558

The recognised amounts of identifiable assets acquired and liabilities assumed as at the date of acquisition are as follows:

	HK\$'000
Fixed assets	26,993,163
Projects under development	1,068,929
Leasehold land and land use rights	47,008,165
Railway usage rights	16,253
Customer relationships	8,440,000
Associated companies	128,327
Jointly controlled entities	2,640,924
Investments	812,239
Deferred tax assets	9,000
Cash and cash equivalents	5,991,996
Trade and other receivables	2,623,295
Inventories	142,561
Trade and other payables	(8,870,020)
Bank loans	(8,905,038)
Other non-current liabilities	(12,343,875)
Total identifiable net assets	65,755,919
Non-controlling interests	(18,785,425)
Goodwill	41,594,064
Purchase consideration	88,564,558

Acquisition-related costs are borne by the seller.

The goodwill arises from a number of factors. Most significant amongst these are the premium attributable to the well positioned business and management expertise in the deep-water container port industry.

If the acquisition had occurred on 25 February 2011, the Group's revenue and profit for the period would have increased by approximately HK\$560 million and HK\$141 million respectively.

The Group recognised the non-controlling interests at fair value.

28 COMMITMENTS

- (a) The Group's capital commitments for fixed assets and projects under development are as follows:

	HK\$'000
Contracted but not provided for	348,622
Authorised but not contracted for (Note)	893,035
	<u>1,241,657</u>

The Group's share of capital commitments of the jointly controlled entities is as follows:

	HK\$'000
Authorised but not contracted for	<u>95,551</u>

Note:

The capital commitments were budgeted amounts estimated for future capital expenditures of the Group. These estimates are subject to a rigorous authorisation process before the expenditure is committed.

- (b) As at 31 December 2011, the Group had future aggregate minimum lease payments under non-cancellable operating leases for office premises and port facilities as follows:

	HK\$'000
Within one year	29,953
Between two to five years	13,679
	<u>43,632</u>

29 RELATED PARTIES TRANSACTIONS

Significant transactions between the Group and related parties during the period from 25 February 2011 (date of constitution) to 31 December 2011 that are carried out in the normal course of business are disclosed below. The amount of outstanding balances with associated companies, jointly controlled entities and Group companies are disclosed in Notes 20 and 21.

- (i) Income from and expenses to related parties

	HK\$'000
Income:	
Container handling fees received from related companies (Note a)	28,633
Management and service fee received from a jointly controlled entity and related companies (Note b)	77,767
Transportation management services fee income from related companies (Note c)	<u>24,828</u>
Expenses:	
Container handling charges paid to a jointly controlled entity and related companies (Note d)	393,141
Operating lease rentals on premises paid to related companies (Note d)	13,379
Trustee-Manager management fees (Note e)	15,440
Global support services fees to a related company (Note f)	92,638
Information technology ("IT") support and maintenance service fees paid to related companies (Note g)	24,394
Telecommunication charges paid to related companies (Note h)	4,346
Security guards service fees paid to a related company (Note i)	<u>8,950</u>

29 RELATED PARTIES TRANSACTIONS (CONTINUED)

(i) Income from and expenses to related parties (Continued)

Notes:

- (a) Container handling fees received from related companies were charged at terms pursuant to the relevant agreements.
- (b) Management and service fee received from a jointly controlled entity and related companies were charged at terms mutually agreed.
- (c) Revenue from related companies for the provision of transportation management services was charged at prices and terms mutually agreed.
- (d) Container handling charges and operating lease rentals paid to a jointly controlled entity and related companies were charged at terms pursuant to relevant agreements.
- (e) Trustee-Manager management fees were charged at US\$2,500,000 (equivalent to HK\$19,500,000) per annum pursuant to the Trust Deed. No performance and other fees were paid during the period.
- (f) Global support services fees in respect of administration services, license on certain intellectual property rights were charged at prices and terms mutually agreed.
- (g) IT support and maintenance services fees in respect of the support and maintenance of IT systems paid to related companies were charged at prices and terms mutually agreed.
- (h) Telecommunication charges paid to related companies were charged at prices and terms mutually agreed.
- (i) Security guards service fees paid to a related company was charged at prices and terms mutually agreed.

(ii) Key management compensations

Key management of the Group who are also executive officers of the Trustee-Manager. The compensation paid or payable to key management for employee services is shown below:

	HK\$'000
Salaries and employee benefits	12,131

30 FINANCIAL RISK AND CAPITAL MANAGEMENT

The major financial instruments of the Group include liquid funds, investments, trade and other receivables, trade and other payables and borrowings. Details of these financial instruments are disclosed in the respective notes to the accounts. The risk management programme of the Group is designed to minimise the financial risks of the Group. These risks include liquidity risk, credit risk and interest rate risk.

(a) Cash management and funding

The Group generally obtains long-term financing to meet their funding requirements. The management of the Group regularly and closely monitors its overall net debt position and reviews its funding costs and maturity profile to facilitate refinancing.

(b) Capital management

The Group's strategy involves adopting and maintaining an appropriate mix of debt and equity to ensure optimal returns to unitholders, while maintaining sufficient flexibility to implement growth strategies.

The Group may consider diversifying its sources of debt financing by accessing the debt capital markets through the issuance of bonds to optimise the debt maturity profile and to make adjustments to the capital structure in light of changes in economic conditions.

The Group has complied with all externally imposed capital requirements during the period.

(c) Credit exposure

The Group's holdings of cash and cash equivalents expose the Group to credit risk of the counterparty. The Group controls its credit risk to non-performance by its counterparties through regular review and monitoring their credit ratings.

The receivables from customers and other counterparties also expose the Group to credit risk. The Group controls its credit risk by assessing the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the management. The utilisation of credit limits is regularly monitored.

(d) Interest rate exposure

The Group's main interest risk exposures relate to cash and cash equivalents, loans from non-controlling interests and bank borrowings. The Group manages its interest rate exposure with a focus on reducing the Group's overall cost of debt and exposure to changes in interest rates.

The impact of a hypothetical 10 basis points increase in market interest rate at the end of reporting period would reduce the Group's profit and unitholders' equity by HK\$21,475,600.

30 FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

(e) Foreign currency exposure

For overseas subsidiaries, associated companies and jointly controlled entities, which consist of non-Hong Kong dollar assets, the Group generally monitors the development of the Group's cash flow and debt market and, when appropriate, would expect to refinance these businesses with local currency borrowings.

Currency risk as defined by HKFRS 7 arises on financial instruments being denominated in a currency that is not the functional currency and being of a monetary nature. Differences resulting from the translation of accounts of overseas subsidiaries into the Group's presentation currency are therefore not taken into consideration for the purpose of the sensitivity analysis for currency risk.

The impact of a hypothetical 10% weakening of HK dollar against all exchange rates at the end of reporting period, with all other variables held constant, on the Group's profit for the period is set out as below.

	Hypothetical increase/ (decrease) in profit HK\$'000
Renminbi	290,267
United States dollar	(2,279,148)
Singapore dollar	(118)
	<u>(1,988,999)</u>

(f) Liquidity exposure

The following tables detail the remaining contractual maturities at the end of reporting period of the Group's and the Trust's non-derivative financial liabilities, which are based on contractual undiscounted principal cash flows and the earliest date on which the Group and the Trust can be required to pay:

	Contractual maturities			
	Carrying amounts HK\$'000	Total undiscounted cash flows HK\$'000	Within 1 year HK\$'000	Within 2 to 5 years HK\$'000
Group				
Trade and other payables	8,871,006	8,871,006	8,871,006	-
Bank loans and other non-current liabilities	29,052,841	29,310,776	32,620	29,278,156
	<u>37,923,847</u>	<u>38,181,782</u>	<u>8,903,626</u>	<u>29,278,156</u>

The table of the Group above excludes interest accruing and payable on certain of these liabilities which are estimated to be HK\$506,204,000 in "within 1 year" maturity band, HK\$1,059,355,000 in "within 2 to 5 years" maturity band, and after assuming effect of interest rates with respect to variable rate financial liabilities remain constant and there is no change in aggregate principal amount of financial liabilities other than repayment at scheduled maturity as reflected in the table.

30 FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

(f) Liquidity exposure (Continued)

	Contractual maturities			
	Carrying amounts HK\$'000	Total undiscounted cash flows HK\$'000	Within 1 year HK\$'000	Within 2 to 5 years HK\$'000
Trust				
Trade and other payables	29,226	29,226	29,226	-

(g) Fair value estimation

The financial instruments of the Group that are measured at fair value at 31 December 2011 were the investments. The investments mainly comprise the River Ports Economic Benefits, in which the fair value measurement is classified as Level 3 of the fair value measurement hierarchy (inputs for the assets that are not based on observable market data (i.e. unobservable inputs) in accordance with the disclosure requirement of HKFRS 7 for financial instruments. The fair value is determined by using valuation techniques. Specific valuation techniques used to value financial instruments included discounted cash flow analysis, are used to determine the fair value of the financial instruments.

31 LIST OF SUBSIDIARY COMPANIES OF THE GROUP

Details of principal subsidiary companies of the Group as at 31 December 2011 are as follows:

Name	Place of incorporation/ establishment	Principal activities	Particulars of issued share capital	Interest held
HPHT Limited*	Hong Kong	Investment holding	1 ordinary share of HK\$1	100%
Giantfield Resources Limited**	British Virgin Islands	Investment holding	2 ordinary shares of US\$1 each	100%
Classic Outlook Investments Limited**	British Virgin Islands	Investment holding	100,000 ordinary shares of US\$0.1 each	100%
HIT Investments Limited**	British Virgin Islands	Investment holding	200 ordinary "A" shares of US\$1 each 800 non-voting preferred "B" shares of US\$1 each	100%
HIT Holdings Limited*	Hong Kong	Investment holding	50,000 "A" shares of HK\$0.25 each 240,000 "B" shares of HK\$0.25 each 400 "P" shares of HK\$0.25 each	100%
Pearl Spirit Limited**	British Virgin Islands	Investment holding	1 ordinary share of US\$1	100%
Hongkong International Terminals Limited#*	Hong Kong	Container terminals operation	2 ordinary shares of HK\$10 each	100%
Yantian International Container Terminals Limited*	PRC	Development and operation of a container terminal	HK\$2,400,000,000	56.41%
Yantian International Container Terminals (Phase III) Limited*	PRC	Development and operation of a container terminal	HK\$6,056,960,000	51.64%
Shenzhen Pingyan Multimodal Company Limited*	PRC	Provision of railway services	RMB150,000,000	51.64%
Shenzhen Yantian West Port Terminals Limited*	PRC	Development and operation of a container terminal	RMB1,000,000,000	51.64%
Hutchison Ports Yantian Limited*	Hong Kong	Investment holding	2 ordinary shares of HK\$1 each	79.45%

31 LIST OF SUBSIDIARY COMPANIES OF THE GROUP (CONTINUED)

Name	Place of incorporation/ establishment	Principal activities	Particulars of issued share capital	Interest held
Watrus Limited*	British Virgin Islands	Investment holding	32 "A" shares of US\$1 each 593 "B" shares of US\$1 each	94.88%
Sigma Enterprises Limited*	British Virgin Islands	Investment holding	2,005 "A" shares of US\$1 each 8,424 "B" shares of US\$1 each	79.45%
Hutchison Ports Yantian Investments Limited**	British Virgin Islands	Investment holding	200 ordinary shares of US\$1 each	100%
Birrong Limited**	British Virgin Islands	Investment holding	10,000 ordinary shares of US\$1 each	100%
Hutchison Shenzhen East Investments Limited**	British Virgin Islands	Investment holding	1 ordinary share of US\$1	100%

Shares of this subsidiary have been pledged as securities for bank loans of the Group (Note 22)

* Audited by PricewaterhouseCoopers network firms

** Not required to be audited under the laws of the country of incorporation

Appointment of auditors

The Trust has complied with Rules 712 and 715 of the Listing Manual of the SGX-ST in relation to its auditors.

32 APPROVAL OF THE ACCOUNTS

The accounts set out on pages 60 to 100 were approved by the Board of Directors of the Trustee-Manager on 21 February 2012.

Statistics of Unitholdings

AS AT 15 MARCH 2012

There were 8,708,888,000 units (voting rights: 1 vote per unit) in issue as at 15 March 2012. There is only one class of units in HPH Trust.

DISTRIBUTION OF UNITHOLDINGS

Size of holdings	No. of unitholders	%	No. of units	%
1 - 999	102	0.31	32,375	0.00
1,000 - 10,000	24,645	74.78	103,734,414	1.19
10,001 - 1,000,000	8,161	24.76	341,993,650	3.93
1,000,001 and above	49	0.15	8,263,127,561	94.88
Total	32,957	100.00	8,708,888,000	100.00

SUBSTANTIAL UNITHOLDERS

As at 15 March 2012

Unitholders	Direct interest		Deemed interest	
	No. of units	%	No. of units	%
1. Cheung Kong (Holdings) Limited ⁽¹⁾	–	–	2,617,033,200	30.05
2. Hutchison Port Group Holdings Limited	2,404,014,000	27.60	–	–
3. Hutchison International Limited ⁽²⁾	–	–	2,404,014,000	27.60
4. Hongkong and Whampoa Dock Company, Limited ⁽³⁾	–	–	2,404,014,000	27.60
5. Hutchison Whampoa Limited ⁽⁴⁾	–	–	2,404,014,000	27.60
6. HWDC Holdings Limited ⁽⁵⁾	–	–	2,404,014,000	27.60
7. Whampoa Dock Holdings Limited ⁽⁶⁾	–	–	2,404,014,000	27.60
8. PortCapital Limited	905,364,000	10.40	–	–
9. PSA International Pte Ltd ⁽⁷⁾	–	–	905,364,000	10.40
10. Temasek Holdings (Private) Limited ⁽⁸⁾	–	–	1,043,346,100	11.98
11. The Capital Group Companies, Inc. ⁽⁹⁾	–	–	904,694,000	10.39

Notes:

- (1) Cheung Kong (Holdings) Limited ("Cheung Kong"), through its subsidiaries, holds approximately 49.97% of Hutchison Whampoa Limited ("HWL"). Cheung Kong and certain of its subsidiaries (through their 49.97% interest in HWL) are also deemed to have the same interest in HPH Trust as Hutchison Port Group Holdings Limited ("HPGH").
- (2) Hutchison International Limited, being a direct wholly-owned subsidiary of HWL and an intermediate holding company of HPGH in the Hutchison group, is deemed to have the same interest in HPH Trust as HPGH.
- (3) Hongkong and Whampoa Dock Company, Limited, being an indirect wholly-owned subsidiary of HWL and an immediate holding company of HPGH in the Hutchison group, is deemed to have the same interest in HPH Trust as HPGH.
- (4) HWL, being the ultimate holding company of HPGH in the Hutchison group, is deemed to have the same interest in HPH Trust as HPGH.
- (5) HWDC Holdings Limited, being an indirect wholly-owned subsidiary of HWL and an intermediate holding company of HPGH in the Hutchison group, is deemed to have the same interest in HPH Trust as HPGH.
- (6) Whampoa Dock Holdings Limited, being an indirect wholly-owned subsidiary of HWL and an intermediate holding company of HPGH in the Hutchison group, is deemed to have the same interest in HPH Trust as HPGH.
- (7) PortCapital Limited ("PortCapital") is a wholly-owned subsidiary of PSA International Pte Ltd ("PSA"). PSA is deemed interested in the HPH Trust units held by PortCapital.
- (8) PSA is a wholly-owned subsidiary of Temasek Holdings (Private) Limited ("Temasek"). Temasek is deemed interested in the HPH Trust units held by PortCapital and its various other subsidiaries and associated companies.
- (9) The Capital Group Companies, Inc. is deemed interested in the HPH Trust units held by its various subsidiaries.

TWENTY LARGEST UNITHOLDERS

No.	Name	No. of units	%
1	Hutchison Port Group Holdings Limited	2,404,014,000	27.60
2	DBSN Services Pte Ltd	1,457,709,908	16.74
3	DBS Nominees Pte Ltd	948,297,815	10.89
4	PortCapital Limited	905,364,000	10.40
5	Citibank Nominees Singapore Pte Ltd	895,751,011	10.29
6	HSBC (Singapore) Nominees Pte Ltd	489,557,117	5.62
7	Raffles Nominees (Pte) Ltd	344,770,296	3.96
8	DBS Vickers Securities (Singapore) Pte Ltd	259,128,617	2.98
9	DB Nominees (Singapore) Pte Ltd	189,679,677	2.18
10	United Overseas Bank Nominees Pte Ltd	92,285,940	1.06
11	Morgan Stanley Asia (Singapore) Securities Pte Ltd	73,109,482	0.84
12	Aranda Investments Pte Ltd	36,493,900	0.42
13	BNP Paribas Nominees Singapore Pte Ltd	27,037,919	0.31
14	Bank of Singapore Nominees Pte Ltd	18,344,413	0.21
15	BNP Paribas Securities Services	11,123,042	0.13
16	UOB Kay Hian Pte Ltd	10,930,909	0.13
17	Merrill Lynch (Singapore) Pte Ltd	9,016,063	0.10
18	U-Ming Marine Transport (Singapore) Private Limited	8,050,000	0.09
19	Nomura Securities Singapore Pte Ltd	6,842,937	0.08
20	Phillip Securities Pte Ltd	5,957,972	0.07
TOTAL		8,193,465,018	94.10

FREE FLOAT

Based on the information made available to the Trustee-Manager, as at 15 March 2012, approximately 47.53% were held in the hands of the public. Accordingly, HPH Trust complied with Rule 723 of the Listing Manual of the SGX-ST.

ADDITIONAL INFORMATION

	Total Volume ('000)	Highest Price (US\$)	Lowest Price (US\$)
Unit performance in financial period 2011	7,465,360	1.02	0.55

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the unitholders of Hutchison Port Holdings Trust ("**HPH Trust**" and unitholders of HPH Trust, "**Unitholders**") will be held at Suntec Singapore International Convention & Exhibition Centre, Meeting Room 325-326, Level 3, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Monday, 30 April 2012 at 2:00 p.m. for the following purposes:

ORDINARY BUSINESS:

1. To receive and adopt the Report of the Trustee-Manager, Statement by the Trustee-Manager and the audited accounts of HPH Trust for the period ended 31 December 2011 together with the Independent Auditor's Report thereon.

(Resolution 1)

2. To re-appoint PricewaterhouseCoopers LLP as the Auditor of HPH Trust and to authorise the Directors of the Trustee-Manager to fix its remuneration.

(Resolution 2)

3. To transact any other ordinary business which may properly be transacted at an Annual General Meeting of the Unitholders.

SPECIAL BUSINESS:

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution, with or without any modifications:

4. General mandate to issue units in HPH Trust ("**Units**")

That pursuant to Clause 6.1.1 of the deed of trust dated 25 February 2011, constituting HPH Trust (the "**Trust Deed**"), Section 36 of the Business Trusts Act, Chapter 31A of Singapore ("**BTA**"), and Rule 806 of the Listing Manual of Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the Trustee-Manager, on behalf of HPH Trust, be authorised and empowered to:

- (a)
 - (i) issue Units, whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, the "**Instruments**") that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units,at any time and upon such terms and conditions whether for cash or otherwise and for such purposes and to such persons as the Trustee-Manager may in its absolute discretion deem fit; and
- (b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue Units pursuant to any Instrument made or granted by the Trustee-Manager while this Resolution was in force,

provided that:

- (1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued pursuant to the Instruments, made or granted pursuant to this Resolution) shall not exceed fifty per centum (50.0%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued other than on a pro-rata basis to existing Unitholders shall not exceed twenty per centum (20.0%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below);

- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (1) above, the percentage of issued Units shall be based on the number of issued Units (excluding treasury Units, if any) at the time of the passing of this Resolution, after adjusting for:
 - (a) new Units arising from the conversion or exercise of the Instruments; and
 - (b) any subsequent bonus issue, consolidation or subdivision of Units;
- (3) in exercising the authority conferred by this Resolution, the Trustee-Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST), the Trust Deed and the BTA; and
- (4) unless revoked or varied by HPH Trust in a general meeting, such authority shall continue in force until
 - (i) the conclusion of the next Annual General Meeting of the Unitholders or the date by which the next Annual General Meeting of the Unitholders is required by law to be held, whichever is the earlier;
 - or (ii) in the case of Units to be issued pursuant to the Instruments, made or granted pursuant to this Resolution, until the issuance of such Units in accordance with the terms of the Instruments.

(Resolution 3)

By Order of the Board of Hutchison Port Holdings Management Pte. Limited
(as trustee-manager of Hutchison Port Holdings Trust)

LIM KA BEE

Company Secretary
Singapore, 13 April 2012

Explanatory Note:*Resolution 3*

The Ordinary Resolution 3 in item 4 above, if passed, will empower the Trustee-Manager from the date of this Annual General Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or such authority is varied or revoked by HPH Trust in a general meeting of the Unitholders, whichever is the earlier, to issue Units, make or grant Instruments convertible into Units and to issue Units pursuant to such Instruments, up to a number not exceeding, in total, 50.0% of the issued Units, of which up to 20.0% may be issued other than on a pro-rata basis to existing Unitholders.

For determining the aggregate number of Units that may be issued, the percentage of issued Units will be calculated based on the issued Units at the time the Ordinary Resolution 3 in item 4 above is passed, after adjusting for any new Units arising from the conversion or exercise of the Instruments, and any subsequent bonus issue, consolidation or subdivision of Units.

Notes:

1. A Unitholder entitled to attend and vote at the Annual General Meeting of Unitholders (the “**Meeting**”) is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder.
2. The instrument appointing a proxy must be deposited at the registered office of the Trustee-Manager at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

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Proxy Form

HUTCHISON PORT HOLDINGS TRUST

(A business trust constituted on 25 February 2011 under the laws of the Republic of Singapore)

HUTCHISON PORT HOLDINGS MANAGEMENT PTE. LIMITED

(Incorporated in the Republic of Singapore)

Co. Reg. No.: 201100749W

(as trustee-manager of Hutchison Port Holdings Trust)

(Please see notes overleaf before completing this Form)

I/We _____

holder of NRIC / Passport Number or Company registration or UEN Number _____

of _____

being a unitholder/unitholders of Hutchison Port Holdings Trust ("HPH Trust"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Unitholdings	
		No. of Units	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Unitholdings	
		No. of Units	%
Address			

or failing the person, or either or both of whom failing, referred to the above, the Chairman of the Annual General Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Annual General Meeting of the unitholders (the "Meeting") of HPH Trust to be held at Suntec Singapore International Convention & Exhibition Centre, Meeting Room 325-326, Level 3, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Monday, 30 April 2012 at 2:00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

No.	Resolutions relating to:	For	Against
1	Adoption of the Report of the Trustee-Manager, Statement by the Trustee-Manager and audited accounts of HPH Trust for the period ended 31 December 2011 together with the Auditor's Report thereon		
2	Re-appointment of PricewaterhouseCoopers LLP as the Auditor of HPH Trust		
3	Authority to issue new units in HPH Trust		

Dated this _____ day of _____ 2012

Total number of Units in:	No. of Units
(a) CDP Register	
(b) Register of Unitholders	

Signature of unitholder(s)/Common Seal
of corporate unitholder



Notes:

1. Please insert the total number of units in Hutchison Port Holdings Trust ("Units") held by you. If you have Units entered against your name in the Depository Register maintained by The Central Depository (Pte) Limited (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Units. If you have Units registered in your name in the Register of Unitholders of HPH Trust, you should insert that number of Units. If you have Units entered against your name in the said Depository Register and Units registered in your name in the Register of Unitholders, you should insert the aggregate number of Units entered against your name in the Depository Register and registered in your name in the Register of Unitholders. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Units held by you.
2. A unitholder of HPH Trust entitled to attend and vote at a meeting of HPH Trust is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a unitholder of HPH Trust.
3. Where a unitholder appoints two proxies, he/she must specify the proportion of his/her unitholding (expressed as a percentage of the whole) to be represented by each proxy. Where a unitholder appoints two proxies and does not specify the proportion of his/her unitholding to be represented by each proxy, then the Units held by the unitholder are deemed to be equally divided between the proxies.
4. Completion and return of this instrument appointing a proxy shall not preclude a unitholder from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a unitholder attends the meeting in person, and in such event, the Trustee Manager reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Hutchison Port Holdings Management Pte. Limited, Trustee-Manager of HPH Trust at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than 48 hours before the time appointed for holding the Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.
7. A corporation which is a unitholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Trustee-Manager shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Units entered in the Depository Register, the Trustee-Manager may reject any instrument appointing a proxy or proxies lodged if the unitholder, being the appointor, is not shown to have Units entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Trustee-Manager.



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