HANDLING VESSELS ANY SIZE, ANY TIME

HPH TRUST

HUTCHISON PORT HOLDINGS TRUST
Annual Report 2013

HARNESSING OUR POSITION
LARGEST TRADING HUBS AND
ROBUST ECONOMIC ACTIVITIES
HUTCHISON PORT HOLDINGS
AHEAD WITH STRENGTH AND

CONTENTS

IN ONE OF THE WORLD'S
TAKING ADVANTAGE OF
IN OUR MARKETS,
TRUST IS POWERING
RESILIENCE.


06:45
HANJIN
MOL
HYUNDAI
CHINA SHIPPING
EVERGREEN
YANG MING
K LINE
ZIM

RISE AND SHINE

The rising sun illuminates the depth and scale of our port operations.

07:00

VESSELS DOCK AT THE PORT

Right on schedule, the first container vessel of the day takes its position in its allotted deep-water berth at one of our terminals. Our staff work tirelessly to ensure the vessel is appropriately secured, stabilised and aligned with the quay cranes above.

07:30

PREPARING TO UNLOAD CONTAINERS

Thousands of containers filled with goods sit atop the vessel, ready for the quay cranes to transfer them to the yard where tractors will subsequently pick them up for delivery to their designated area for stacking.

07:45

TEAM MEMBERS IN THE CONTROL TOWERS

The control towers are the central nervous system of our ports, where our highly-skilled team performs with great precision the delicate tasks of scheduling, coordinating and tracking the movements of every vessel and container that passes through. Our award-winning proprietary terminal management system, nGen, facilitates these activities which forms a large part of our daily operations.

09:30

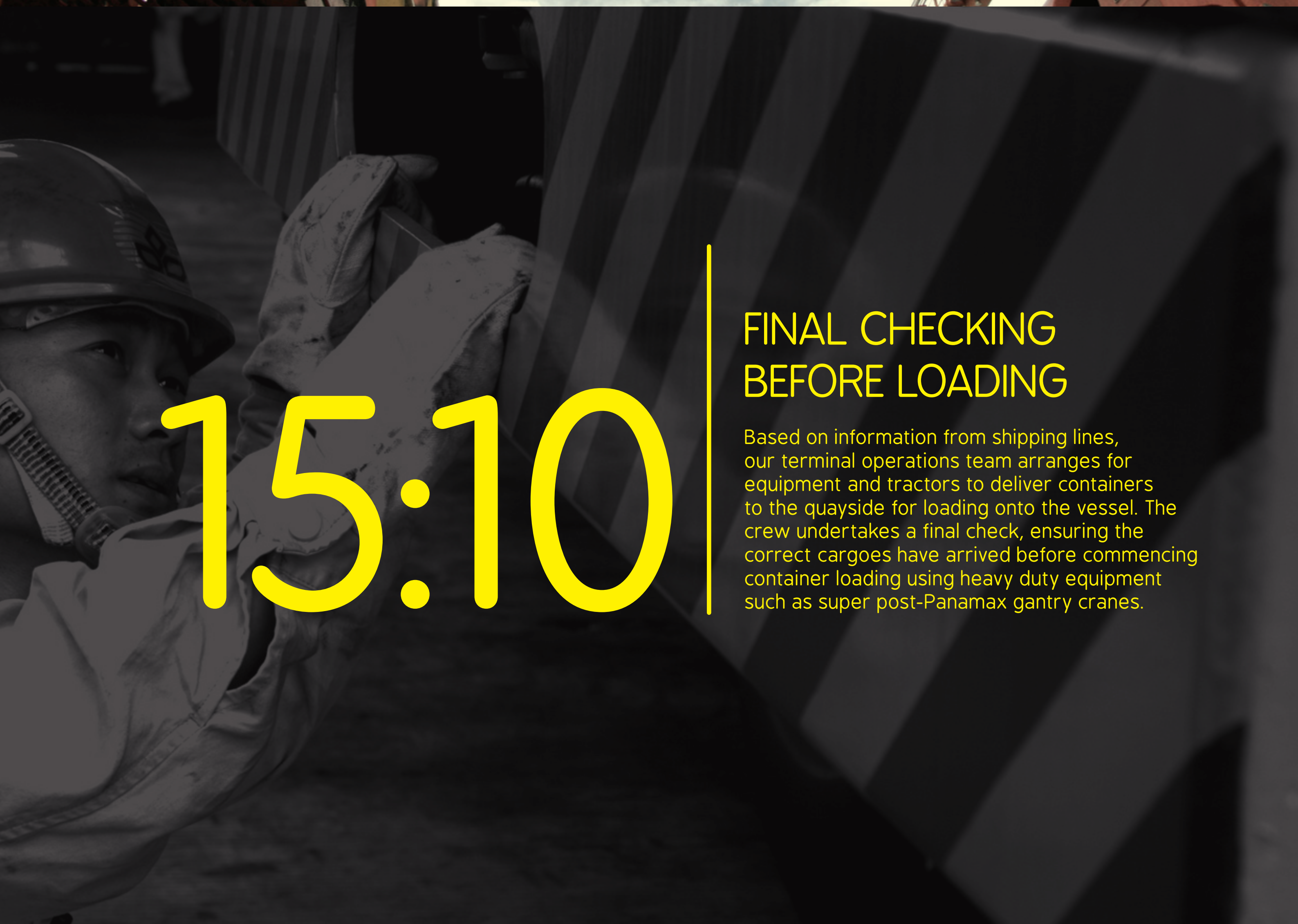
SHIP MAINTENANCE AND REFUELING

After a long journey traversing the seas, the container vessel receives a quick refuelling and scrubbing down while docked at our terminal.

14:15

TRANSPORTATION IN AND OUT

Arrangements are made for tractors to pick up and drop off containers inside and outside of the terminal as designated by the yard planning team. Where required, these tractors are made to undergo sterilisation and further inspections before being allowed to leave the terminal.



15:10

FINAL CHECKING BEFORE LOADING

Based on information from shipping lines, our terminal operations team arranges for equipment and tractors to deliver containers to the quayside for loading onto the vessel. The crew undertakes a final check, ensuring the correct cargoes have arrived before commencing container loading using heavy duty equipment such as super post-Panamax gantry cranes.

16:10

BUSINESS STRATEGY DISCUSSION

Our teams from different departments work together to share ideas, coordinate planned efforts, and discuss growth strategies. This cross-sectional cooperation enables us to tap into a range of expertise and skill sets across the organisation, developing unique solutions for enhancing efficiency, customer service, and empowering our staff to reach higher levels of productivity.

17:45

THE NEXT DESTINATION AWAITS

Now properly loaded and refuelled, the container vessel sets off from our port as scheduled, onward to its next destination.


21:00
CMA CGM

THE PORT THAT NEVER SLEEPS

Night may have fallen, but as a 24-hour operation, our ports are still bustling with activities as vessels of all sizes from across the world continue to dock around the clock.

TRUST PROFILE

HPH TRUST
LEADER IN SOUTH CHINA, PIONEER IN SINGAPORE

Hutchison Port Holdings Trust ("HPH Trust" or "Trust") is the world's first publicly traded container port business trust. Listed on the Main Board of the Singapore Exchange ("SGX") in March 2011, it was also the first entity to launch dual currency trading of its units in March 2012. The Trust was subsequently admitted into the Straits Times Index ("STI") on 3 April 2013, as one of the top 30 companies on the Main Board of the SGX.

The Trust's mandate is to invest in, develop, operate and manage deep-water container ports in China's Guangdong Province, as well as in Hong Kong and Macau (collectively known as the Pearl River Delta ("PRD")).

Currently, HPH Trust owns interests in four[1] market-leading, best-in-class, deep-water container ports strategically located in Kwai Tsing, Hong Kong and Shenzhen, China; two of the world's busiest port destinations. Its terminals operate 32 container berths across 543 hectares of land, with a combined throughput of approximately 22.8 million[2] twenty-foot equivalent unit ("TEU") in 2013.

The Trust's core port operations are supported by complementary river ports and ancillary services, which provide customers with seamless supply chain solutions for both imports and exports. HPH Trust holds economic benefits[3] in three river ports in China ("River Ports Economic Benefits"), namely Jiangmen International Container Terminals Limited ("Jiangmen Terminal"), Nanhai International Container Terminals Limited ("Nanhai Terminal") and Zhuhai International Container Terminals (Jiuzhou) Limited ("Zhuhai Jiuzhou Terminal") (together, the "River Ports"). It also operates ancillary services via Asia Port Services Limited ("APS"), operator of one of the largest fleets of dedicated barges in Hong Kong, HPH E.Commerce Limited ("Hutchison Logistics"), which offers supply chain solutions across rail, sea and land networks, and Shenzhen Hutchison Inland Container Depots Co., Limited ("SHICD"), operator of an inland container depot and warehouse.

THE TRUSTEE-MANAGER

The Trust is managed by Hutchison Port Holdings Management Pte. Limited ("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. The key objective of the Trustee-Manager is to provide unitholders with stable and regular distributions and long-term growth in distributions per unit ("DPU").

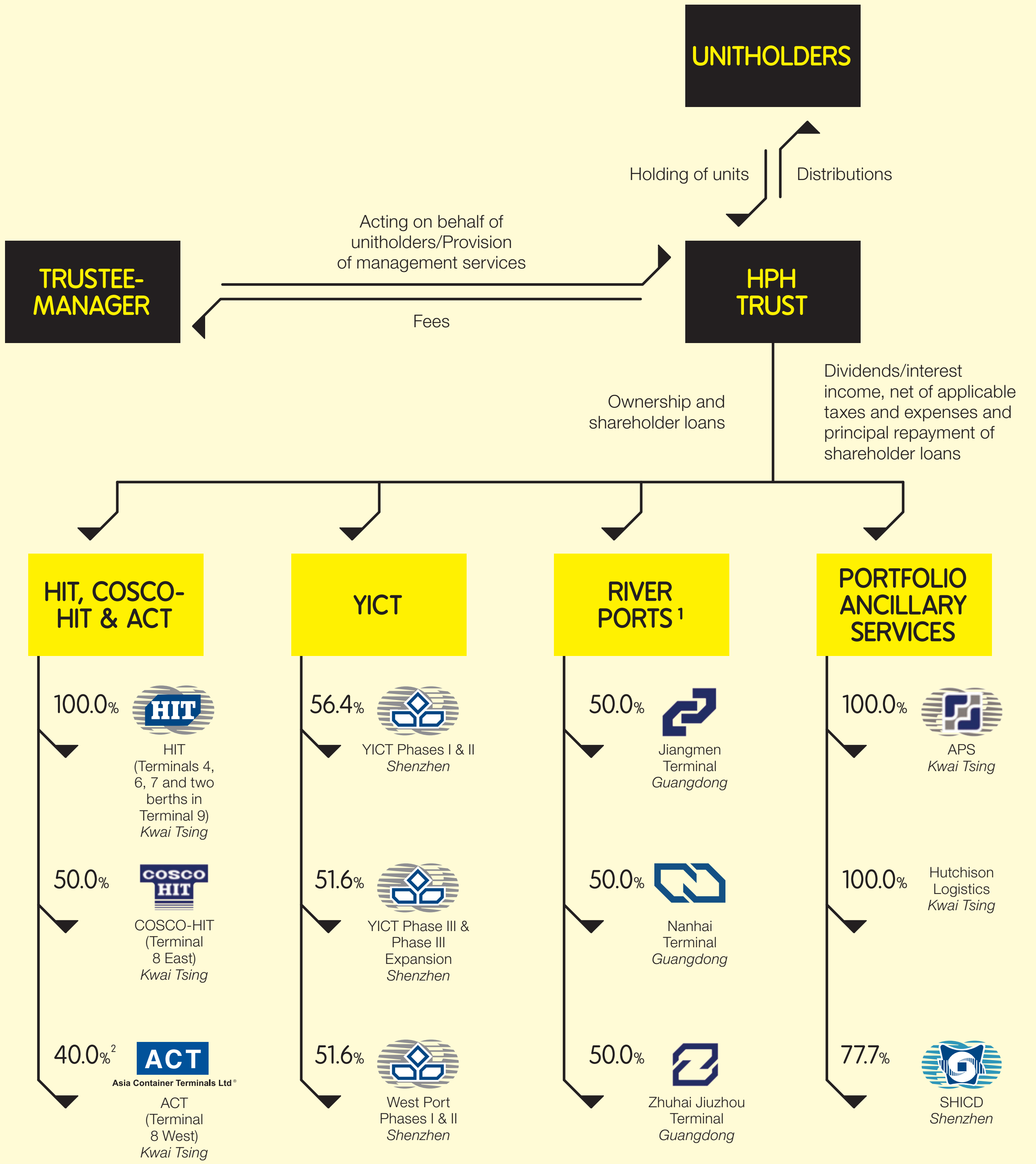
The Board of Directors of the Trustee-Manager consists of individuals with a broad range of commercial experience, including expertise in the port industry.

[1] Namely Hongkong International Terminals ("HIT"), COSCO-HIT Terminals ("COSCO-HIT"), Asia Container Terminals ("ACT") and Yantian International Container Terminals ("YICT")

[2] The throughput of ACT from 1 January to 6 March 2013 has been excluded as the terminal was acquired by HPH Trust on 7 March 2013

[3] The River Ports Economic Benefits represent the economic interest and benefits of 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

CORPORATE STRUCTURE



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

[2] The percentage reflects the effective shareholding after the strategic partnership with COSCO Pacific Limited ("COSCO Pacific") and China Shipping Terminal Development (Hong Kong) Company Limited ("CSTD") in 2014

PORTFOLIO OVERVIEW

> “YICT, THE TRUST’S TERMINAL IN SHENZHEN, WAS PROUD TO HAVE SUCCESSFULLY RECEIVED ONE OF THE WORLD’S LARGEST CONTAINER VESSELS, THE 18,000 TEU *MAERSK MC-KINNEY MØLLER*, LAST JULY, FOLLOWED BY THE SIMULTANEOUS CALL OF THE TWO MEGA-VESSELS OF THE SAME CARRYING CAPACITY IN JANUARY 2014.”

The Trust’s port assets are clustered within the key trading hubs of the PRD, allowing it to offer customers seamless connectivity throughout the world. HPH Trust remains the leading container port operator in the PRD by throughput, having handled a combined throughput of 22.8 million TEU in 2013 across 32 berths spanning 543 hectares of land.

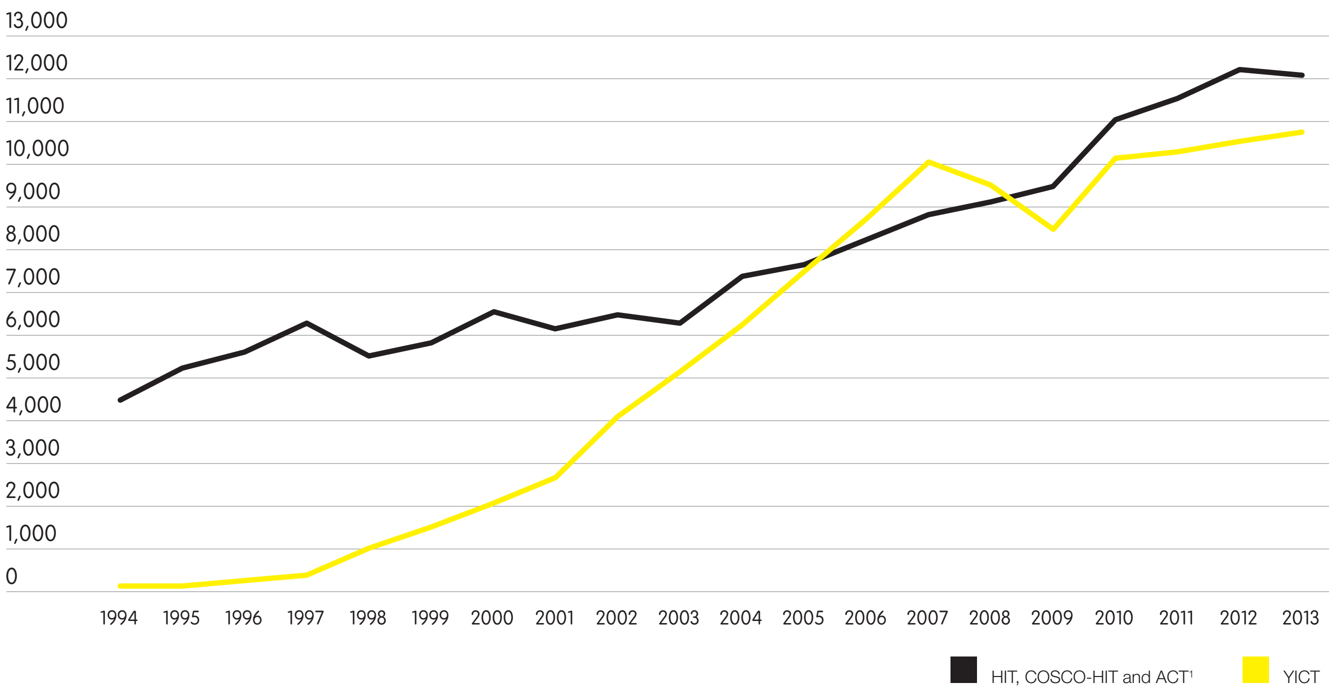
Blessed with natural deep-water berths, the Trust’s ports can accommodate mega-vessels of over 10,000 TEU in capacity. YICT, the Trust's terminal in Shenzhen, was proud to have successfully received one of the world's largest container vessels, the 18,000 TEU *Maersk Mc-Kinney Møller*, last July, followed by the simultaneous call of the two mega-vessels of the same carrying capacity in January 2014. The Trust is the only operator in the region able to accommodate such huge vessels simultaneously.

HPH Trust’s efficiency and precision are facilitated by the use of the award-winning proprietary terminal management system, nGen, which enables the Trust’s terminals to accurately monitor the progress of every container that passes through its facilities, from land or sea.

In addition to container terminals, the Trust benefits from a number of river ports and runs ancillary services that complement its core port operations. These include logistics and supply chain solutions such as warehousing, feeder services, trucking, freight handling, cargo depots, container storage and repair as well as transport networks covering road, rail, sea and air.

THROUGHPUT OF HPH TRUST'S ASSETS (1994 – 2013)

TEU in thousand



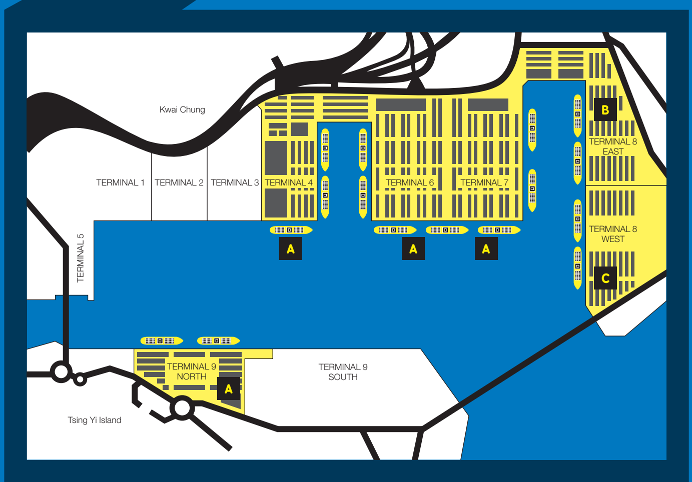
Note:

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, COSCO-HIT and ACT[2] shown in the above table. From 2009 onwards, the HIT, COSCO-HIT and ACT[2] 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

[1] Includes throughput volume of ACT from 7 March 2013, the date of acquisition

[2] From 7 March 2013, the date of acquisition

PORTFOLIO OVERVIEW



KWAI TSING, HONG KONG

A Hongkong International Terminals

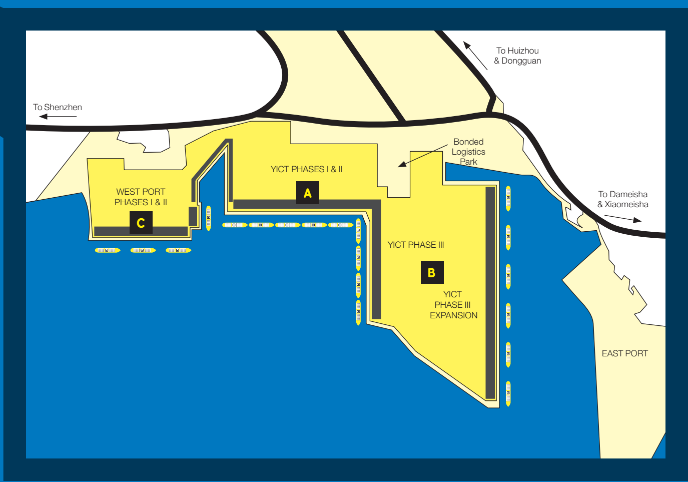
- 12 container berths across Terminals 4, 6, 7 and 9 with combined area of 111 hectares
- 100% ownership

B COSCO-HIT Terminals

- 2 container berths at Terminal 8 East with combined area of 30 hectares
- 50/50 joint venture with COSCO Pacific

C Asia Container Terminals

- 2 container berths at Terminal 8 West with combined area of 29 hectares
- Strategic partnership among HPH Trust, COSCO Pacific and CSTD, with stakes of 40%, 40% and 20%, respectively



SHENZHEN, CHINA

A YICT Phases I & II

- Interests amounting to 56.4%
- 5 container berths and combined land area of 130 hectares

B YICT Phase III and YICT Phase III Expansion

- Interests amounting to 51.6%
- 10 container berths and combined land area of 226 hectares

C West Port Phases I & II

- Interests amounting to 51.6%
- 1 container berth at West Port Phase I and land area of 17 hectares
- 3 more container berths at West Port Phase II are currently under construction with an area of 44 hectares

PORTFOLIO OVERVIEW

KWAI TSING, HONG KONG

Owing to its well-established free port status, Hong Kong has developed into one of the largest global trading economies. With its well-established legal system and business-friendly environment, Hong Kong remains an internationally recognised regional trading hub. Hong Kong Port, home to natural deep-water surroundings and some of the most modern infrastructure in the world, has been consistently ranked among the world's top five busiest ports[1].

HIT, COSCO-HIT AND ACT

16 | CONTAINER BERTHS

65 | QUAY CRANES

170 | TOTAL LAND AREA HECTARES

Close proximity, scale and strategically contiguous berths encourage operational synergies

Combined throughput mainly comprised cargoes plying Asia, US and Europe trade routes

12.0 | MILLION TEU IN 2013

Terminals efficiently managed and executed by 2,000 employees and 3,500-4,000 external contractor workers daily

Port operations are complemented by supply chain and logistics solutions providers Hutchison Logistics and APS

[1] The Journal of Commerce (19 August 2013) "The JOC Top 50 World Container Ports"

FUN FACT

Did you know?

YICT has created over 110,000 jobs in Shenzhen alone. That's more than the entire population of the US city of Burbank, California.

SHENZHEN, CHINA

Adjacent to Hong Kong sit the ports of Shenzhen. At a time when China is emerging as a manufacturing superpower, Shenzhen's role as the gateway to Guangdong, one of the world's most important and densest manufacturing regions, is indisputable. The rapid growth of Shenzhen into one of the top five container ports globally, clearly demonstrates the achievements of China's reform and the successful cooperation between Hong Kong and China.

YICT

Leading privately-owned deep-water container port in east Shenzhen and a preferred port-of-call for mega-vessels in South China

16 CONTAINER BERTHS

74 QUAY CRANES

373 TOTAL LAND AREA HECTARES

Advanced capabilities and long contiguous berths allow simultaneous handling of multiple mega-vessels

Combined throughput mainly comprised cargoes along trans-Pacific and Far East-Europe trade routes

10.8 MILLION TEU IN 2013

More than 2,300 employees and 3,000-4,000 external contractor workers ensure smooth day-to-day operations at the port

Well-developed intermodal network provides smooth connectivity to and from China's burgeoning hinterland

Dedicated rail facility connects with China's main railway network, enabling comprehensive logistical coverage across inland areas

KEY EVENTS

YICT TURNED 20 AND ACHIEVED A REMARKABLE WORLD RECORD

YICT marked its 20th anniversary on 15 November 2013. About 160 guests from various departments of the Shenzhen Municipality, port authorities, shipping lines and cargo companies gathered for a special celebration. From its humble beginnings in 1993 as a small deep-water port handling just 13,000 TEU annually, YICT has today evolved into one of the world's busiest container terminals, handling in excess of 10 million TEU each year. In January 2013, YICT handled its 100 millionth TEU, establishing a world record as the first container terminal ever to achieve such a feat in a mere 18.5 years.

HPH TRUST JOINED THE STI, ENDED THE YEAR WITH THE HIGHEST DIVIDEND YIELD AMONG ALL STI CONSTITUENT COMPANIES

Two years after its successful listing on the SGX, the Trust was admitted to the STI on 3 April 2013. By year-end, we were ranked the highest dividend yield among all STI constituent companies. The STI is a composite index representing the top 30 companies on the Main Board of the SGX, and has long been regarded as a benchmark indicator of the Singapore stock market's performance.

HPH TRUST ENTERED INTO A STRATEGIC PARTNERSHIP WITH COSCO PACIFIC AND CSTD

HPH Trust entered into a strategic partnership with COSCO Pacific and CSTD through their investments of 40 percent and 20 percent, respectively, of effective equity and loan interests in its wholly-owned subsidiary, Asia Container Terminals Holdings Limited ("ACT Holdings") and its group companies, for an aggregate consideration of HK$2.472 billion (equivalent to approximately S$403.4 million). The partnership will enhance the Trust's capabilities in servicing multiple mega-vessels simultaneously. It will further bolster all aspects of the Trust's port operations including flexibility, efficiencies, synergies, and profitability.

LETTER TO UNITHOLDERS

Dear Unitholders,

OUR REFLECTIONS AND HEARTFELT APPRECIATION

The year 2013 was one which presented both opportunities and challenges for the Trust.

With the US and Eurozone economies remaining sluggish throughout 2013, and the industry continuing to undergo complex shifts, businesses everywhere have had to innovate.

The Trust has been able to stay ahead of the curve by nurturing our strengths and actively pursuing avenues for expansion. Despite the trying operating environment, we were able to deliver distributions to unitholders in line with our distribution policy. The Trust, since being included as an STI component in April 2013, achieved the highest dividend yield of 7.8% for the year among all STI constituent companies, outperforming the average weighted dividend yield of 3.3%.

It is important that we pay tribute to our dedicated management team and workforce. By virtue of their strong commitment and ingenuity, our ports continue to rank among the world's top performing container terminals.

The theme for this year's annual report, “Handling Vessels Any Size, Any Time”, aims to celebrate the Trust's versatility, its efficiency, customer-centricity and the vast capabilities of our ports, in the midst of a demanding and ever-changing business landscape.

ANOTHER MILESTONE YEAR

The past year has seen the culmination of many of the Trust's efforts in the operational sphere. Through the challenges over the years, the Trust has refined and optimised its processes and capabilities, reaching a level of high efficiency and dynamism.

In January 2013, YICT celebrated the handling of its 100 millionth TEU. This was not an easy task to achieve within the short period of 18.5 years, which is a further testament to the Trust's operational strengths. Leading on from this were calls from various mega-vessels throughout the year, most notably three of the world's largest container vessels currently in operation. With carrying capacities of up to 18,000 TEU, and dimensions of 400 metres long and 59 metres wide, the handling of these mega-vessels was a monumental undertaking, made possible only through the advanced operating capabilities and long contiguous berths at YICT.

The Trust ended the year 2013 in a similarly outstanding manner, with YICT celebrating its 20th anniversary in November. Festivities were held to recognise every employee's hard work over the past two decades, and brought together many stakeholders as they commemorated this significant occasion.

HANDLING VESSELS ANY SIZE, ANY TIME

THE GLOBAL ECONOMY IS ON THE ROAD TO RECOVERY

Though the global economic outlook remained uncertain at the beginning of 2013, the second half of the year showed some signs of improvement. Both the US and Eurozone economies displayed signs of nascent recovery and mild expansion towards the end of 2013. China's economy is also expected to remain favourable, with pledges by the government to maintain policy stability and foster steady growth.

Our customers are responding to the winds of change. Leading liners, under pressure to control costs and boost efficiency, continue to form carrier alliances. The trend is to deploy more mega-vessels to promote economies of scale, and strengthen competitiveness by expanding the coverage of vessel-sharing schemes. With the mega-vessel handling capabilities of our ports, we are well-positioned to cater for these developments and changes.

> “WE ARE ACTIVELY DEVELOPING NEW WAYS OF ILLUMINATING SYNERGIES AMONG OUR ASSETS, SUCH AS ENTERING INTO A STRATEGIC PARTNERSHIP WITH COSCO PACIFIC AND CSTD AT ACT TO STRENGTHEN HONG KONG PORT'S COMPETITIVENESS IN THE REGION AND BOLSTER ALL ASPECTS OF PORT OPERATIONS INCLUDING FLEXIBILITY, EFFICIENCIES, SYNERGIES, AND PROFITABILITY.”

SETTING THE STANDARD IN OPERATIONAL EXCELLENCE

During the past year, our port assets processed a combined throughput of 22.8 million TEU. Despite a slight 1% dip from the year before, the data reflects a steady long-term uptrend in the combined throughput across both Hong Kong and the PRC.

Throughput for our Hong Kong ports registered a 2.3% decrease to 12.0 million TEU on the back of weaker transshipment, US and EU cargoes. YICT, on the other hand, witnessed a record high throughput, rising 1.2% to 10.8 million TEU, thanks to the growth in laden export and transshipment cargoes.

Our deep-water terminals continue to boast some of the most cutting-edge technology and state-of-the-art infrastructure in the region. With foresight and financial flexibility, we have been able to implement strategic investments, and equipment upgrades and maintenance.

In the past year, we undertook numerous operational enhancements, such as implementing remote control operations for 29 rubber-tyred gantry cranes (“RTGCs”), heightening quay cranes in HIT, and using more electric and liquefied natural gas powered forklifts at YICT.

STRATEGIC PARTNERSHIP TO STRENGTHEN HONG KONG PORT'S COMPETITIVENESS IN THE REGION

In addition to improving our existing facilities, we are actively developing new ways of illuminating synergies among our assets, such as entering into a strategic partnership with COSCO Pacific and CSTD at ACT to strengthen Hong Kong Port's competitiveness in the region and bolster all aspects of port operations including flexibility, efficiencies, synergies, and profitability. We also continue expanding our complementary transport and logistics services, to offer our customers seamless supply chain solutions.

ON THE HORIZON FOR THE TRUST

In the year ahead, we expect that the paradigm shift in the industry will continue. However, neither change nor competition is new to us. Even as economic forces continue to evolve, we stand ready to respond swiftly by building upon our fundamental strengths. We are also putting in additional effort to exemplify our role as a responsible corporate citizen. We will remain committed to investing in our people and our communities.

We want to extend our gratitude to our loyal partners especially in these tough times. We also want to thank our employees, other stakeholders, and you, our unitholders, for your support as we remain focused on sustainably growing the business over the long run.

FOK KIN NING, CANNING
Chairman

BOARD OF DIRECTORS

MR. FOK KIN NING, CANNING
Chairman and Non-executive Director

Mr. FOK Kin Ning, Canning, aged 62, has been Chairman and a Non-executive Director of the Trustee-Manager since February 2011. He is an executive director and group managing director of Hutchison Whampoa Limited ("HWL"), chairman of Hutchison Harbour Ring Limited, Hutchison Telecommunications Hong Kong Holdings Limited ("HTHKH"), Hutchison Telecommunications (Australia) Limited ("HTAL"), Power Assets Holdings Limited ("Power Assets"), HK Electric Investments Manager Limited as the trustee-manager of HK Electric Investments, and HK Electric Investments Limited and co-chairman of Husky Energy Inc. ("Husky"). He is also deputy chairman of Cheung Kong Infrastructure Holdings Limited ("CKI") and a non-executive director of Cheung Kong (Holdings) Limited ("CKH"). Mr. Fok is also 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 75, has been Deputy Chairman and a Non-executive Director of the Trustee-Manager since February 2011. He is a non-independent non-executive director of Westport Holdings Berhad and holds senior management positions in other companies within worldwide operations of Hutchison Port Holdings Limited ("HPH"). Dr. Meredith became a non-executive deputy chairman of HPH on 1 January 2014. 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. Dr. Meredith has received a number of awards and recognitions for his services to the international maritime industry and as a pioneer in containerisation. In August 2013, he was conferred the National Decoration of Grand Officer of the Order of Vasco Núñez de Balboa from the President of Panama and in June 2011, he was awarded the Commander of the Order of the British Empire (CBE) by Queen Elizabeth II.

MR. IP SING CHI
Executive Director

Mr. IP Sing Chi, aged 60, has been an Executive Director of the Trustee-Manager since February 2011. He is group managing director of HPH since 2014 and chairman of Yantian International Container Terminals Limited. He is also an external director of Hyundai Merchant Marine Co., Ltd., a non-independent non-executive director of Westport Holdings Berhad and an independent non-executive director of COSCO Pacific Limited. In addition, he is a member of the Hong Kong Port Development Council and was the founding chairman (in 2000-2001) of the Hong Kong Container Terminal Operators Association Limited. He has over 31 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 62, 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 group finance director of HWL, a non-executive chairman of TOM Group Limited, an executive director of CKI, a non-executive director of CKH, HTHKH and Power Assets, 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 alternate director to directors 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 67, has been an Independent Non-executive Director of the Trustee-Manager since February 2011. He is an independent non-executive director of Noble Group Limited, Quam Limited and Gold One International Limited. He is also chairman (non-executive) of The Hour Glass (HK) Limited. Mr. Chan is an experienced banker with over 39 years of experience in both commercial and investment banking. He retired as chief executive officer of United Overseas Bank, Hong Kong on 31 December 2011. He is a senior adviser to Long March Capital Limited, 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.

MR. GRAEME ALLAN JACK
Independent Non-executive Director

Mr. Graeme Allan JACK, aged 63, has been an Independent Non-executive Director of the Trustee-Manager since February 2011. He is also 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.

BOARD OF DIRECTORS

PROF. MA SI HANG, FREDERICK
Independent Non-executive Director

Prof. MA Si Hang, Frederick, aged 62, has been an Independent Non-executive Director of the Trustee-Manager since February 2011. He is a director (independent) of Husky, an independent director of COFCO Corporation and an independent non-executive director of Agricultural Bank of China Limited, Aluminium Corporation of China Limited, MTR Corporation Limited and FWD Group Management Holdings Limited. He is also a non-executive director of China Mobile Communications Corporation Limited. Prof. Ma 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, Professor of Finance Practice of the Institute of Advanced Executive Education at The Hong Kong Polytechnic University and an Honorary Professor of the Faculty of Business Administration at Chinese 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 and Lead Independent Director

Mrs. SNG Sow-Mei (alias POON Sow Mei), aged 72, has been an Independent Non-executive Director of the Trustee-Manager since February 2011. She is also a member of the Audit Committee and Lead Independent Director of the Trustee-Manager. Mrs. Sng is an independent non-executive director of CKI, ARA Asset Management (Fortune) Limited and ARA Asset Management (Prosperity) Limited. 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 65, 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 and The Hong Kong and Shanghai Banking Corporation Limited. He is also a member of the investment committee of the West Kowloon Redevelopment Authority. He retired from the HSBC Group in 2000 as chairman and chief executive of HSBC Investment Bank (Asia) Limited, and as an advisor to chairman of The Hong Kong and Shanghai Banking Corporation Limited at the start of 2013. He holds a Bachelor of Arts (Hons) degree and is a Fellow of the Institute of Chartered Accountants of England and Wales.

SENIOR MANAGEMENT

MR. YIM LUI FAI, GERRY
Chief Executive Officer

Mr. YIM Lui Fai, Gerry has been the Chief Executive Officer of the Trustee-Manager since July 2012. He is also the managing director of HIT and a member of the HPH Trust Exco, a committee of executives that determines the strategy for HPH Trust. Mr. Yim was the managing director of the Africa, Middle East and Americas division of HPH and was employed by the HPH Group from 2003 to 2009 in various senior positions before joining Hysan Development Company Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited, in December 2009 as its executive director and subsequently in March 2010 as its chief executive officer. He has also held senior positions in general management, finance, and investment banking at major organisations in Hong Kong. He is the chairman of the Shipping & Port Operations Group of the Employers' Federation of Hong Kong. He holds a Bachelor's degree in Economics and is a member of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants.

MR. IVOR CHOW
Chief Financial Officer and Investor Relations Officer

Mr. Ivor CHOW has been the Chief Financial Officer ("CFO") of the Trustee-Manager since February 2011. He is also in charge of the investor relations function of the Trustee-Manager. He is a member of the HPH Trust Exco and executive director of HIT. 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, the 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 finance and legal director 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. LAM HING MAN, PATRICK
Managing Director of YICT

Mr. LAM Hing Man, Patrick is the managing director of YICT and a member of the HPH Trust Exco. He first joined HIT in 1988 and spent the following two decades developing joint-venture projects for HPH in China. He held various executive positions at HPH. He was previously the general manager of two HPH subsidiaries in China, the general manager of human resources at HIT and the director of operations and human reosources at YICT. He holds a Master's degree in International Shipping and Transport Logistics.

MR. YING TZE MAN, KENNETH
Managing Director of COSCO-HIT and Deputy Managing Director of ACT

Mr. YING Tze Man, Kenneth is the managing director of COSCO-HIT, deputy managing director of ACT and a member of the HPH Trust Exco. He has held various executive positions at HPH. He was an executive director of HIT and the finance director of the South China division of HPH. He was 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.

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 16 years' experience in legal and regulatory compliance affairs.

FINANCIAL REVIEW

STABLE TOP LINE DESPITE A CHALLENGING YEAR

Despite a challenging year in 2013, the Trust maintained a healthy overall level of revenue. Full year revenue remained stable at HK$12.4 billion and was at relatively the same level as last year.

Due to macroeconomic factors such as inflationary pressure and appreciation of the Renminbi, as well as costs related to the acquisition of ACT; overall operating expenses for the Trust increased by 4.6% to HK$8.5 billion. Consequently, profit was 15% lower year-on-year at HK$3.0 billion, and profit attributable to unitholders declined 25.1% from the previous year to HK$1.7 billion.

Contributions to the top line by the Trust's China operations continues to be on a consistent uptrend, accounting for 55% of total revenue, and reflecting a 1% year-on-year increase.

MAINTAINED STEADY THROUGHPUT DURING TOUGH OPERATING ENVIRONMENT

The Trust achieved stable throughput in excess of 20 million TEU for the full year under a very challenging operating environment. In 2013, total container throughput for the Trust dipped slightly by 1% to 22.8 million TEU. YICT's throughput rose 1.2% to a record high of 10.8 million TEU thanks to growth in transshipment cargoes which were partially offset by less empty volume, while Hong Kong saw a 2.3% year-on-year decrease in throughput to 12 million TEU for 2013 due to weaker transshipment, US and EU cargoes.

In terms of average revenue per TEU, our China terminals saw a slight increase owing to fewer concessions granted to some liners and a more favourable laden-to-empty container ratio. Hong Kong's average revenue per TEU was stable year-on-year.

The Trust's reputation as the preferred deep-water ports operator in the PRD was another significant factor that helped soften the effects of the lukewarm economic climate, allowing the Trust to hold steady relative to its peers in terms of throughput.

HEALTHY CASH BALANCE

Through improvement of operational efficiencies and working capital management, net operating cash inflow registered HK$5.2 billion for the year.

Even after taking into account cash used for investing activities, some of which were related to the ACT acquisition, as well as cash outflow including distributions to unitholders, the Trust maintained a solid cash balance of HK$5.8 billion at the end of 2013.

BALANCED CAPITAL STRUCTURE

The Trust has a balanced capital structure with leverage of 40% and short-term debt forming about a third of total consolidated debt. We successfully secured a US$3.6 billion term loan facility in September 2013 to refinance an existing US$3.0 billion term loan facility, and the HK$4.0 billion bank loan that was previously drawn down to finance the purchase of 100% interest in ACT.

Majority of the Trust's outstanding bank loans are unsecured, and the total amounts to HK$33.9 billion. Details of the bank loans are set out on pages 102 and 103 of the Annual Report.

HIGHER DISTRIBUTION YIELD

The Trust has recommended a total payout of HK$3.6 billion in distributions to unitholders for the year 2013. This represents a DPU of 41 HK cents and a distribution yield of 7.8% based on the market price of US$0.675 on 31 December 2013.

> "THE TRUST ACHIEVED STABLE THROUGHPUT IN EXCESS OF 20 MILLION TEU FOR THE FULL YEAR UNDER A VERY CHALLENGING OPERATING ENVIRONMENT."

OUTLOOK FOR 2014

Looking ahead for 2014, the Trust's outlook for US and Europe is favourable. China's economy is also expected to remain positive on the back of the government pledging to maintain policy stability and to support steady growth.

Building on its cutting-edge infrastructure and strong fundamentals, the Trust will continue to drive growth by focusing on managing cash flow through appropriate financing arrangements, managing capital expenditure spending, controlling working capital needs and optimising capital deployment with the objective of providing stable and growing annual distributions to unitholders.

" THE TRUST'S REPUTATION AS THE PREFERRED DEEP-WATER PORTS OPERATOR IN THE PRD WAS ANOTHER SIGNIFICANT FACTOR THAT HELPED SOFTEN THE EFFECTS OF THE LUKEWARM ECONOMIC CLIMATE, ALLOWING THE TRUST TO HOLD STEADY RELATIVE TO ITS PEERS IN TERMS OF THROUGHPUT. "

OPERATIONAL REVIEW

> “2013 WAS A MILESTONE YEAR FOR THE TRUST OPERATIONALLY, AS STEPS WERE TAKEN TO GROW THE BUSINESS AND ENHANCE EXISTING ASSETS.”

A YEAR OF OPERATIONAL MILESTONES

2013 was a milestone year for the Trust operationally, as steps were taken to grow the business and enhance existing assets. In Hong Kong, the Trust invested strategically in ACT to expand its vessel handling capacity. In Shenzhen, YICT achieved its 100 millionth TEU early in the year, a feat that was steadily followed by calls from many of the world's largest mega-vessels throughout the year.

The Trust has several operational initiatives in the pipeline for the year ahead, including the anticipated roll-out of new RTGC systems at some of its quays, as well as the development of the West Port Phase II at YICT. These initiatives are testimony to the Trust's adaptability and foresight, and will help maintain its unwavering position as the leading port operator in the PRD.

CHARTING THE ERA OF MEGA-VESSELS

Mega-vessels have over the years become an increasingly common sight, and this trend places the Trust at a competitive advantage. Given its natural deep-water facilities, the Trust is the only operator in the region able to accommodate such huge vessels simultaneously.

The Trust's Hong Kong ports saw a steady number of mega-vessel calls in 2013, with a total of 338 such vessels dropping anchor. The two berths at ACT, when combined with the two existing berths at the adjacent COSCO-HIT, form a 1,380 metre long contiguous berth which enables both terminals to work in tandem to service several mega-vessels simultaneously.

In Shenzhen, YICT welcomed several mega-vessels throughout 2013, most notably the world's largest container vessels, each with a carrying capacity of 18,000 TEU. In total, YICT received 898 mega-vessels in 2013.

ADVANCED TECHNOLOGIES FOR A BETTER WORKPLACE

In late 2013, HIT signed an agreement to implement remote control operations for 29 of the RTGCs at Container Terminal 9. The project not only will increase operational efficiency, but it will also enhance industrial safety and improve the working environment for the staff. This is the first time remote control RTGCs are being implemented outside of Japan.

In YICT, the Trust has over the years upgraded various technologies used at the port to reduce emissions and to increase efficiency. Some of these include the 150 electric RTGCs ("eRTGCs"), the 26 hybrid RTGCs and the 284 LNG-powered container tractors currently in use at the port. YICT is also continuously exploring initiatives to reduce energy usage with LED lamps, time-controlled lighting and solar panels.

This enables the port to cut down the amount of electricity used by up to 900,000 kWh each year, equivalent to the power usage of more than 200 homes a year in China.

FUN FACT

Did you know?

The amount of optical fibre used in the remote control RTGC operations project at HIT's Container Terminal 9 is about 274 kilometres, which can be covered by driving between Sentosa and Changi Airport more than ten times.

ENCOURAGING A FIRST-HAND EXPERIENCE OF THE TRUST'S PORTS

Throughout 2013, the Trust welcomed over 10,000 visitors to its ports for guided tours of its facilities and for meetings with the management. These included visitors from government delegations, customers, students as well as others who sought to better understand how the Trust runs its ports.

STAYING AHEAD IN THE PRD

Combined throughput of the Trust's Hong Kong ports was 12.0 million TEU for 2013. HIT, COSCO-HIT and ACT together recorded an average of 198 weekly shipping line services by trade routes, once again benefitting from Hong Kong's free port status and the city's position as a globally-recognised transshipment hub.

YICT registered a remarkable year for its 20th year of operations. Notably, the port handled its 100 millionth TEU in January, an outstanding achievement given that this was achieved in less than two decades. In the months of July, August and October, monthly throughput exceeded 1 million TEU, a testament to the commitment of the port and the competence of its staff and related practices. It was therefore not surprising that YICT had a record high throughput of 10.8 million TEU for the year. The Trust expects significant increase in handling capability upon completion of three additional deep-water berths at West Port Phase II. YICT also saw 91 weekly shipping line services by trade routes, an affirmation of its position as the leading Origin & Destination ("O&D") cargo hub in the region and as the gateway to Guangdong, one of the densest manufacturing regions in the world.

OPERATIONAL REVIEW

FUN FACT

Did you know?

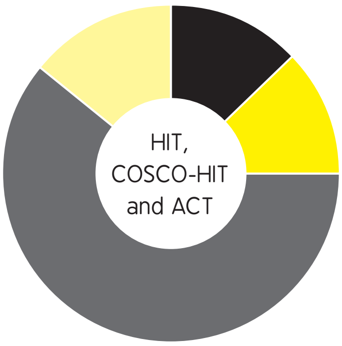
The internal trucks at HIT alone cover approximately 15.3 million kilometres of ground in a year, enough to circle the Earth 382 times!

LOOKING FORWARD

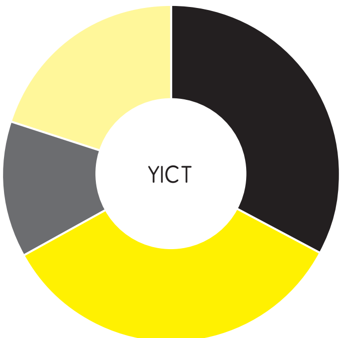
The Trust plans to capitalise on its leading edge infrastructure, advantageous natural deep-water channels, long continuous berths and scale of operations to pursue and benefit from large shipping lines forming ever closer alliances, deploying more mega-vessels into deep sea service, and centralising container handling at hub ports to achieve efficiency, cost containment and economies of scale.

With its favourable track record and diverse range of services, the Trust is confident that current and planned strategies will offer sufficient leverage against the challenges posed by the tepid state of the global economy and growing prevalence of mega-vessels. By focusing on a shared vision and adapting to accommodate the changing requirements of the business, the Trust will be able to maintain stability and offer the same reliability it has come to be recognised for.

PROPORTION OF WEEKLY SERVICES BY TRADE ROUTES



NORTH AMERICA	13%
EUROPE	12%
ASIA	61%
OTHERS	14%
TOTAL	100%



NORTH AMERICA	33%
EUROPE	34%
ASIA	13%
OTHERS	20%
TOTAL	100%

GROWTH STRATEGY

Strengthening its market-leading position and continual maximisation of unitholder benefits are the Trust's principal focus points. This is achieved and sustained through the development of strategies that seek to provide stable, profitable outcomes that ensure regular distributions and long-term DPU growth. The following core growth strategies were thus devised to convey these objectives, aligning operations and processes with this shared vision.

Active business and asset management

Bearing in mind the responsibility to stakeholders, the Trust possesses a long-term strategy that caters for the timely implementation of various initiatives. These aim to improve infrastructure and facilities, provide innovative solutions, offer value-added services to customers and build long-lasting relationships with key stakeholders. The enhancement of our throughput mix, improvement of operational efficiency and the reduction of costs to stay ahead of the competition ensure that margins are concurrently and consistently kept within targets.

Risk and capital management

The Trust views the maintenance of an optimal capital structure as critical to the achievement of our objectives. Only through balanced management of this can the Trust aspire to attain the goals and strategies devised, and to offer unitholders stable returns. By simultaneously adopting a proactive interest rate management policy, the Trust is also able to manage risks that arise from fluctuations in the interest rate environment.

Development and acquisition

Through the selective pursuit of value-enhancing and third-party acquisition opportunities, the Trust continues to grow its operations to meet the changing market dynamics of the industry. Increasing demand for deep-water ports in the PRD arising from expanding trade activities and the growing prevalence of mega-vessels offer promising opportunities for consolidation. In addition, HPH, the world’s leading port operator, has a standing agreement with the Trust, granting it 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.

“BY FOCUSING ON A SHARED VISION AND ADAPTING TO ACCOMMODATE THE CHANGING REQUIREMENTS OF THE BUSINESS, THE TRUST WILL BE ABLE TO MAINTAIN STABILITY AND OFFER THE SAME RELIABILITY IT HAS COME TO BE RECOGNISED FOR.”

FUN FACT

Did you know?

The weight of the amount of steel used to build the terminals at HIT was 20,400 tonnes, which is equivalent to that of 36 fully-loaded Airbus A380s!

CORPORATE MILESTONES

JANUARY

YICT handled its 100 millionth TEU, a record it achieved in a mere 18.5 years.

APRIL

HPH Trust was included in the STI index, a composite index representing the 30 top-performing stocks on the SGX, which has long been regarded as a benchmark indicator of the Singapore stock market's performance.

YICT was named Container Terminal with Annual Throughput Exceeding Ten Million TEU for the year 2012 by China Ports Association Container Branch.

YICT was named a Role Model in Water-Saving of Shenzhen for 2012 by the Steering Committee of the Water-Saving Programme of Shenzhen, in recognition of its efforts in water conservation.

JAN FEB MAR APR MAY JUN JUL AUG

2013

MARCH

HPH Trust acquired 100% of ACT for HK$3.917 billion.

HPH Trust received the Eco Advocate Award at the Asia Pacific Enterprise Leadership Awards. The regional award recognises commitments to operating businesses in an environmentally-sustainable manner.

JULY

YICT welcomed for the first time the world's largest container vessel, the 18,000 TEU *Maersk Mc-Kinney Møller*. In all, vessels from *Maersk's* Triple-E fleet called at YICT eleven times between July and December 2013.

The monthly throughput at YICT exceeded 1 million TEU three months out of the year, namely July, August and October.

OCTOBER

Shenzhen Pingyan Multimodal Company Limited received the Industry Contribution Award from the Organising Committee of the China (Shenzhen) International Logistics and Transportation Fair. In 2012, its volume accounted for over 98% of the total multimodal cargo volume of Shenzhen.

DECEMBER

HIT won the Silver Award in the Green Management Award (Corporate) category at the Hong Kong Green Awards 2013. The award recognises HIT's management strategies and achievements in environmental conservation.

HIT received the Caring Company award for the 10th year running, granting it the continued use of the Caring Company Logo as well as the newly awarded "10 Years Plus Caring Company Logo", a further testament to the terminal's long-term corporate social responsibility efforts.

MARCH

HPH Trust entered into a strategic partnership with COSCO Pacific and CSTD through their investments of 40% and 20%, respectively, of effective equity and loan interests in ACT Holdings and its group companies.

SEP OCT NOV DEC JAN FEB MAR APR

2014

NOVEMBER

YICT celebrated its 20th anniversary and marked the occasion with a special ceremony involving about 160 guests from various departments of the Shenzhen Municipality, port authorities, shipping lines and cargo companies.

JANUARY

YICT welcomed two more 18,000 TEU mega-vessels from Maersk's Triple-E fleet, *Marie Maersk* and *Madison Maersk*. Both ships called at YICT simultaneously, a feat made possible only through YICT's extensive capabilities in handling mega-vessels.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. STAKEHOLDER ENGAGEMENT

We have numerous stakeholder groups ranging from employees and unitholders, to suppliers and financial institutions. Fostering meaningful and dynamic interactions with each stakeholder group has always been a priority for us, and to this end, we continually work towards establishing and maintaining networks and communication channels that cater to the unique needs of each group.

1.1 Unitholders

Over time, the Trust has developed a robust investor following. To ensure consistent and transparent dialogue with unitholders throughout the year, we actively engage through quarterly financial updates and results briefings with the financial community, global non-deal roadshows, industry conferences and various investor outreach events.

Employees from HIT at a town hall meeting with Mr. Gerry Yim, CEO of HPH Trust

1.2 Customers

Our customers are top global carriers. We engage with different levels of our clients' organisations on a daily basis, and remain committed to enhancing the overall customer experience.

Every client relationship is important to us, as evidenced by the way our team of dedicated account managers keep track of our clients' latest developments. By thoroughly understanding all dimensions of our clients' businesses, we are able to implement long term strategies to cater for their needs. Regular function-to-function reviews are set up with clients to evaluate our overall operations, so as to foster a quality customer experience. We also periodically arrange port tours and sports tournaments with clients, enabling them to better understand our daily operations and to strengthen their bond with us.

From frontline to back office, we aim to ensure clients' needs are catered for every step of the way, efficiently and with the greatest care.

1.3 Employees

Our employees are some of the best and brightest in the industry, and we are proud to have them on board. Resourceful and motivated, our employees form an essential driving force within the organisation that encourages the growth of our business. We continue to invest in them and empower them to strive toward their highest potential.

Regular meetings are arranged involving management and employee representatives. Discussions are held between different parties around employee concerns and possible enhancements to staff welfare and working conditions. We also host various training workshops and skills upgrading sessions, town hall meetings, publish in-house newsletters, and organise outings and gatherings, with the aim of engaging our workforce and boosting employee morale.

1.4 Suppliers and vendors

The Trust adopts and enforces a policy relating to the selection of vendors and suppliers that takes into consideration various factors including the quality of services and products, past performance and financial position assessment.

1.5 Government

We are always respectful of the legal frameworks of the jurisdictions in which we operate, and are constantly working to ensure compliance with the relevant laws and regulations. With a view to creating long-term sustainability, we believe these values go a long way in safeguarding the foundations and continuity of our operations.

2. WORKPLACE QUALITY

We believe a healthy working environment is not only fundamental to our staff welfare, but also impacts productivity and the quality of our services. Our top priority will always be to ensure high standards of health and safety are upheld at our terminals. We remain committed to continually reviewing our human resources framework, fostering open dialogue with our employees to gauge their needs and sentiments, and promptly addressing their concerns where possible.

Remote control workstations inside an office environment

Employees from HIT trying out stretching exercises designed to be done in the crane cab

2.1 Working conditions, health and safety

Enhancing the working environment for HIT staff

HIT kicked off a project in late 2013 to equip 29 RTGCs at Container Terminal 9 with remote control functions. This not only boosts operational efficiency, but also enhances industrial safety and improves the working environment. A number of enhancements have also been implemented for the benefit of the staff, including the installation of additional mobile toilets in the yard, as well as the refurbishment of workers' restrooms.

Stretching exercises for crane operators

Last year, HIT launched an instructional video on simple stretching exercises aimed at encouraging crane operators to perform stretches periodically throughout the day to reduce the incidence of various illnesses associated with sitting for extended periods. These easy-to-learn exercises were devised in collaboration with Hong Kong Polytechnic University, and allow crane operators to stretch within the confines of their driving cabs.

Sponsoring the Kwai Tsing District Road Safety Carnival for the 14th time running

HIT once again sponsored and participated in the Kwai Tsing District Road Safety Carnival, where employees managed an exhibit aimed at educating the public on the importance of road safety. As part of HIT's overall focus on road safety, it regularly hosts road safety awareness programmes such as the annual Internal Drivers Talk.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

HIT launched its new Port Engineering Academy, a 12-month programme that provides comprehensive training for young engineering staff

Annual simulation rescue drill successfully carried out at HIT

Every year, HIT organises a simulation rescue drill in collaboration with the Hong Kong Fire Services Department to improve awareness and raise work safety standards. Every drill is different, ensuring that scenarios are as realistic as possible. In less than an hour, last year's drill was successfully completed, with a fire engine from the local fire station arriving to extinguish the simulated fire at the hazardous goods site.

2.2 Development and training

We are committed to investing in the development and professional growth of our employees. To this end, we regularly arrange forums such as training courses, seminars, sharing sessions, web-based conferences, or in collaboration with external training institutes. With a focus on team-building, a series of these programmes were offered throughout 2013 to help managers and supervisors reinforce skills and performance management techniques, as well as provide skills upgrading opportunities for staff. Internally, we facilitate job rotations for talented staff to widen their exposure to different functions within the organisation. It is our goal to retain and develop home-grown expertise to maintain our leading market position.

2.3 Recruitment and promotion

A key aspect of our operations is to ensure that we have a reliable, skilled workforce for the long-term success of our business. We regularly review operational requirements and employment practices, so as to recognise the commitment and abilities of our employees through promotions and other incentive programmes.

HPH Trust is an equal opportunity employer, and employees progress along a well-established and transparent grading structure. We welcome applications from all qualified candidates, and frequently participate in job fairs and campus talks with an aim to attract young talents.

3. ENVIRONMENTAL PROTECTION

A large part of our operations are made possible by the naturally favourable conditions at each of our terminal locations, and we continually monitor the health of our ecological surroundings. We remain committed to various ongoing efforts to proactively safeguard the areas we operate in.

3.1 Energy efficiency

HIT halved energy consumption and YICT upgraded its cranes with LED lighting

To reduce energy consumption, HIT replaced traditional high-powered high pressure sodium lamps with LEDs on cranes, logo signage, canopy, workshops and loading bay areas. It is estimated that the replacement achieved more than 55% savings in energy consumption. YICT has a similar LED initiative. Not only do these LED lamps have three to four times longer lifespan than sodium lamps on average, they could also potentially save up to 10,000 kWh of electricity per day.

HIT will receive 10 more hybrid RTGCs in the second quarter of 2014

3.2 Pollution prevention and emissions reduction

HIT further expanded its fleet of hybrid RTGCs

HIT has further expanded its fleet of hybrid RTGCs, and is currently operating with a fleet of 71 hybrid RTGCs out of a total of 152 RTGCs. This is part of the drive, which was started in 2008, to convert and replace HIT's fleet of RTGCs. In the second quarter of 2014, HIT will receive 10 more hybrid RTGCs, which will help to further reduce port emissions and save fuel.

Forklifts at YICT going 'green'

YICT doubled the number of electric forklift trucks servicing the YICT Export Supervisory Warehouse to ten units last year. Requiring only a three to five hour charge to operate a full shift of eight hours, these forklifts are 75% more cost-effective than older diesel-powered ones. An LNG-powered forklift was also deployed last year, and currently transports stacking cones at the quayside. Both the electric and LNG-powered forklifts are more environmentally-friendly alternatives to traditional diesel-powered forklifts.

Thumbs up for indoor air quality at HIT office towers

HIT was presented with the Indoor Air Quality ("IAQ") Good Class Certification for some of its office towers. The award, organised by the Environmental Protection Department of HKSAR, is in recognition of HIT's efforts in implementing good IAQ practices and ensuring good air quality inside its office buildings.

3.3 Sustainability and protecting our environment

HPH Trust participated in Earth Hour

To commemorate Earth Hour, both HIT and YICT switched off the LED logo on their administration buildings for the full hour. In addition, many staff members turned off unnecessary lighting both at the workplace and at home to further support the annual worldwide event, which aims to raise awareness of global climate change.

YICT significantly reduced water consumption

Over the past two years, YICT reduced the amount of water used in its operations by approximately 140,000 cubic metres, which is equivalent to the annual water consumption of 280 households in Shenzhen. In recognition of this outstanding effort, YICT was named a "2012 Shenzhen Role Model in Water-Saving" by the steering committee for the Water-Saving Programme of Shenzhen.

In addition, YICT also commemorated the annual World Water Day. YICT's Environmental Committee showed the documentary "Earth Ride" to YICT employees, which traces the journey of a drop of water, and aims to raise awareness for the importance of water conservation.

Millions of fingerlings released at YICT

Together with Yantian Port Group and Shenzhen Agriculture and Fishery Bureau, YICT released over 3.8 million fingerlings into the surrounding waters of YICT. The event, in its fifth year running, is aimed at maintaining the balance of the nearby ecosystem.

Promoting waste recycling at HIT

HIT's Environmental Awareness Committee strives to promote recycling habits through its annual campaign to collect used mooncake boxes. More than 180 boxes were collected in 2013, and delivered to an approved vendor for recycling. Apart from this, the Committee continues to roll out other recycling initiatives and looks for opportunities to increase the types of materials that are recyclable, such as mobile phones and their accessories.

Separately, HIT's volunteer Community Caring Group ("CCG") took part in a carnival organised by the Housing Authority to promote waste recycling in public housing estates. More than 50 volunteers hosted a game booth that educated visitors about the collection of solid waste, as well as a workshop allowing visitors to experience organic planting.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

HIT recognised in Hong Kong Green Awards 2013

In recognition of its outstanding performance in "green initiatives" including reducing carbon footprint, pollutant emissions and energy consumption, HIT was granted the Silver Award in the Hong Kong Green Awards 2013 formulated and staged by The Green Council. For the award, HIT was assessed according to eight different areas, including policy & strategy, energy conservation, water conservation, waste reduction, air pollution control, carbon footprint reduction, green purchasing, promotion and training.

4 OPERATING PRACTICES

The Trust is involved in complex and extensive operations and processes at any given time. We strive to ensure that these run smoothly and we will constantly review and refresh our guidelines to be in line with international best practices.

4.1 Supply chain management

The Trust's various organisations have in place stringent protocols and assessment frameworks when working with vendors. Tender processes are communicated to vendors, with the aim of conducting each assessment in a fair and unbiased manner. We also ensure that appropriate channels are established with our stakeholders, to facilitate transparent communication and swift reporting of any suspected improprieties.

4.2 Customer protection

Technology is key to the way the Trust operates and interacts with customers, and it is therefore crucial to safeguard how it is used with respect to data privacy and integrity of intellectual property. We implement strict data protection mechanisms to ensure the confidentiality of our customers' information.

FUN FACT

Did you know?

Our employees at HIT and YICT spent a combined 1,503 hours outside their work schedules last year volunteering, which is equivalent to 62 days, or two full months!

4.3 Anti-corruption

The Trust takes its anti-corruption responsibilities very seriously. We have established channels through which our stakeholders can report illegal or excessively risky activities in a confidential manner. Persons making appropriate reports are assured of protection. We also encourage all managers to communicate and instill a culture of good corporate governance among their staff.

5 COMMUNITY INVOLVEMENT AND EDUCATION

The local communities are the lifeblood of the locations in which we operate. As good corporate citizens, we aim to extend a positive impact by supporting the elderly, nurturing the youth, and

HIT's Community Caring Group on one of their visits to an Elderly Centre

Employees from COSCO-HIT visiting the Hong Kong S.K.H On Yam Day Care Centre for the Elderly

providing opportunities for employment in the various locations. Every year, our employees volunteer outside of their work schedules to organise and participate in a host of activities aimed at contributing their efforts to the society.

Last year, the Trust received the Caring Company Logo from the Hong Kong Council of Social Services for our efforts. APS was awarded the 5 Years Plus Caring Company Logo, while HIT received the 10 Years Plus Caring Company Logo for the first time last year.

5.1 Paying tribute to our elderly

Employees from our various terminals arranged visits and outings for senior citizens in elderly homes within their own communities. For instance, HIT sponsored the South Kwai Chung Service Centre to establish the Cho Yiu Elderly Medical Centre, as well as its programme to provide the elderly with medical care and health equipment. Additionally, HIT's CCG volunteers are actively involved with various elderly groups such as Fong Yock Yee Neighbourhood Elderly Centre, as well as those living in Tsuen Wan and Kwai Tsing, communities in which the Trust's terminals operate. Volunteers helped with the maintenance and cleaning of their households, as well as spending time with them in different activities.

Continuing its annual tradition since 2008, the Staff Recreation Committee of COSCO-HIT, participated in an elderly home visit in partnership with Hong Kong S.K.H. On Yam Day Care Centre for the Elderly in Kwai Chung. Volunteers visited the elderly centre on the eve of the Mid-Autumn Festival to bring them gifts and celebrate with songs and festive cheer. Similarly, ACT employees visited elderly residents from the Senior Citizen Home Safety Association in Tuen Mun District in Hong Kong, where they distributed gift packs and spent the day with them.

In YICT, volunteers visited the Yantian Welfare Centre twice last year. In March, they decorated the building with red lanterns, Spring Festival couplets and Chinese paper cutting, symbolising happiness and good health. In October, YICT volunteers spent Senior's Day with the residents over an outing to the Wutong Mountains in Shenzhen, which was organised together with the sub-district office. The YICT volunteer team now has over 200 registered members who provide long-term volunteer services to communities in the Yantian District.

5.2 Nurturing our youth

Annual summer internship programme at YICT

Into its eighth year, the annual three-week summer internship for students from Dalian Maritime University and Shenzhen University was held again at YICT last year. A total of 24 students were placed across various departments within the organisation, where they experienced terminal operations and enterprise management first-hand. They also participated in an in-depth discussion with Patrick Lam, Managing Director of YICT, during which he shared experiences from his school days, insights on working in the industry, as well as career advice.

Summer camp at YICT for Yunnan Dahaicun Hope Primary School students

YICT has been involved with Yunnan Dahaicun Hope Primary School since 2003, when the company first began supporting the school by refurbishing and rebuilding its classrooms, dormitories and teaching facilities. Last summer, 12 students

Children enjoying YICT's summer camp

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Children from Yunnan Dahaicun Hope Primary School at YICT

Youths on a trip to Shenzhen organised by YICT and the Chi Heng Foundation

nominated by the school took part in the annual summer camp hosted by YICT, which has been running since 2005 and rewards academically strong students. Within the seven days, the students had many first-time experiences, such as touring YICT, visiting scenic locations in Shenzhen and experiencing city life. Every year, YICT also arranges for two teachers from the school to attend a two-week seminar at Tianxin Primary School in the Yantian District. The programme is credited with improving the school's curriculum and broadening the exposure of the participating teachers.

Day trip for children from AIDS-afflicted families

YICT, in partnership with Hong Kong Chi Heng Foundation, organised a fun day trip to Shenzhen for 24 children from AIDS-afflicted families in Henan Province. The children toured the port operations at YICT, took a quayside boat trip, and visited Dameisha Resort Park. The YICT team spared no effort organising the event and making it a memorable trip for the participants. The event endeavoured to decrease their sense of social stigma and isolation, and rebuild their self-confidence and sense of community and belonging.

HIT - A long-term supporter of HPH's Dock School Programme

Top students of each grade at the Tsuen Wan Trade Association School received scholarships from HIT last year. For almost 25 years, HIT has been supporting the school as part of HPH's Dock School Programme. In addition to providing scholarships, HIT sponsors cultural enrichment activities and other educational initiatives organised by the school. More recently in 2009, HIT adopted its second Dock School, the Hong Kong Institute of Vocational Eduation Tsing Yi. During the annual contest last year sponsored by HIT, Gerry Yim, HIT's Managing Director, presented certificates and cheques to the three winning teams. The theme for 2013 was "Overseas Ports", and the winning entries comprised insightful studies of ports in Korea, Singapore and Los Angeles.

FUN FACT

Did you know?

Close to 360 students have passed through our doors, at HIT and YICT, as interns over the past five years. On average, we host about 72 student interns at both ports annually.

INVESTOR RELATIONS

Unitholders at HPH Trust's AGM in Singapore in 2013

We believe that sustained dialogues foster long-term relationships and we strive to maintain meaningful channels of communication with our stakeholders. We are committed to providing concise, accurate information to all internal and external stakeholders in a timely and accessible manner.

Our investor relations team serves to promote a deeper understanding of the Trust's business among existing and potential investors, and to manage communications with numerous groups of stakeholders with different needs.

ANNOUNCEMENT OF FINANCIAL RESULTS

We publish all announcements of our financial results in a timely, consistent manner on both our corporate website (www.hphtrust.com) and the online portal of the SGX, known as SGXNET. All relevant information is also disseminated via email to the media and the financial community, ensuring ease of access through multiple avenues.

Management will also host physical briefings to accompany the results release with analysts, fund managers, equity sales representatives and others. Individual and group teleconferences may also be arranged if required. During such briefings, management shares detailed updates and business outlook. Our Annual General Meeting ("AGM") held in Singapore each year offers us a valuable opportunity to interact with unitholders.

CORPORATE LITERATURE

Corporate announcements are uploaded in the required format to SGXNET, together with the relevant news releases, presentation slides and other documentation. We also publish our annual report around April each year, providing stakeholders with a review of the year's operational and financial performance.

All corporate announcements as well as the annual report are simultaneously uploaded to the "Investor Centre" section of the HPH Trust corporate website (http://www.hphtrust.com/investor_home.html) upon release for easy access.

CONFERENCES, BRIEFINGS AND ROADSHOWS

Management participates in investor conferences, small group and one-on-one meetings, as well as non-deal roadshows, and organises conference calls and briefings in an effort to maintain strong relationships with the global investor community.

Last year, the Trust met with over 180 analysts and investors from all over the world. These meetings were in the form of one-on-one dialogue sessions or small group interactions. We also took part in several roadshows and key investor conferences in Beijing, Hong Kong and Singapore, as well as cities in Japan, Europe and the US. Some of these included SGX's Goldman Sachs Global Capital Market Day, HSBC's 5th Annual Asia Investor Forum, J.P. Morgan's Asia Infrastructure Corporate Access Day and CLSA's China Forum.

RESEARCH COVERAGE

Research reports and independent analyst papers are crucial for most investors to evaluate the Trust. To this end, senior management and the investor relations team maintain close contact with various research houses to ensure that information is accurate and up-to-date.

There are currently approximately 23 research houses covering the Trust, including Barclays Capital, Citi Global Markets, CLSA, Credit Suisse, Daiwa Capital Markets, DBS, Deutsche Bank, Drewry Financial Research Services, Goldman Sachs, HSBC, Jefferies, J.P. Morgan, Merrill Lynch, Morgan Stanley, Standard Chartered, UBS and UOB Kay Hian.

SITE VISITS

Analysts and investors interested in learning more about the Trust's assets and operations are always welcome to visit our ports. Management periodically schedules guided tours around the facilities, granting visitors an in-depth look at the business and a better understanding of the scale and operations of our terminals. In addition, we regularly host VIP port visits for foreign and local dignitaries and ministry officials.

CORPORATE INFORMATION

TRUSTEE-MANAGER
Hutchison Port Holdings Management Pte. Limited
(incorporated in the Republic of Singapore with limited liability)

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

Non-executive Director
Mr. Frank John SIXT, MA, LLL

Independent Non-executive Director and Lead Independent Director
Mrs. SNG Sow-Mei (alias POON Sow Mei), BA, PPA(P)

Independent Non-executive Directors
Mr. CHAN Tze Leung, Robert, BSc (Econ), MBA
Mr. Graeme Allan JACK, BCom, CA (Aus), FHKICPA
Prof. MA Si Hang, Frederick, BA, GBS, JP
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

CORPORATE GOVERNANCE REPORT

HPH Trust is a business trust constituted under the Business Trusts Act, Chapter 31A of Singapore ("BTA"). Hutchison Port Holdings Management Pte. Limited ("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 ("Trust Deed").

The Trustee-Manager strives to attain and maintain high standards of corporate governance best suited to the needs and interests of HPH Trust group companies ("Group") as it believes that effective corporate governance practices are fundamental to safeguarding interests of unitholders and other stakeholders and enhancing unitholder value. Accordingly, the Trustee-Manager has adopted and applied corporate governance principles that emphasise a quality Board of Directors ("Board"), effective internal controls, 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 year ended 31 December 2013 in reference to the BTA, the Business Trusts Regulations 2005 ("BTR") and the Code of Corporate Governance 2012 ("Code").

HPH Trust has complied throughout the year ended 31 December 2013 with all the principles and guidelines of the Code, where applicable.

BOARD MATTERS

The Board's Conduct of its Affairs
Principle 1

The Board, which is accountable to unitholders for the long-term performance of HPH Trust, is responsible for directing the strategic objectives of HPH Trust and overseeing the management of the business. Directors are charged with the task of promoting the success of HPH Trust and making decisions in the best interests of HPH Trust with due consideration on sustainability issues. 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, determines and monitors Group-wide strategies and policies, annual budgets and business plans, evaluates the performance of HPH Trust, and supervises the management of HPH Trust ("Management"). Management is responsible for the day-to-day operations of the Group under the leadership of Mr. Yim Lui Fai, Gerry, 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 with all Board and Board Committee meetings and the Annual General Meeting dates scheduled well in advance, in consultation with the Board. Among other things, the Board approves the quarterly and full-year financial results for release to the Singapore Exchange Securities Trading Limited ("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 Trustee-Manager has adopted and documented internal guidelines setting forth matters reserved for Board approval ("Reserved Matters"). The Reserved Matters include:

(a) Matters in relation to the overall strategy and management of the Group;
(b) Material changes to the Group's capital or corporate structure;
(c) Matters involving financial reporting and distributions;
(d) Major investments, major capital projects and material transactions not in the ordinary course of business;
(e) Transactions between the Trustee-Manager for and on behalf of the Trust and any of its related parties; and
(f) Matters which require Board approval as specified under the SGX-ST Listing Manual, BTA or other relevant laws and regulations.

CORPORATE GOVERNANCE REPORT

The Board held four Board meetings in 2013 with an average Director attendance of approximately 94%.

Name of Director	Attended/Eligible to attend
Chairman and Non-executive Director	
Mr. Fok Kin Ning, Canning	4/4
Deputy Chairman and Non-executive Director	
Dr. John Edward Wenham Meredith	4/4
Executive Director	
Mr. Ip Sing Chi	3/4
Non-executive Director	
Mr. Frank John Sixt	4/4
Independent Non-executive Directors	
Mr. Graeme Allan Jack	4/4
Mr. Chan Tze Leung, Robert	4/4
Prof. Ma Si Hang, Frederick	4/4
Mrs. Sng Sow-Mei (alias Poon Sow Mei)	4/4
Mr. Kevin Anthony Westley	3/4

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.

Directors are provided with updates and briefings from time to time by professional advisers, auditors and Management on relevant practices, new laws, rules and regulations, directors' duties and responsibilities, corporate governance, changes in accounting standards and risk management issues applicable or relevant to the performance of their duties and responsibilities as Directors.

Briefings and updates provided to Directors for the year ended 31 December 2013

At every Audit Committee meeting, the Chief Financial Officer ("CFO"), Mr. Ivor Chow, briefed the Audit Committee members on developments in accounting and governance standards.

At every quarterly Board meeting, the CEO and CFO provided business updates and highlights of HPH Trust's quarterly accounts. The scope of such update includes general economic conditions and how it affects HPH Trust's business, overview of industry trends and developments, and developing trends.

Trustee-Manager arranges and provides continuous professional development ("CPD") training and relevant reading materials to Directors to help ensure that they are apprised of the latest changes in the commercial, legal and regulatory environment in which the Group conducts its business and to refresh their knowledge and skills on the roles, functions and duties of a listed entity director. In addition, attendance at external forums and briefing sessions (including delivery of speeches) on relevant topics also counts towards CPD training.

CORPORATE GOVERNANCE REPORT

The Directors are required to provide the Company with details of the CPD training undertaken by them from time to time. Based on the details so provided, the CPD training undertaken by the Directors in 2013 is summarised as follows:

Name of Director	Areas: Legal and Regulatory	Areas: Directors' Roles, Functions and Duties
Chairman and Non-executive Director		
Mr. Fok Kin Ning, Canning	√	√
Deputy Chairman and Non-executive Director		
Dr. John Edward Wenham Meredith	√	√
Executive Director		
Mr. Ip Sing Chi	√	√
Non-executive Director		
Mr. Frank John Sixt	√	√
Independent Non-executive Directors		
Mr. Graeme Allan Jack	√	√
Mr. Chan Tze Leung, Robert	√	√
Prof. Ma Si Hang, Frederick	√	√
Mrs. Sng Sow-Mei (alias Poon Sow Mei)	√	√
Mr. Kevin Anthony Westley	√	√

Board Composition and Guidance

Principle 2

Board appointment has been, and will continue to be, made based on merit that complements and expands the skills, experience and expertise of the Board as a whole, taking into account the following principles:

(a) The majority of Board members should be Non-executive and Independent Directors;
(b) The Chairman of the Board should be a Non-executive Director;
(c) The Board should comprise Directors with a wide range of commercial and management experience, which provides an appropriate balance of diversity of skills, experience, gender and industry knowledge; and
(d) 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. Throughout the year, the number of Independent Non-executive Directors on the Board fulfilled the minimum requirement of the BTA. 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.

CORPORATE GOVERNANCE REPORT

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 reinforces the independence and accountability of these Directors.

The Chairman, Mr. Fok Kin Ning, Canning, assisted by the Deputy Chairman, Dr. John Edward Wenham Meredith, is 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 briefed on issues arising at Board meetings and provided with adequate and accurate information in a timely manner. The Chairman promotes a culture of openness and actively encourages Directors to voice their opinion and be fully engaged in the Board's affairs so as to contribute to the Board's effective functioning. 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 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 CFO, and the executive management team of each core business division, 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. He 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. He is also responsible for building and maintaining an effective executive team to support him in his role.

Mrs. Sng Sow-Mei (alias Poon Sow Mei) is appointed as the Lead Independent Director. Unitholders may contact the Lead Independent Director in cases where they have concerns for which contact through normal channels of the Chairman, the CEO or the CFO has failed to resolve the issue or is inappropriate. Her contact details are available on HPH Trust's corporate website (www.hphtrust.com/corporate_governance.html).

The Lead Independent Director provides feedback to the Chairman as appropriate should there be any issue coming to her attention from the discussions among the Independent Non-executive Directors without the presence of the other Directors.

Board Membership
Principle 4

As at 31 December 2013, the Board comprised nine Directors, including the Chairman, the Deputy Chairman, one Executive Director, one Non-executive Director and five Independent Non-executive Directors. Biographical details of the Directors are set out on pages 26 to 28 of the Annual Report and on HPH Trust's corporate website.

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.

CORPORATE GOVERNANCE REPORT

The Board does not set the maximum number of board representations which a director may hold but confirmation is received from each Director that he/she has provided sufficient time and attention to the affairs of the Group. Besides, Directors disclose to the Trustee-Manager their interests as director and other office in other public companies and organisation in a timely manner and update the Trustee-Manager on any subsequent changes. The Board, on the basis of the above, 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, Kevin Anthony Westley and Mrs. Sng Sow-Mei (alias Poon Sow Mei).

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 ("Fortune REIT Manager"), which manages Fortune Real Estate Investment Trust ("Fortune REIT"), which is listed in Singapore and Hong Kong; and ARA Asset Management (Prosperity) Limited ("Prosperity REIT Manager"), 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 CKI or these real estate investment trusts ("REITs").
(ii) She is not involved in the day-to-day management and operation of CKI or these REITs.
(iii) She does not own any shares or units in CKI and Prosperity REIT and she is only a minority unitholder of 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 CKI or the above-mentioned REITs, in particular on interested person transactions and on internal audit control and management.
(v) CKI/REITs of which she is currently an independent director are in different businesses from HPH Trust.

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, his role in Husky is that of an independent director, and 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.

CORPORATE GOVERNANCE REPORT

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 of HPH Trust 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 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 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

Evaluation of the performance of the Board as a whole and the Audit Committee together with the Directors was conducted by questionnaires. The objective of such evaluation is to ensure that the Board, the Audit Committee and the Directors continued to act effectively in fulfilling the duties and responsibilities expected of them.

Access to Information
Principle 6

The Board meets regularly, and at least four times a year with meeting dates scheduled prior to the beginning of the year. Between scheduled meetings, Management of HPH Trust provides to Directors, on a regular basis, monthly internal financial statements of key operating entities of the Group and other relevant information with respect to the performance, and business activities and development of the Group. Throughout the year, Directors participate in the deliberation and approval of routine and operational matters of the Trustee-Manager by way of written resolutions with supporting explanatory materials, supplemented by additional verbal and/or written information from the Company Secretary, the Deputy Company Secretary, or other executives as and when required. Details of material or notable transactions of subsidiaries and associated companies are provided to the Directors as appropriate. Whenever warranted, additional Board meetings are held. 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 Management, the Company Secretary and the Deputy Company Secretary at all times.

CORPORATE GOVERNANCE REPORT

The Company Secretary, Ms. Lim Ka Bee, and the Deputy Company Secretary, Ms. Edith Shih, are accountable 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 Board 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. All draft and final minutes of Board and Audit Committee meetings are sent to Directors and Audit Committee members respectively for comments, approval and records. Board records are available for inspection by any Director upon request.

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 of relevance to the Group and that it takes these into consideration when making decisions for the Group. From time to time, they organise seminars on specific topics of importance and interest and disseminate reference materials to Directors for their information.

REMUNERATION MATTERS

Procedures for Developing Remuneration Polices
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, and formal procedure for determining, executive remuneration, which is subject to review by the Board from time to time.

Level and Mix of Remuneration
Principle 8

The remuneration of key management personnel 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. The level and structure of remuneration of key management personnel also have regard to long-term interest and risk policies of the Group. The key management personnel participate in bonus arrangements which are determined in accordance with the performance of the Group and the individual's performance.

CORPORATE GOVERNANCE REPORT

Disclosure on Remuneration
Principle 9

The table below disclosed (a) the remuneration of the CEO and (b) in bands of S$250,000, the remuneration of the top five key management personnel (other than the CEO) for the financial year ended 31 December 2013:

Key Management Personnel	Salary (%)	Variable (%)	Benefits (%)	Total (%)
S$1,250,001 to S$1,500,000				
Mr. Yim Lui Fai, Gerry Chief Executive Officer Managing Director, HIT	38	59	3	100[1]
S$1,000,001 to S$1,250,000				
Nil	–	–	–	–
S$750,001 to S$1,000,000				
Mr. Ivor Chow Chief Financial Officer and Investor Relations Officer Executive Director, HIT	52	44	4	100[2]
Mr. Lam Hing Man, Patrick Managing Director, YICT	47	45	8	100[2]
Mr. Ying Tze Man, Kenneth Managing Director, COSCO-HIT	51	44	5	100[2]
S$500,001 to S$750,000				
Ms. Lee Tung Wan, Diana Deputy Chief Financial Officer Finance and Legal Director and Company Secretary, YICT	56	39	5	100[2]
S$250,001 to S$500,000				
Ms. Tse Ting Ting, Anny (Resigned on 9 March 2014) Head of Human Resources General Manager – Human Resources, HIT	56	39	5	100[2]

Notes:

1 The total remuneration paid to the CEO was S$1,338,000, most of which was paid by HIT to Mr. Yim Lui Fai, Gerry in relation to his role as Managing Director of HIT and the remainder was paid by the Trustee-Manager (out of its own account)

2 Most of the aggregate compensation of the relevant key management personnel was paid by the relevant operating subsidiaries of the Group (i.e. HIT to Mr. Ivor Chow in relation to his role as Executive Director of HIT, and Ms. Tse Ting Ting, Anny in relation to her role as General Manager – Human Resources of HIT; YICT to Mr. Lam Hing Man, Patrick in relation to his role as Managing Director of YICT and Ms. Lee Tung Wan, Diana in relation to her role as Finance and Legal Director and Company Secretary of YICT; and COSCO-HIT to Mr. Ying Tze Man, Kenneth in relation to his role as Managing Director of COSCO-HIT), and the remainder of the aggregate compensation of each of the relevant key management personnel was paid by the Trustee-Manager (out of its own account). In 2013, the total remuneration paid to the above key executives (excluding the CEO) was S$3,291,000

Remuneration of key management personnel is determined with consideration of market pay level, business performance and individual performance.

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$50,000 during the financial year ended 31 December 2013.

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 set out in the Trust Deed. Fees paid to the Trustee-Manager for the financial year ended 31 December 2013 are set out on pages 112 and 113 of the Annual Report.

CORPORATE GOVERNANCE 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 financial performance reports 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.

Risk Management and Internal Controls
Principle 11

The Board has overall responsibility for the Group's system of internal control, corporate governance compliance 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 division.

On behalf of the Board, the Audit Committee reviews regularly the corporate governance structure and practices within the Group and monitors compliance fulfillment on an ongoing basis.

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, fraud or non-compliance.

Internal Control Environment and Systems

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 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 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.

CORPORATE GOVERNANCE REPORT

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, finance directors and financial controllers of each of the major businesses attend monthly meetings with the CFO 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 are 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 Risk Management and Internal Control Systems

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.

The Board has received assurance from the CEO and the CFO on the Group's financial records and the effectiveness of Trustee-Manager's risk management and 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 year ended 31 December 2013 covering all material financial, operational, compliance and information technology controls as well as risk management functions. Such review covered reviews on the Group's compliance with terms provided for in the right of first refusal agreement ("ROFR Agreement") and the non-compete agreement ("Non-Compete Agreement"), both dated 28 February 2011, entered into between Hutchison Port Holdings Limited ("HPH") 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 pages 60 and 61 of the Annual Report. In addition, it has also reviewed and is 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.

Audit Committee
Principle 12

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.

The Audit Committee held four meetings in 2013 with 100% attendance.

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

CORPORATE GOVERNANCE REPORT

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 to be necessary.

The Audit Committee meets with the CFO and other senior management of the Group from time to time for the purposes of reviewing the quarterly and full-year results and financial statements, and any formal financial performance-related announcements and other financial, internal control, corporate governance and risk management matters of the Group. It considers and discusses the reports and presentations of Management, the Group's internal and external auditors, with a view of 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 at least four times a year with the Group's principal external auditor, PricewaterhouseCoopers LLP ("PwC"), to consider the reports of PwC on the scope, strategy, progress and outcome of its independent review of the quarterly financial information and its 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 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 its audits together with its resource requirements and considers the report of the General Manager of the Group's internal audit function to the Audit Committee on the effectiveness of internal controls in the Group business operations. Further, it also receives report from the Deputy Company Secretary on the Group's material litigation proceedings and compliance status on 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. The Audit Committee has adequate resources, including access to external consultants and auditor, to enable it to discharge its responsibilities properly.

During 2013, 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 total fees paid to our external auditor, PwC, are as disclosed in the table below:

External Auditor Fees For FY2013	HK$'000	% of Total Fees
Total Audit Fees	13,360	91
Total Non-Audit Fees	1,263	9
Total Fees Paid	**14,623**	**100**

Based on the Interested Person Transactions Policy, the Audit Committee monitored the procedures established by Trustee-Manager 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 and any other person may, in confidence, approach the Audit Committee to raise concerns about possible improprieties in matters of financial reporting or other matters. The Whistle-blowing Policy is available on our corporate website (www.hphtrust.com/misc/WhistleBlowingPolicy.pdf).

CORPORATE GOVERNANCE REPORT

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 risk assessment methodology and taking into account the dynamics of the Group's activities, internal audit derives 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, the reviews of compliance and information technology controls as well as risk management system, recurring and surprise audits, fraud investigations and productivity efficiency reviews.

Reports from the external auditor on internal controls and relevant financial reporting matters 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

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, tax, treasury, 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 also responsible for overseeing regulatory compliance matters of all Group companies. It analyses and monitors the regulatory framework within which the Group operates, including reviewing applicable laws and regulations and preparing and submitting response or filings to relevant regulatory and/or government authorities and consultations as the case may be. The department also determines and approves the engagement of external legal advisors, ensuring the requisite professional standards are adhered to as well as most cost effective services are rendered.

UNITHOLDER RIGHTS AND RESPONSIBILITIES

Unitholder Rights
Principle 14

The Group's corporate governance practices promote the fair and equitable treatment of all unitholders. Trustee-Manager ensures that all pertinent information is conveyed to unitholders on a comprehensive, accurate and timely basis via SGXNET to facilitate the exercise of unitholders' ownership rights. The Board is committed to the release of timely and relevant information to enables unitholders to make informed decisions in respect of their investments in HPH Trust.

All unitholders are entitled to attend the Annual General Meeting and are given the opportunity to participate effectively in the Annual General Meeting. In accordance with the Trust Deed, a unitholder is allowed to appoint up to two proxies to attend and vote at the Annual General Meetings on his behalf through proxy forms sent in advance. Unitholders who hold units through nominees such as CPF and custodian banks may vote through their nominee or custodian banks. Such unitholders may also, upon presentation of official letters issued by their nominees, attend the Annual General Meeting as observers, subject to availability of seats.

CORPORATE GOVERNANCE REPORT

Communication with Unitholders
Principle 15

The Group actively promotes investor relations and communication with the investment community throughout the course of the year. An Investor Relations Policy, which is available on HPH Trust's corporate website, was adopted and is subject to regular review by the Board from time to time to ensure pertinent information is conveyed to unitholders regularly in order to promote regular, effective and fair communication with unitholders. 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 unitholders, analysts and the media through regular briefing meetings, announcements, 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 throughout the year.

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.

Conduct of Unitholder Meetings
Principle 16

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, Chairman and/or members of the Audit Committee, Management, as well as the external auditor will be available to attend to any queries raised by the unitholders.

All Directors attended the Annual General Meeting of the unitholders held on 30 April 2013 other than the Executive Director who was not in a position to attend due to the occurrence of industrial action in Hong Kong that required his immediate attention locally.

Unitholders are given the opportunity to vote at the Annual General Meeting. However, as the authentication of unitholder identity information and other related security issues still remain a concern the Trustee-Manager has decided, for the time being, not to implement voting in absentia by mail, email or fax.

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 to the Board or HPH Trust 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 ("Code of Conduct") 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. In response to specific enquiries made, all Directors have confirmed that they have complied with the Code of Conduct in their securities transactions throughout 2013. 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 the Code of Conduct.

CORPORATE GOVERNANCE REPORT

ENVIRONMENTAL, SOCIAL AND GOVERNANCE 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 initiatives related to our stakeholders, our employees, the environment, our operating practices and the community. Details of the Trust's initiatives are set out on pages 38 to 44 of the Annual Report.

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 HPH 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 HPH 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 HPH to HPH Trust to acquire port development project or developed port falling within the investment mandate of HPH Trust and owned by HPH 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 HPH 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

CORPORATE GOVERNANCE REPORT

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 for the financial year ended 31 December 2013 are disclosed in note 29(i)(f) of the Accounts, on page 113 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 of HPH Trust during the financial year ended 31 December 2013 pursuant to Rule 907 of the Listing Manual of the SGX-ST are as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under unitholders' mandate pursuant to Rule 920) 2013 HK$'000	Aggregate value of all interested person transactions conducted under unitholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) 2013 HK$'000
Hutchison Whampoa Limited and its subsidiaries and its associates	430,604	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 year ended 31 December 2013, or if not then subsisting, entered into since the end of the previous financial year, other than, where applicable:

(a) as disclosed on page 305 to 330 of the IPO Prospectus[1];

(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.

[1] The Prospectus dated 7 March 2011 and registered with the Monetary Authority of Singapore on 7 March 2011

FINANCIAL CONTENTS

REPORT OF THE TRUSTEE-MANAGER

The directors of Hutchison Port Holdings Management Pte. Limited, the trustee-manager of Hutchison Port Holdings Trust present their report to the unitholders of the Trust together with the audited accounts of the Trust and its subsidiaries (collectively "Group") for the year ended 31 December 2013.

DIRECTORS

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

Mr. Fok Kin Ning, Canning (Chairman)
Dr. John Edward Wenham Meredith
Mr. Ip Sing Chi
Mr. Frank John Sixt
Mr. Chan Tze Leung, Robert
Mr. Graeme Allan Jack
Prof. Ma Si Hang, Frederick
Mrs. Sng Sow-Mei (alias Poon Sow Mei)
Mr. Kevin Anthony Westley

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE UNITS AND DEBENTURES

Neither at the end of nor at any time during the year 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 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 year 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 31.12.2013	At 1.1.2013	At 31.12.2013	At 1.1.2013
Number of units held by:				
Mr. Fok Kin Ning, Canning	–	–	601,000	601,000
Dr. John Edward Wenham Meredith	–	–	–	–
Mr. Ip Sing Chi	–	–	–	–
Mr. Frank John Sixt	–	–	20,000	20,000
Mr. Chan Tze Leung, Robert	–	–	400,000	400,000
Mr. Graeme Allan Jack	–	–	–	–
Prof. Ma Si Hang, Frederick	–	–	–	–
Mrs. Sng Sow-Mei (alias Poon Sow Mei)#	1,000,000	1,000,000	–	–
Mr. Kevin Anthony Westley	–	–	250,000	250,000

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 2014.

OPTIONS

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

No units have been issued during the year 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 year.

REPORT OF THE TRUSTEE-MANAGER

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 ("Audit Committee") during the year, at the end of the year and 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 year ended 31 December 2013 before their submission to the Board of Directors of the Trustee-Manager ("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.

BOARD OPINION ON THE ADEQUACY OF INTERNAL CONTROLS

The Board, through the Audit Committee, has conducted a review of the effectiveness of the Group's internal control systems for the year ended 31 December 2013 covering all material financial, operational and compliance and information technology controls as well as risk management functions, and is satisfied that such systems are effective and adequate.

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	**Ip Sing Chi**
Director	Director

11 February 2014

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 68 and 69 are drawn up so as to give a true and fair view of the results of the business of the Group for the year ended 31 December 2013;

(b) the statements of financial position set out on pages 70 and 71 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Trust at 31 December 2013;

(c) the statements of changes in equity set out on pages 73 and 74 are drawn up so as to give a true and fair view of the changes in equity of the Group and of the Trust for the year ended 31 December 2013;

(d) the consolidated statement of cash flows set out on page 72 is drawn up so as to give a true and fair view of the cash flows of the Group for the year ended 31 December 2013; and

(e) at the date of this statement, there are reasonable grounds to believe that the Trustee-Manager will be able to fulfill, out of the Trust's property, the Trust's debts as and when they fall due.

In accordance with Section 86(2) of the Business Trusts Act, Chapter 31A of Singapore, 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 year 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 year ended 31 December 2013 for issue.

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

John Edward Wenham Meredith
Director

Ip Sing Chi
Director

11 February 2014

STATEMENT BY THE CHIEF EXECUTIVE OFFICER

In accordance with Section 86(3) of the Business Trusts Act, Chapter 31A of Singapore, 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.

Yim Lui Fai, Gerry
Chief Executive Officer
11 February 2014

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 68 to 118, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Trust as at 31 December 2013, 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 financial year then ended, 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 Trusts 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 2013, and of the results, changes in equity and cash flows of the Group and the changes in equity of the Trust for the financial year ended on that date.

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 have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 11 February 2014

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 HK$'000	2012* HK$'000
Revenue and other income	4	12,384,386	12,427,056
Cost of services rendered		(4,494,361)	(4,312,854)
Staff costs		(288,327)	(267,883)
Depreciation and amortisation		(2,853,469)	(2,752,536)
Other operating income		82,406	83,358
Other operating expenses		(898,830)	(830,629)
Total operating expenses		(8,452,581)	(8,080,544)
Operating profit	5	3,931,805	4,346,512
Interest and other finance costs	6	(641,438)	(598,423)
Share of profits less losses after tax of associated companies		19,385	20,865
Share of profits less losses after tax of joint ventures		101,284	140,567
Profit before tax		3,411,036	3,909,521
Tax	7	(409,071)	(376,456)
Profit for the year		3,001,965	3,533,065
Allocated as: Profit attributable to non-controlling interests		(1,327,181)	(1,296,201)
Profit attributable to unitholders of HPH Trust		1,674,784	2,236,864
		HK cents	**HK cents**
Earnings per unit attributable to unitholders of HPH Trust	9	19.23	25.68

* The figures were restated as the Group has adopted HKAS 19 (2011) "Employee Benefits" with retrospective effect

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2013

		2013 HK$'000	2012* HK$'000
Comprehensive income:			
Profit for the year		3,001,965	3,533,065
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit plans		258,993	(59,161)
Items that may be reclassified subsequently to profit or loss:			
Investments			
Valuation gains taken to reserves		12,284	10,800
Currency translation differences		85,322	16,768
Total comprehensive income for the year		3,358,564	3,501,472
Allocated as:	Attributable to non-controlling interests	(1,362,750)	(1,303,413)
	Attributable to unitholders of HPH Trust	1,995,814	2,198,059

Note:
Items shown within other comprehensive income have no tax effect.

* The figures were restated as the Group has adopted HKAS 19 (2011) "Employee Benefits" with retrospective effect

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2013

	Note	2013 HK$'000	2012 HK$'000
ASSETS			
Non-current assets			
Fixed assets	10	28,123,057	26,247,876
Projects under development	11	1,847,826	1,315,394
Leasehold land and land use rights	12	44,579,430	44,958,859
Railway usage rights	13	15,941	16,004
Customer relationships	14(a)	7,507,008	7,841,214
Goodwill	14(b)	42,500,443	41,629,044
Associated companies	15	150,814	139,657
Joint ventures	16	2,515,878	2,548,819
Investments	17	832,038	820,448
Deferred tax assets	18	12,929	9,000
		128,085,364	125,526,315
Current assets			
Cash and cash equivalents	19	5,818,662	6,168,840
Trade and other receivables	20	3,101,331	3,022,643
Inventories		160,664	132,366
		9,080,657	9,323,849
Current liabilities			
Trade and other payables	21	6,582,175	7,713,667
Bank loans	22	10,799,156	32,660
Current tax liabilities		238,177	220,434
		17,619,508	7,966,761
Net current (liabilities)/assets		(8,538,851)	1,357,088
Total assets less current liabilities		119,546,513	126,883,403
Non-current liabilities			
Bank loans	22	22,999,370	29,108,685
Pension obligations	23	115,582	347,515
Deferred tax liabilities	18	12,179,387	11,900,602
Other non-current liabilities		20,507	19,479
		35,314,846	41,376,281
Net assets		84,231,667	85,507,122
EQUITY			
Units in issue	24	68,553,839	68,539,835
Reserves		(3,384,890)	(1,383,782)
Net assets attributable to unitholders of HPH Trust		65,168,949	67,156,053
Non-controlling interests		19,062,718	18,351,069
Total equity		84,231,667	85,507,122

STATEMENT OF FINANCIAL POSITION OF HUTCHISON PORT HOLDINGS TRUST

AT 31 DECEMBER 2013

	Note	2013 HK$'000	2012 HK$'000
ASSETS			
Non-current asset			
Investment in a subsidiary	25	63,719,174	65,057,632
Current assets			
Cash and cash equivalents	19	1,762	2,456
Trade and other receivables	20	1,867	1,943
		3,629	4,399
Current liability			
Trade and other payables	21	63,216	67,119
Net current liabilities		(59,587)	(62,720)
Total assets less current liabilities		63,659,587	64,994,912
EQUITY			
Units in issue	24	68,553,839	68,539,835
Reserves		(4,894,252)	(3,544,923)
Total equity		63,659,587	64,994,912

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 HK$'000	2012 HK$'000
Operating activities			
Cash generated from operations	26	6,210,419	5,634,474
Interest and other finance costs paid		(475,818)	(478,598)
Tax paid		(579,993)	(744,741)
Net cash from operating activities		5,154,608	4,411,135
Investing activities			
Acquisition of subsidiary companies	27	(3,868,054)	–
Purchase of fixed assets and additions to projects under development		(705,796)	(750,457)
Proceeds on disposal of fixed assets and investment		11,549	3,634
Dividends received from investments		65,728	29,366
Dividends received from associated companies and joint ventures		143,992	200,876
Interest received		58,444	94,219
Net cash used in investing activities		(4,294,137)	(422,362)
Financing activities			
Drawdown of bank loans		32,080,000	–
Repayment of bank loans		(27,432,769)	(32,620)
Upfront debt transaction costs and facilities fee of bank loans		(148,400)	–
Capital contribution from non-controlling interests		119,419	–
Repayment of loan by a joint venture		3,050	5,000
Distributions to unitholders of HPH Trust		(3,996,922)	(4,132,367)
Dividends to non-controlling interests		(1,835,027)	(1,550,402)
Net cash used in financing activities		(1,210,649)	(5,710,389)
Net change in cash and cash equivalents		(350,178)	(1,721,616)
Cash and cash equivalents at beginning of the year		6,168,840	7,890,456
Cash and cash equivalents at end of the year	19	5,818,662	6,168,840

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2013

Group	Units in issue HK$'000	Exchange and other reserves HK$'000	Revaluation reserve HK$'000	Pension reserve HK$'000	(Accumulated losses)/ retained profits HK$'000	Attributable to unitholders HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2013 as previously reported	68,539,835	42,217	8,241	(315,151)	(1,119,089)	67,156,053	18,351,069	85,507,122
Prior year adjustment on changes in an accounting policy*	–	–	–	90,765	(90,765)	–	–	–
At 1 January 2013 as restated	68,539,835	42,217	8,241	(224,386)	(1,209,854)	67,156,053	18,351,069	85,507,122
Comprehensive income:								
Profit for the year	–	–	–	–	1,674,784	1,674,784	1,327,181	3,001,965
Investments:								
Valuation gains taken to reserves	–	–	12,284	–	–	12,284	–	12,284
Currency translation differences	–	49,753	–	–	–	49,753	35,569	85,322
Remeasurement of defined benefit plans	–	–	–	258,993	–	258,993	–	258,993
Total comprehensive income	–	49,753	12,284	258,993	1,674,784	1,995,814	1,362,750	3,358,564
Transactions with owners:								
Issuance of units	14,004	–	–	–	–	14,004	–	14,004
Equity contribution from non-controlling interests	–	–	–	–	–	–	119,419	119,419
Distributions	–	–	–	–	(3,996,922)	(3,996,922)	–	(3,996,922)
Dividends	–	–	–	–	–	–	(770,520)	(770,520)
At 31 December 2013	68,553,839	91,970	20,525	34,607	(3,531,992)	65,168,949	19,062,718	84,231,667
At 1 January 2012 as previously reported	68,539,835	32,661	(2,559)	(204,476)	724,900	69,090,361	18,932,661	88,023,022
Prior year adjustment on changes in an accounting policy*	–	–	–	39,251	(39,251)	–	–	–
At 1 January 2012 as restated	68,539,835	32,661	(2,559)	(165,225)	685,649	69,090,361	18,932,661	88,023,022
Comprehensive income:								
Profit for the year*	–	–	–	–	2,236,864	2,236,864	1,296,201	3,533,065
Investments:								
Valuation gains taken to reserves	–	–	10,800	–	–	10,800	–	10,800
Currency translation differences	–	9,556	–	–	–	9,556	7,212	16,768
Remeasurement of defined benefit plans*	–	–	–	(59,161)	–	(59,161)	–	(59,161)
Total comprehensive income/(loss)	–	9,556	10,800	(59,161)	2,236,864	2,198,059	1,303,413	3,501,472
Transactions with owners:								
Distributions	–	–	–	–	(4,132,367)	(4,132,367)	–	(4,132,367)
Dividends	–	–	–	–	–	–	(1,885,005)	(1,885,005)
At 31 December 2012	68,539,835	42,217	8,241	(224,386)	(1,209,854)	67,156,053	18,351,069	85,507,122

* The figures were restated as the Group has adopted HKAS 19 (2011) "Employee Benefits" with retrospective effect

STATEMENT OF CHANGES IN EQUITY OF HUTCHISON PORT HOLDINGS TRUST

FOR THE YEAR ENDED 31 DECEMBER 2013

Trust	Units in issue HK$'000	Accumulated losses HK$'000	Attributable to unitholders HK$'000
At 1 January 2013	68,539,835	(3,544,923)	64,994,912
Profit and total comprehensive income for the year	–	2,647,593	2,647,593
Transaction with owners:			
Issuance of units	14,004	–	14,004
Distributions	–	(3,996,922)	(3,996,922)
At 31 December 2013	68,553,839	(4,894,252)	63,659,587
At 1 January 2012	68,539,835	(1,275,554)	67,264,281
Profit and total comprehensive income for the year	–	1,862,998	1,862,998
Transaction with owners:			
Distributions	–	(4,132,367)	(4,132,367)
At 31 December 2012	68,539,835	(3,544,923)	64,994,912

NOTES TO THE ACCOUNTS

1 GENERAL INFORMATION

Hutchison Port Holdings Trust is a business trust constituted by a deed of trust dated 25 February 2011 ("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 ("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 ("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.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The accounts have been prepared in accordance with Hong Kong Financial Reporting Standards ("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 IFRSs.

At 31 December 2013, HPH Trust and its subsidiary companies ("Group") recorded net current liabilities of HK$8.5 billion, mainly resulting from unsecured bank loans of HK$10.8 billion which will mature in March to November 2014. Management has taken various measures in strengthening the Group's liquidity position and as at the date of approval of these accounts, the Group has received various refinancing offers from a number of financial institutions and is in the process of considering and evaluating these offers in the best interests of its unitholders. Management expects to complete the refinancing arrangement before the expiry of the existing loans. Based on the Group's history of its ability to obtain external financing, its operating performance and its expected future working capital requirements, management believes that there are sufficient financial resources available to the Group to meet its liabilities as and when they fall due. Accordingly, these consolidated accounts have been prepared on a going concern basis.

The preparation of accounts in conformity with HKFRS requires management to exercise its judgement in the process of applying the accounting policies of 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.

NOTES TO THE ACCOUNTS

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of standards and amendments

On 1 January 2013, the Group has adopted the following standards and amendments which are relevant to the Group's operations and are mandatory for the year ended 31 December 2013:

Amendments to HKFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
Annual Improvements 2009 – 2011 Cycle	
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance

Except as described below, the adoption of the above standards and amendments have no material effects on the results and financial position of the Group.

The adoption of HKAS 19 (2011) "Employee Benefits" on 1 January 2013 has retrospective effect. The revised standard calculates interest expense/income by applying the discount rate to the net defined benefit liability/asset. This replaces the interest cost on the defined benefit obligation and the expected return on plan assets. The effects on adoption of the revised standard were as follows:

Consolidated income statement

	2013 HK$'000	2012 HK$'000
Increase in cost of services rendered	51,415	45,340
Increase in staff costs	6,889	6,174
Decrease in profit attributable to unitholders of HPH Trust	58,304	51,514
	HK cents	**HK cents**
Decrease in earnings per unit attributable to unitholders of HPH Trust	0.67	0.59

NOTES TO THE ACCOUNTS

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of standards and amendments (Continued)

Consolidated statement of comprehensive income

	2013 HK$'000	2012 HK$'000
Decrease in profit for the year	58,304	51,514
Increase in other comprehensive income	58,304	51,514
	–	–

Consolidated statement of financial position

	2013 HK$'000	2012 HK$'000
Increase in pension reserve	149,069	90,765
Decrease in retained profits	(149,069)	(90,765)

In addition, the Group adopted HKFRS 10 on 1 January 2013. The accounting policy for subsidiary companies will be revised as follows:

A subsidiary company is an entity in which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. 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 Group assessed that adoption of HKFRS 10 did not result in any change in the determination of control over its subsidiary companies.

The Group adopted HKFRS 11 on 1 January 2013. Under HKFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures and therefore adopt equity method of accounting to account for investments in joint ventures.

The Group also adopted HKFRS 12 on 1 January 2013 which included the disclosure requirements for all forms of interests in other entities.

HKFRS 13 establishes a single source of guidance under HKFRS for all fair value measurements. HKFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under HKFRS when fair value is required or permitted. The application of HKFRS 13 has not materially impacted the fair value measurements carried out by the Group.

HKFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including HKFRS 7 Financial Instruments: Disclosures. The Group provides these disclosures in Note 30(g).

NOTES TO THE ACCOUNTS

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of standards and amendments (Continued)

The amendments to HKAS 1 introduce a grouping of items presented in other comprehensive income. Items that could be reclassified to profit or loss at a future point in time now have to be presented separately from items that will never be reclassified. The adoption of these amendments affected presentation only and had no impact on the Group's results of operations or financial position.

Standards, amendments and interpretation which are not yet effective

At the date of authorisation of the accounts, the following standards, amendments and interpretation were in issue but not yet effective and have not been adopted early by the Group:

Amendments to HKAS 32 (1)	Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 12 and HKAS 27(2011) (1)	Investment Entities
Amendments to HKAS 19(2011) (2)	Defined Benefit Plans: Employee Contributions
Amendments to HKAS 36 (1)	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39 (1)	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21 (1)	Levies
HKFRS 9 (3)	Financial Instruments (Hedge Accounting and Amendments to HKFRS 7, HKFRS 9 and HKAS 39)
Annual Improvements to HKFRSs 2010 – 2012 Cycle (2)	
Annual Improvements to HKFRSs 2011 – 2013 Cycle (2)	

(1) Effective for annual periods beginning 1 January 2014

(2) Effective for annual periods beginning 1 July 2014

(3) The original effective date of 1 January 2015 was removed and it will be set once the other phase of HKFRS 9 is completed and finalised

The adoption of standards, amendments and interpretation listed above is not expected to result in substantial changes to the Group's accounting policies.

(a) Basis of consolidation

The consolidated accounts of the Group for the year ended 31 December 2013 include all its direct and indirect subsidiary companies and also incorporate the interest in associated companies and joint ventures on the basis set out in Notes 2(c) and 2(d) below. Results of subsidiary companies, associated companies and joint ventures acquired or disposed of during the year are included as from their effective dates of acquisition to 31 December 2013 or up to the dates of disposal as the case may be. The acquisition of subsidiary companies is accounted for using the purchase method.

NOTES TO THE ACCOUNTS

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Subsidiary companies

A subsidiary company is an entity in which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. 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. In the unconsolidated accounts of the holding company, investments in subsidiary companies are carried at cost less provision for impairment in value.

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.

(c) Associated companies

An associate is an entity, other than a subsidiary company or a joint venture, 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.

Joint ventures involve the establishment of separate entities. The results and assets and liabilities of joint ventures 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.

NOTES TO THE ACCOUNTS

2 BASIS OF PREPARATION AND 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 comprise 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 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.

NOTES TO THE ACCOUNTS

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Goodwill (Continued)

Goodwill arising on acquisition is retained at the carrying amount as a separate asset or, as applicable, included within investments in associated companies and joint ventures 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 joint venture 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.

(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 year 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 tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the 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 and 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.

(l) Investments

Investments (other than investments in subsidiary companies, associated companies or joint ventures) 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 are removed from revaluation reserve and recognised in the income statement.

NOTES TO THE ACCOUNTS

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 the 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.

(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 on 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.

NOTES TO THE ACCOUNTS

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(u) 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 the 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

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

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 the reporting period.

The accounts of foreign operations (i.e. subsidiary companies, associated companies, joint ventures or branches whose activities are based or conducted in a country or currency other than those of the Trust) are translated into Hong Kong dollars using the year end rates of exchange for the 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. Exchange differences arising from foreign currency borrowings and other currency instruments designated as hedges of such overseas investments, are recognised in other comprehensive income and accumulated under the heading of exchange reserve.

NOTES TO THE ACCOUNTS

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Foreign exchange (Continued)

Exchange differences arising from translation of inter-company loan balances between 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 net investment in a foreign entity. On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange gains or losses accumulated in exchange reserve in respect of that operation attributable to the owners of the Company are transferred out of the exchange reserve and are recognised in the income statement.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests and is not recognised in the income statement. For all other partial disposals (i.e. partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is transferred out of the exchange reserve and is recognised in the income statement.

All other exchange differences are recognised in the income statement.

(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 remains 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 and other income recognition

Revenue is recognised:

(i) for ports and related services and transportation and logistics solutions, when the service is rendered; and
(ii) for management and service fee income and system development and support fees, when the service is rendered.

Interest income is recognised on a time proportion basis using the effective interest method.

NOTES TO THE ACCOUNTS

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

Note 2 includes a summary of the significant accounting policies used in the preparation of the accounts. The preparation of accounts often requires the use of judgements to select specific accounting methods and policies from several acceptable alternatives. Furthermore, 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 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 and is recognised in other comprehensive income.

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. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the income statement.

NOTES TO THE ACCOUNTS

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT (CONTINUED)

(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.

(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 that are subject to amortisation 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.

NOTES TO THE ACCOUNTS

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT (CONTINUED)

(e) Accrual of net revenue

Revenue is accrued at period end with reference to the throughput handled and the terms of agreements for 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 management. This estimate is based on the latest tariff and other industry considerations 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 (2011), 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 the 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.

(g) Tax

The Group is subject to income taxes in different jurisdictions. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were previously recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

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.

NOTES TO THE ACCOUNTS

4 REVENUE AND OTHER INCOME AND SEGMENT INFORMATION

(a) Revenue and other income

	2013 HK$'000	2012 HK$'000
Revenue		
Rendering of port and related services	11,997,758	11,966,540
Rendering of transportation and logistics solutions	235,626	280,917
Management and service fee income	65,507	63,048
System development and support fees	24,964	24,571
Others	2,471	1,482
	12,326,326	12,336,558
Other income		
Interest income	58,060	90,498
	12,384,386	12,427,056

(b) Segment information

The chief operating decision maker has been determined to be the executive committee of HPH Trust ("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		Non-current assets	
	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000
Hong Kong	5,590,010	5,720,669	52,448,187	48,878,586
Mainland China	6,794,376	6,706,387	75,637,177	76,647,729
	12,384,386	12,427,056	128,085,364	125,526,315

NOTES TO THE ACCOUNTS

5 OPERATING PROFIT

Operating profit is stated after crediting and charging the following:

	2013 HK$'000	2012* HK$'000
Crediting		
Dividend income from the River Ports Economic Benefits (Note 17b)	48,671	76,955
Net exchange gain	2,807	–
Charging		
Auditor's remuneration		
- audit services	13,380	12,127
- non-audit services	1,263	415
Amortisation		
- leasehold land and land use rights	1,287,083	1,265,572
- railway usage rights	571	556
- customer relationships	334,206	329,830
Depreciation of fixed assets	1,231,609	1,156,578
Net loss on disposal of fixed assets	14,961	7,238
Operating lease rentals		
- office premises and port facilities	65,469	76,184
Staff costs included in cost of services rendered	1,152,151	1,011,565
Net exchange loss	–	60,428

6 INTEREST AND OTHER FINANCE COSTS

	2013 HK$'000	2012 HK$'000
Interest and other finance costs on:		
Bank loans and overdrafts	484,558	475,138
Loans from non-controlling interests	1,518	1,523
Other finance costs	155,362	121,762
	641,438	598,423

7 TAX

	2013 HK$'000	2012 HK$'000
Current tax	607,121	685,090
Deferred tax (Note 18)	(198,050)	(308,634)
	409,071	376,456

* The figures were restated as the Group has adopted HKAS 19 (2011) "Employee Benefits" with retrospective effect

NOTES TO THE ACCOUNTS

7 TAX (CONTINUED)

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:

	2013 HK$'000	2012* HK$'000
Profit before tax excluding share of profits less losses after tax of joint ventures and associated companies	3,290,367	3,748,089
Tax calculated at weighted average tax rate of 24.8% (2012: 23.0%)	814,580	862,837
Tax exemption in the PRC	(564,711)	(608,765)
Income not subject to tax	(12,500)	(13,966)
Expenses not deductible for tax purposes	60,762	58,970
Withholding tax on unremitted earnings	122,805	122,023
Utilisation of previously unrecognised tax losses	(13,016)	(5,822)
Under/(over) provision in prior year	748	(42,259)
Others	403	3,438
Total tax	409,071	376,456

8 DISTRIBUTIONS

	2013 HK$'000	2012 HK$'000
For the period from 1 July 2011 to 31 December 2011		
Distribution of 23.40 HK cents per unit	–	2,037,880
For the period from 1 January 2012 to 30 June 2012		
Distribution of 24.05 HK cents per unit	–	2,094,487
For the period from 1 July 2012 to 31 December 2012		
Distribution of 27.19 HK cents per unit	2,367,947	–
For the period from 1 January 2013 to 30 June 2013		
Distribution of 18.70 HK cents per unit	1,628,975	–
	3,996,922	4,132,367

On 11 February 2014, the Board of Directors of the Trustee-Manager recommended the distribution of 22.30 HK cents per unit for the financial result from 1 July 2013 to 31 December 2013 (2012: 27.19 HK cents per unit) amounting to HK$1,942.6 million (2012: HK$2,367.9 million) and payable on 28 March 2014. 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 2014.

9 EARNINGS PER UNIT

The calculation of earnings per unit is based on profit attributable to unitholders of HPH Trust of HK$1,674,784,000 for the year ended 31 December 2013 (2012*: HK$2,236,864,000) and on 8,710,597,787 units in issue (2012: 8,708,888,000 units in issue), which is the weighted average number of units for the year ended 31 December 2013.

Diluted earnings per unit is the same as the basic earnings per unit for the years ended 31 December 2013 and 2012.

* The figures were restated as the Group has adopted HKAS 19 (2011) "Employee Benefits" with retrospective effect

NOTES TO THE ACCOUNTS

10 FIXED ASSETS

Group	Properties HK$'000	Container handling equipment HK$'000	Barges HK$'000	Other assets HK$'000	Total HK$'000
2013					
Opening net book amount	17,774,591	8,107,310	21,255	344,720	26,247,876
Acquisition of subsidiary companies (Note 27)	1,974,734	522,783	–	26,027	2,523,544
Additions	35,690	168,428	8,853	21,009	233,980
Transfer from projects under development (Note 11)	78,140	225,442	–	35,345	338,927
Disposals	(13)	(22,532)	(819)	(744)	(24,108)
Depreciation	(600,000)	(561,577)	(3,937)	(66,095)	(1,231,609)
Currency translation differences	26,866	7,026	–	555	34,447
Closing net book amount	19,290,008	8,446,880	25,352	360,817	28,123,057
At 31 December 2013					
Cost	20,908,184	10,089,822	35,188	559,933	31,593,127
Accumulated depreciation	(1,618,176)	(1,642,942)	(9,836)	(199,116)	(3,470,070)
Net book amount	19,290,008	8,446,880	25,352	360,817	28,123,057
2012					
Opening net book amount	18,043,905	8,355,701	19,718	345,654	26,764,978
Additions	26,722	95,464	5,541	3,109	130,836
Transfer from projects under development (Note 11)	263,568	184,239	–	63,077	510,884
Disposals	(430)	(9,557)	–	(885)	(10,872)
Depreciation	(565,949)	(520,304)	(4,004)	(66,321)	(1,156,578)
Currency translation differences	6,775	1,767	–	86	8,628
Closing net book amount	17,774,591	8,107,310	21,255	344,720	26,247,876
At 31 December 2012					
Cost	18,784,719	9,097,162	28,166	481,274	28,391,321
Accumulated depreciation	(1,010,128)	(989,852)	(6,911)	(136,554)	(2,143,445)
Net book amount	17,774,591	8,107,310	21,255	344,720	26,247,876

NOTES TO THE ACCOUNTS

11 PROJECTS UNDER DEVELOPMENT

Group	2013 HK$'000	2012 HK$'000
At beginning of the year	1,315,394	1,349,681
Additions	836,644	469,147
Transfer to fixed assets (Note 10)	(338,927)	(510,884)
Currency translation differences	34,715	7,450
At end of the year	1,847,826	1,315,394

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

12 LEASEHOLD LAND AND LAND USE RIGHTS

Group	2013 HK$'000	2012 HK$'000
Net book value		
At beginning of the year	44,958,859	46,221,315
Acquisition of subsidiary companies (Note 27)	896,372	–
Disposals	(1,833)	–
Amortisation	(1,287,083)	(1,265,572)
Currency translation differences	13,115	3,116
At end of the year	44,579,430	44,958,859

13 RAILWAY USAGE RIGHTS

Group	2013 HK$'000	2012 HK$'000
Net book value		
At beginning of the year	16,004	16,431
Amortisation	(571)	(556)
Currency translation differences	508	129
At end of the year	15,941	16,004

NOTES TO THE ACCOUNTS

14 INTANGIBLE ASSETS

(a) Customer relationships

Group	2013 HK$'000	2012 HK$'000
Net book value		
At beginning of the year	7,841,214	8,171,044
Amortisation	(334,206)	(329,830)
At end of the year	7,507,008	7,841,214

(b) Goodwill

Group	2013 HK$'000	2012 HK$'000
At beginning of the year	41,629,044	41,594,064
Acquisition of subsidiary companies (Note 27)	871,399	–
Finalisation of the purchase price allocation	–	34,980
At end of the year	42,500,443	41,629,044

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:

	2013 HK$'000	2012 HK$'000
Hong Kong	21,537,401	20,666,002
Mainland China	20,963,042	20,963,042
	42,500,443	41,629,044

For the purpose of impairment test, the recoverable amount of a CGU is determined primarily 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 values at 2-3% (2012: 2-3%) growth rates are determined by considering both internal and external factors relating to the port operation. Discount rates used of 8-10% (2012: 8-10%) per annum reflect specific risks relating to the relevant business.

NOTES TO THE ACCOUNTS

15 ASSOCIATED COMPANIES

Group	2013 HK$'000	2012 HK$'000
Share of net assets	150,814	139,657

Details of the principal associated company at 31 December 2013 are as follows:

Name	Place of establishment	Principal activities	Interest held
Shenzhen Yantian Tugboat Company Ltd.[1]	PRC	Provision of tugboat services in the PRC	23.84%

[1] Audited by PricewaterhouseCoopers network firm

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

	2013 HK$'000	2012 HK$'000
Revenue	259,376	274,990
Net profit for the year	63,535	67,634

	2013 HK$'000	2012 HK$'000
Total assets	568,894	586,208
Total liabilities	99,640	154,149

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

	2013 HK$'000	2012 HK$'000
Share of revenue	79,762	85,207
Share of results	19,385	20,865

NOTES TO THE ACCOUNTS

16 JOINT VENTURES

Group	2013 HK$'000	2012 HK$'000
Share of net assets	2,498,428	2,528,319
Loan to a joint venture	17,450	20,500
	2,515,878	2,548,819

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

Details of principal joint ventures at 31 December 2013 are as follows:

Name	Place of establishment	Principal activities	Interest held
COSCO-HIT Terminals (Hong Kong) Limited [1]	Hong Kong	Development and operation of a container terminal	50.00%
Beijing Leading Edge Container Services Company Limited [1]	PRC	Provision of logistic services	50.00%
Mercury Sky Group Limited [2]	British Virgin Islands	Investment holding	50.00%
Shenzhen Leading Edge Port Services Co. Ltd. [1]	PRC	Provision of port agency services	49.00%
Yantian Port International Information Company Limited [1]	PRC	Provision of electronic port community system	28.21%

[1] Audited by PricewaterhouseCoopers network firms
[2] Not required to be audited under the laws of the country of incorporation

NOTES TO THE ACCOUNTS

16 JOINT VENTURES (CONTINUED)

The aggregate amounts of revenue, results, assets and liabilities of the joint ventures are as follows:

	2013 HK$'000	2012 HK$'000
Revenue	1,008,117	1,048,819
Net profit for the year	202,566	281,135

	2013 HK$'000	2012 HK$'000
Non-current assets	6,564,529	6,750,296
Current assets	1,319,169	1,253,153
Total assets	7,883,698	8,003,449
Non-current liabilities	2,204,808	2,212,757
Current liabilities	794,706	849,053
Total liabilities	2,999,514	3,061,810

The Group's share of revenues and results of joint ventures are as follows:

	2013 HK$'000	2012 HK$'000
Share of revenue	502,425	522,720
Share of results	101,284	140,567

17 INVESTMENTS

Group	2013 HK$'000	2012 HK$'000
Listed equity security	57,038	44,888
Unlisted equity security (Note a)	–	560
River Ports Economic Benefits (Note b)	775,000	775,000
	832,038	820,448

Notes:

(a) The unlisted equity security is a 5% interest in Shenzhen Hutchison Whampoa Logistics Limited. During the year, the investment was disposed at cost.

(b) The River Ports Economic Benefits represent the economic interest and benefits of the river ports in Nanhai, Jiangmen and Zhuhai Jiuzhou, PRC (together "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.

NOTES TO THE ACCOUNTS

18 DEFERRED TAX

Group	2013 HK$'000	2012 HK$'000
Deferred tax assets	(12,929)	(9,000)
Deferred tax liabilities	12,179,387	11,900,602
Net deferred tax liabilities	12,166,458	11,891,602

The movements in deferred income tax (assets)/liabilities during the year are 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
2013						
At 1 January 2013	(13,922)	534,632	11,236,948	134,269	(325)	11,891,602
Acquisition of subsidiary companies (Note 27)	–	143,850	329,202	–	(52)	473,000
Tax (credited)/charged to income statement	(8,099)	36,648	(277,594)	50,985	10	(198,050)
Other temporary differences	–	–	(67)	–	(27)	(94)
At 31 December 2013	(22,021)	715,130	11,288,489	185,254	(394)	12,166,458
2012						
At 1 January 2012	(14,207)	518,904	11,506,874	189,445	(352)	12,200,664
Tax charged/(credited) to income statement	285	15,732	(269,859)	(54,823)	31	(308,634)
Other temporary differences	–	(4)	(67)	(353)	(4)	(428)
At 31 December 2012	(13,922)	534,632	11,236,948	134,269	(325)	11,891,602

NOTES TO THE ACCOUNTS

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$456,336,000 at 31 December 2013 (2012: HK$525,387,000) to carry forward against future taxable income. Of these, HK$445,117,000 (2012: HK$497,788,000) can be carried forward indefinitely. The remaining HK$11,219,000 (2012: HK$27,599,000) expires in the following years:

	2013 HK$'000	2012 HK$'000
In the first year	3,674	13,209
In the second year	–	7,150
In the third year	–	–
In the fourth year	7,545	–
In the fifth year	–	7,240
	11,219	27,599

(c) Deferred tax liabilities are calculated in full on temporary differences under the liabilities method using the tax rate of the countries in which the Group operated. The temporary differences are for accelerated depreciation allowances, fair value adjustments arising from acquisitions and withholding taxes arising from unremitted earnings.

19 CASH AND CASH EQUIVALENTS

Group	2013 HK$'000	2012 HK$'000
Cash at bank and on hand	232,063	182,408
Short-term bank deposits	5,586,599	5,986,432
	5,818,662	6,168,840

Trust	2013 HK$'000	2012 HK$'000
Cash at bank and on hand	1,762	2,456

NOTES TO THE ACCOUNTS

19 CASH AND CASH EQUIVALENTS (CONTINUED)

Cash and cash equivalents are denominated in the following currencies:

Group	2013 Percentage	2012 Percentage
Hong Kong dollar	36%	48%
Renminbi	45%	49%
United States dollar	19%	3%
	100%	100%

Trust	2013 Percentage	2012 Percentage
Hong Kong dollar	38%	45%
United States dollar	20%	36%
Singapore dollar	42%	19%
	100%	100%

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

20 TRADE AND OTHER RECEIVABLES

Group	2013 HK$'000	2012 HK$'000
Trade receivables	2,514,553	2,387,373
Less : Provision for impairment of receivables	(14,553)	(14,843)
	2,500,000	2,372,530
Other receivables and prepayments	332,597	337,168
Amounts due from related companies (Note a)	40,117	51,189
Amounts due from joint ventures (Note a)	217,316	252,341
Amounts due from associated companies (Note a)	11,301	9,415
	3,101,331	3,022,643

Trust	2013 HK$'000	2012 HK$'000
Other receivables and prepayments	1,837	1,913
Amount due from a related company	30	30
	1,867	1,943

NOTES TO THE ACCOUNTS

20 TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade and other receivables are denominated in the following currencies:

Group	2013 Percentage	2012 Percentage
Hong Kong dollar	73%	70%
Renminbi	18%	22%
United States dollar	9%	8%
	100%	100%

Trust	2013 Percentage	2012 Percentage
Hong Kong dollar	50%	60%
Singapore dollar	50%	40%
	100%	100%

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 related companies, associated companies and joint ventures of the Group and of the Trust are unsecured, interest free and have no fixed terms of repayment (2012: HK$9,277,000 of the Group were interest bearing at Hong Kong Interbank Offered Rate plus 1.15%).

(b) At 31 December 2013, trade receivables of the Group amounting to HK$1,238,284,000 (2012: HK$1,728,911,000) 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:

	2013 HK$'000	2012 HK$'000
Up to 2 months	745,066	1,249,269
2 to 3 months	341,225	250,035
Over 3 months	151,993	229,607
	1,238,284	1,728,911

(c) At 31 December 2013, trade receivables of the Group amounting to HK$14,553,000 (2012: HK$14,843,000) were impaired and provided for. The impaired receivables are balances in dispute with customers. The Group does not hold any collateral over these balances.

NOTES TO THE ACCOUNTS

20 TRADE AND OTHER RECEIVABLES (CONTINUED)

Movements of provisions for impairment of trade receivables of the Group are as follows:

	2013 HK$'000	2012 HK$'000
At beginning of the year	14,843	9,910
Provision for impairment	6,824	6,522
Write back of provision for impairment of receivables	(6,096)	(1,354)
Receivables written off as uncollectible	(1,018)	(246)
Currency translation differences	–	11
At end of the year	14,553	14,843

The creation and release of provisions for impairment of receivables have been included in the 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 receivables mentioned above.

21 TRADE AND OTHER PAYABLES

Group	2013 HK$'000	2012 HK$'000
Trade payables, other payables and accruals	6,113,405	5,791,114
Loans from non-controlling interests (Note a)	378,551	798,017
Amounts due to related companies (Note b)	90,219	83,200
Dividends payable to non-controlling interests	–	1,041,336
	6,582,175	7,713,667

Trust	2013 HK$'000	2012 HK$'000
Trade payables, other payables and accruals	19,516	14,425
Amounts due to:		
- a related company (Note b)	11,837	11,157
- a subsidiary company (Note b)	31,863	41,537
	63,216	67,119

NOTES TO THE ACCOUNTS

21 TRADE AND OTHER PAYABLES (CONTINUED)

Trade and other payables are denominated in the following currencies:

Group	2013 Percentage	2012 Percentage
Hong Kong dollar	76%	78%
Renminbi	22%	21%
United States dollar	2%	1%
	100%	100%

Trust	2013 Percentage	2012 Percentage
Hong Kong dollar	54%	84%
United States dollar	19%	16%
Singapore dollar	27%	0%
	100%	100%

At 31 December 2013, 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 of the Group are unsecured, interest free except for an amount of HK$30,380,000 (2012: HK$30,380,000) which bears interest at Hong Kong Dollar Prime Rate (2012: bears interest at Hong Kong Dollar Prime Rate) and has no fixed terms of repayment.

(b) Amounts due to related companies and a subsidiary company of the Group and of the Trust are unsecured, interest fee and have no fixed terms of repayment.

22 BANK LOANS

Group	Current portion HK$'000	Non-current portion HK$'000	Total HK$'000
2013			
Unsecured bank loans	10,827,700	22,966,900	33,794,600
Secured bank loans	5,120	130,560	135,680
Total principal amount of bank loans	10,832,820	23,097,460	33,930,280
Unamortised loan facilities fees	(33,664)	(98,090)	(131,754)
At 31 December 2013	10,799,156	22,999,370	33,798,526
2012			
Unsecured bank loans	27,700	5,714,600	5,742,300
Secured bank loans	4,960	23,531,440	23,536,400
Total principal amount of bank loans	32,660	29,246,040	29,278,700
Unamortised loan facilities fees	–	(137,355)	(137,355)
At 31 December 2012	32,660	29,108,685	29,141,345

NOTES TO THE ACCOUNTS

22 BANK LOANS (CONTINUED)

The carrying amounts of bank loans of the Group approximate their fair values as the bank loans bear floating interest rates and are repriced within six months at the prevailing market interest rates. The loans are fully repayable from March 2014 to September 2018 (2012: repayable from February 2014 to November 2016).

The effective interest rate of the Group's bank loans at 31 December 2013 is 1.4% per annum (2012: 1.6% per annum).

Bank loans are denominated in the following currencies:

	2013 Percentage	2012 Percentage
Hong Kong dollar	17%	20%
United States dollar	83%	80%
	100%	100%

At 31 December 2013, assets of the Group totalling HK$244,342,000 (31 December 2012: HK$6,410,509,000) were pledged as security for bank loans.

23 PENSION OBLIGATIONS

Group	2013 HK$'000	2012 HK$'000
Defined benefit plans		
Pension obligations	115,582	347,515

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.

(a) Defined benefit plans

The Group's defined benefit plans in Hong Kong are a contributory final salary pension plan and a non-contributory guaranteed return defined contribution plan. The Group's plans were valued by Towers Watson Hong Kong Limited, qualified actuaries at 31 December 2013 using the projected unit credit method to account for the pension accounting costs in accordance with HKAS 19 (2011) "Employee Benefits".

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

	2013 HK$'000	2012 HK$'000
Present value of defined benefit obligations	1,192,342	1,316,795
Fair value of plan assets	(1,076,760)	(969,280)
Net defined benefit liabilities	115,582	347,515

NOTES TO THE ACCOUNTS

23 PENSION OBLIGATIONS (CONTINUED)

(a) Defined benefit plans (Continued)

The movements in the present value of the defined benefit liabilities and its components are as follows:

	Defined benefits obligations HK$'000	Fair value of plan assets HK$'000	Net defined benefit liabilities HK$'000
2013			
At 1 January	1,316,795	(969,280)	347,515
Net charge/(credit) to the income statement			
Current service cost	55,078	444	55,522
Interest cost/(income)	5,902	(4,343)	1,559
	60,980	(3,899)	57,081
Net credit to other comprehensive income			
Remeasurements loss/(gain):			
Actuarial loss/(gain) arising from:			
Experience adjustment	13,627	–	13,627
Financial assumptions	(127,540)	–	(127,540)
Demographic assumptions	(14,655)	–	(14,655)
Return on plan assets excluding interest income	–	(130,425)	(130,425)
	(128,568)	(130,425)	(258,993)
Other			
Contributions paid by the employer	–	(30,021)	(30,021)
Contributions paid by the employee	7,590	(7,590)	–
Benefits paid	(67,236)	67,236	–
Net transfer in/(out)	2,781	(2,781)	–
At 31 December	1,192,342	(1,076,760)	115,582

NOTES TO THE ACCOUNTS

23 PENSION OBLIGATIONS (CONTINUED)

(a) Defined benefit plans (Continued)

The movements in the present value of the defined benefit liabilities and its components are as follows:

	Defined benefits obligations HK$'000	Fair value of plan assets HK$'000	Net defined benefit liabilities HK$'000
2012			
At 1 January	1,159,115	(893,775)	265,340
Net charge/(credit) to the income statement			
Current service cost	49,043	747	49,790
Interest cost/(income)	14,212	(11,085)	3,127
	63,255	(10,338)	52,917
Net charge/(credit) to other comprehensive income			
Remeasurements loss/(gain):			
Actuarial loss/(gain) arising from:			
Experience adjustment	25,286	–	25,286
Financial assumptions	93,693	–	93,693
Demographic assumptions	1,031	–	1,031
Return on plan assets excluding interest income	–	(60,849)	(60,849)
	120,010	(60,849)	59,161
Other			
Contributions paid by the employer	–	(29,903)	(29,903)
Contributions paid by the employee	7,683	(7,683)	–
Benefits paid	(42,333)	42,333	–
Net transfer in/(out)	9,065	(9,065)	–
At 31 December	1,316,795	(969,280)	347,515

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

	2013 %	2012 %
Discount rate	1.50 – 2.10	0.40 – 0.70
Future salary increases	4.00	4.00
Interest credited on plan accounts	5.00 – 6.00	5.00 – 6.00

NOTES TO THE ACCOUNTS

23 PENSION OBLIGATIONS (CONTINUED)

(a) Defined benefit plans (Continued)

Fair value of the plan assets is analysed as follows:

	2013 HK$'000	2012 HK$'000
Equity instruments	742,966	627,980
Debt instruments	286,599	248,305
Cash and others	47,197	92,995
At 31 December	1,076,762	969,280

	2013 Percentage	2012 Percentage
Equity Instruments		
Conglomerates and manufacturing	7%	5%
Construction and materials	2%	3%
Consumer markets	9%	8%
Energy and utilities	5%	5%
Financial institutions and units trust	20%	20%
Health and care	5%	4%
Insurance	4%	4%
Real estate	5%	6%
Information technology	7%	6%
Others	5%	3%
	69%	64%
Debt instruments		
Government (other than US)	10%	8%
Financial institutions	5%	5%
US Treasury	4%	5%
Others	8%	8%
	27%	26%
Cash and others	4%	10%
	100%	100%

NOTES TO THE ACCOUNTS

23 PENSION OBLIGATIONS (CONTINUED)

(a) Defined benefit plans (Continued)

The debt instruments are analysed by issuer's credit rating as follows:

	2013 Percentage	2012 Percentage
AAa/AAA	26%	30%
Aa1/AA+	15%	14%
Aa2/AA	2%	6%
Aa3/AA-	3%	3%
A1/A+	3%	3%
A2/A	11%	6%
A3/A-	5%	3%
Baa1/BBB+	4%	5%
Baa2/BBB	9%	9%
Other lower grade	7%	2%
No investment grade	15%	19%
	100%	100%

The fair value of the above equity instruments and debt instruments are determined based on quoted market prices.

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 at 31 December 2012 and 2013. 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. At 31 December 2013, this plan is fully funded for the funding of vested benefits in accordance with the ORSO funding requirements. During the year ended 31 December 2013, forfeited contributions totalling HK$1,254,000 (2012: HK$466,000) were used to reduce the level of contributions of the year ended 31 December 2013 and no forfeited contribution was available at 31 December 2013 (2012: Nil) to reduce future year's contributions.

NOTES TO THE ACCOUNTS

23 PENSION OBLIGATIONS (CONTINUED)

(a) Defined benefit plans (Continued)

The sensitivity of the defined benefit obligation to changes in the significant principal assumptions is:

		Impact on defined benefit obligation	
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.25%	Decrease by 2.1%	Increase by 2.1%
Salary increase	0.25%	Increase by 0.5%	Decrease by 0.5%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

Expected contributions to the defined benefit plans for the year ending 31 December 2014 are HK$32,338,000.

The weighted average duration of the defined benefit obligation is 8.4 years as at 31 December 2013.

(b) Defined contribution plans

The Group's cost in respect of defined contribution plans for the year amounted to HK$61,977,000 (2012: HK$41,940,000).

24 UNITS IN ISSUE

Group and Trust	Number of units	HK$'000
At 1 January 2012 and 31 December 2012	8,708,888,000	68,539,835
Units issued on 25 March 2013 (Note)	2,213,022	14,004
At 31 December 2013	8,711,101,022	68,553,839

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

Note: On 25 March 2013, 2,213,022 units at US$0.8152 per unit were issued to the Trustee-Manager as the payment of performance fee for the year ended 31 December 2012, according to the trust deed dated 25 February 2011 constituting HPH Trust.

NOTES TO THE ACCOUNTS

25 INVESTMENT IN A SUBSIDIARY

Trust	2013 HK$'000	2012 HK$'000
Investment cost	10,000	10,000
Capital contribution	63,709,174	65,047,632
	63,719,174	65,057,632

Pursuant to an investment agreement entered between the HPH Trust and a wholly-owned subsidiary, HPHT Limited, dated 4 August 2011, 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 RECONCILIATION OF OPERATING PROFIT TO CASH GENERATED FROM OPERATIONS

	2013 HK$'000	2012* HK$'000
Operating profit	3,931,805	4,346,512
Depreciation and amortisation	2,853,469	2,752,536
Net loss on disposal of fixed assets	14,961	7,238
Dividend income	(52,351)	(80,128)
Interest income	(58,060)	(90,498)
Performance fee settled in form of units	14,004	–
Operating profit before working capital changes	6,703,828	6,935,660
(Increase)/decrease in inventories	(7,949)	10,997
(Increase)/decrease in trade and other receivables	(35,352)	33,689
Decrease/(increase) in amounts due from related companies, associated companies and joint ventures	33,138	(9,960)
Decrease in trade and other payables	(513,906)	(1,307,363)
Increase/(decrease) in pension obligations	30,660	(28,549)
Cash generated from operations	6,210,419	5,634,474

* The figures were restated as the Group has adopted HKAS 19 (2011) "Employee Benefits" with retrospective effect

NOTES TO THE ACCOUNTS

27 BUSINESS COMBINATION

In March 2013, the Group acquired 100% interest in Asia Container Terminals Holdings Limited and its subsidiaries (collectively "ACT Group"). ACT Group owns and operates two berths in Terminal 8 West at Kwai Tsing, Hong Kong.

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

	HK$'000
Purchase consideration	3,917,467

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

	HK$'000
Fixed assets	2,523,544
Leasehold land	896,372
Cash and cash equivalents	49,413
Trade and other receivables	100,204
Inventories	20,343
Trade and other payables	(61,989)
Deferred tax liabilities	(473,000)
Other non-current liabilities	(8,819)
Net identifiable assets at fair value	3,046,068
Goodwill	871,399
Purchase consideration	3,917,467
Less : Cash and cash equivalents acquired	(49,413)
Net cash outflow for the acquisition	3,868,054

Acquisition-related costs of approximately HK$46 million are recognised as other operating expenses in the consolidated income statement for the year.

The goodwill arises from a number of factors. Most significant among these are the premium attributable to the well positioned business and the benefit of expected synergies, revenue growth and future marketing development. The goodwill is not expected to be deductible for tax purposes.

If the acquisition had occurred on 1 January 2013, the Group's revenue and profit for the year would have increased by approximately HK$85 million and HK$12 million respectively.

NOTES TO THE ACCOUNTS

28 COMMITMENTS

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

	2013 HK$'000	2012 HK$'000
Contracted but not provided for	154,851	174,682
Authorised but not contracted for (Note)	1,840,097	1,163,497
	1,994,948	1,338,179

The Group's share of capital commitments of the joint ventures is as follows:

	2013 HK$'000	2012 HK$'000
Authorised but not contracted for	29,428	25,170

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) At 31 December 2013, the Group had future aggregate minimum lease payments under non-cancellable operating leases for office premises and port facilities as follows:

	2013 HK$'000	2012 HK$'000
Within one year	36,715	36,460
Between two to five years	39,173	65,790
	75,888	102,250

NOTES TO THE ACCOUNTS

29 RELATED PARTIES TRANSACTIONS

Significant transactions between the Group and related parties during the year that are carried out in the normal course of business are disclosed below. Outstanding balances with associated companies, joint ventures and Group companies are disclosed in Notes 20 and 21.

(i) Income from and expenses to related parties

	2013 HK$'000	2012 HK$'000
Income:		
Container handling fees received from joint ventures and related companies (Note a)	82,329	79,838
Management and service fee received from a joint venture and related companies (Note b)	81,767	81,694
Transportation management services fee income from a joint venture and related companies (Note c)	41,586	42,512
Sales of fixed assets and parts to a related company (Note d)	4,000	–
Expenses:		
Container handling charges paid to joint ventures, associated companies and a related company (Note e)	486,802	519,991
Operating lease rentals on premises paid to a joint venture and related companies (Note e)	20,533	19,862
Trustee-Manager management fees (Note f)		
Base fee	21,188	20,124
Performance fee	14,004	–
Acquisition fee	38,681	–
Global support services fees to a related company (Note g)	127,132	120,744
Information technology ("IT") support and maintenance service fees paid to an associated company and related companies (Note h)	36,474	35,465
Telecommunication charges paid to related companies (Note i)	5,790	5,738
Security guards service fees paid to a related company (Note j)	12,398	10,284

Notes:

(a) Container handling fees received from joint ventures and related companies were charged at terms pursuant to the relevant agreements.

(b) Management and service fee received from a joint venture and related companies were charged at terms mutually agreed.

(c) Revenue from a joint venture and related companies for the provision of transportation management services was charged at prices and terms mutually agreed.

(d) Sales of fixed assets and parts to a related company was charged at prices and terms mutually agreed.

(e) Container handling charges and operating lease rentals paid to joint ventures, associated companies and related companies were charged at terms pursuant to relevant agreements.

NOTES TO THE ACCOUNTS

29 RELATED PARTIES TRANSACTIONS (CONTINUED)

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

Notes (Continued):

(f) The Trustee-Manager's management fees were charged in accordance with the Trust Deed.

The base fee was charged at a fixed fee of US$2,500,000 (equivalent to HK$19,500,000) per annum which is subject to increase each year from 2012 by such percentage representing the percentage increase in the Hong Kong Composite Consumer Price Index. The base fee for the year ended 31 December 2013 is payable in cash. As the December 2013 figure for the Hong Kong Composite Consumer Price Index is yet to be published as at the date of preparation of these accounts, the adjustment to the base fee, if required, will be accounted for in the subsequent financial period.

The Trustee-Manager is entitled to performance fee when the distribution per unit ("DPU") for a particular year satisfies the criteria set in the Trust Deed. Performance fee paid in 2013 was related to DPU for the financial year ended 2012 which was only determined after the board of the Trustee-Manager approved HPH Trust's financial accounts for the financial year ended 2012 on 1 February 2013. For the financial year ended 31 December 2013, any performance fee payable will be accounted for in the subsequent financial period upon finalisation of the DPU of HPH Trust at the board meeting of the Trustee-Manager.

Acquisition fee was related to the acquisition of the entire issued share capital of Asia Container Terminals Holdings Limited in March 2013. It was calculated based on 1% of the enterprise value (as defined in the Trust Deed) of such investments.

(g) Global support services fees in respect of administration services, and licence for certain intellectual property rights were charged at prices and terms mutually agreed.

(h) IT support and maintenance services fees in respect of the support and maintenance of IT systems paid to an associated company and related companies were charged at prices and terms mutually agreed.

(i) Telecommunication charges paid to related companies were charged at prices and terms mutually agreed.

(j) Security guards service fees paid to a related company were charged at prices and terms mutually agreed.

(ii) Key management compensation

Key management of the Group includes managing directors of the deep-water container ports of the Group, and senior management who are also executive officers of the Trustee-Manager. The compensation paid or payable to key management for employee services is shown below:

	2013 HK$'000	2012 HK$'000
Salaries and employee benefits	25,923	23,176

NOTES TO THE ACCOUNTS

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 credit risk, interest rate risk, foreign currency risk and liquidity risk.

(a) Cash management and funding

The Group generally obtains long-term financing to meet funding requirements. 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 covenant requirements during the year.

(c) Credit exposure

The Group's holdings of cash and cash equivalents expose the Group to counterparty credit risk. The Group controls its credit risk to non-performance by its counterparties through regular review and monitoring of 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 5 basis points increase in market interest rate at the end of the reporting period would reduce the Group's profit and unitholders' equity by HK$14,113,500 (2012: HK$11,546,000).

(e) Foreign currency exposure

For overseas subsidiaries, associated companies and joint ventures, 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.

NOTES TO THE ACCOUNTS

30 FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

(e) Foreign currency exposure (Continued)

Currency risk as defined by HKFRS 7 arises on financial instruments 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 5% weakening of the HK dollar against all exchange rates at the end of the reporting period, with all other variables held constant, on the Group's profit for the year is set out as below.

	Hypothetical increase/ (decrease) in profit	
	2013 HK$'000	2012 HK$'000
Renminbi	77,248	94,196
United States dollar	(1,340,585)	(1,143,573)
Singapore dollar	67	60
	(1,263,270)	(1,049,317)

(f) Liquidity exposure

The following tables detail the remaining contractual maturities at the end of the 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:

Group	Contractual maturities			
	Carrying amounts HK$'000	Total undiscounted cash flows HK$'000	Within 1 year HK$'000	Within 2 to 5 years HK$'000
2013				
Trade and other payables	6,582,175	6,582,175	6,582,175	–
Bank loans and other non-current liabilities	33,819,033	33,930,280	10,832,820	23,097,460
	40,401,208	40,512,455	17,414,995	23,097,460
2012				
Trade and other payables	7,713,667	7,713,667	7,713,667	–
Bank loans and other non-current liabilities	29,160,824	29,278,700	32,660	29,246,040
	36,874,491	36,992,367	7,746,327	29,246,040

The table for the Group above excludes interest accruing and payable on certain of these liabilities which are estimated to be HK$397,457,000 (2012: HK$458,697,000) in "within 1 year" maturity band, HK$906,582,000 (2012: HK$321,806,000) in "within 2 to 5 years" maturity band, and after assuming the effect of interest rates with respect to variable rate financial liabilities remaining constant and no change in aggregate principal amount of financial liabilities other than repayment at scheduled maturity as reflected in the table.

NOTES TO THE ACCOUNTS

30 FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

(f) Liquidity exposure (Continued)

Trust	Contractual maturities			
	Carrying amounts HK$'000	Total undiscounted cash flows HK$'000	Within 1 year HK$'000	Within 2 to 5 years HK$'000
2013				
Trade and other payables	63,216	63,216	63,216	–
2012				
Trade and other payables	67,119	67,119	67,119	–

(g) Fair value estimation

The financial instruments of the Group that are measured at fair value at 31 December 2013 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 and HKFRS 13 for financial instruments. Discounted cash flow analysis was used to determine the fair value of the financial instruments.

31 LIST OF SUBSIDIARY COMPANIES OF THE GROUP

(a) Details of principal subsidiary companies of the Group at 31 December 2013 are as follows:

Name	Place of incorporation/ establishment	Principal activities	Particulars of issued share capital	Interest held
HPHT Limited [1]	Hong Kong	Investment holding	10,000,000 ordinary shares of HK$1 each	100%
Giantfield Resources Limited [2]	British Virgin Islands	Investment holding	2 ordinary shares of US$1 each	100%
Classic Outlook Investments Limited [2]	British Virgin Islands	Investment holding	100,000 ordinary shares of US$0.1 each	100%
HIT Investments Limited [2]	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 [1]	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 [2]	British Virgin Islands	Investment holding	1 ordinary share of US$1	100%

NOTES TO THE ACCOUNTS

31 LIST OF SUBSIDIARY COMPANIES OF THE GROUP (CONTINUED)

(a) Details of principal subsidiary companies of the Group at 31 December 2013 are as follows (Continued):

Name	Place of incorporation/ establishment	Principal activities	Particulars of issued share capital	Interest held
Hongkong International Terminals Limited [1]	Hong Kong	Development and operation of container terminals	2 ordinary shares of HK$10 each	100%
Yantian International Container Terminals Limited [1]	PRC	Development and operation of container terminals	HK$2,400,000,000	56.41%
Yantian International Container Terminals (Phase III) Limited [1]	PRC	Development and operation of container terminals	HK$6,056,960,000	51.64%
Shenzhen Pingyan Multimodal Company Limited [1]	PRC	Provision of various transportation services	RMB150,000,000	51.64%
Shenzhen Yantian West Port Terminals Limited [1]	PRC	Development and operation of container terminals	RMB1,268,660,000	51.64%
Hutchison Ports Yantian Limited [1]	Hong Kong	Investment holding	10,000,000 ordinary shares of HK$1 each	79.45%
Wattrus Limited [1]	British Virgin Islands	Investment holding	32 "A" shares of US$1 each 593 "B" shares of US$1 each	94.88%
Sigma Enterprises Limited [1]	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 [2]	British Virgin Islands	Investment holding	200 ordinary shares of US$1 each	100%
Birrong Limited [2]	British Virgin Islands	Investment holding	10,000 ordinary shares of US$1 each	100%
Hutchison Shenzhen East Investments Limited [2]	British Virgin Islands	Investment holding	1 ordinary share of US$1	100%

[1] Audited by PricewaterhouseCoopers network firms
[2] 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.

NOTES TO THE ACCOUNTS

31 LIST OF SUBSIDIARY COMPANIES OF THE GROUP (CONTINUED)

(b) Material non-controlling interests

Yantian International Container Terminals Limited, Yantian International Container Terminals (Phase III) Limited, Shenzhen Yantian West Port Terminals Limited, Wattrus Limited and Sigma Enterprises Limited are the subsidiary companies with non-controlling interests that are material to the Group.

Set out below are the summarised financial information for these subsidiary companies:

Summarised statement of financial position

	2013 HK$'000	2012 HK$'000
Non-current assets	70,366,277	73,180,992
Current assets	5,028,314	5,573,479
Total assets	75,394,591	78,754,471
Non-current liabilities	10,809,361	13,998,646
Current liabilities	7,596,311	9,547,614
Total liabilities	18,405,672	23,546,260

Summarised income statement

	2013 HK$'000	2012 HK$'000
Revenue and other income	6,649,999	6,612,791
Net profit for the year	2,837,664	2,810,593

Summarised statement of cash flows

	2013 HK$'000	2012 HK$'000
Net change in cash and cash equivalents	(672,174)	(1,596,246)

The information above is the amount before inter-company eliminations.

32 APPROVAL OF THE ACCOUNTS

The accounts set out on pages 68 to 118 were approved by the Board of Directors of the Trustee-Manager for issue on 11 February 2014.

STATISTICS OF UNITHOLDINGS

AS AT 7 MARCH 2014

There were 8,711,101,022 units (voting rights: 1 vote per unit) in issue as at 7 March 2014. There is only one class of units in HPH Trust.

DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	No. of Unitholders	%	No. of Units	%
1 - 999	107	0.30	34,156	0.00
1,000 - 10,000	24,179	68.04	108,476,733	1.25
10,001 - 1,000,000	11,184	31.47	573,260,132	6.58
1,000,001 and above	69	0.19	8,029,330,001	92.17
Total	**35,539**	**100.00**	**8,711,101,022**	**100.00**

SUBSTANTIAL UNITHOLDERS

Based on Register of Substantial Unitholders as at 7 March 2014

Unitholders	Direct interest		Deemed interest	
	No.of Units	%	No. of Units	%
1. Cheung Kong (Holdings) Limited [(1)]	–	–	2,619,246,222	30.07
2. Hutchison Port Group Holdings Limited	2,406,227,022	27.62	–	–
3. Hutchison International Limited [(2)]	–	–	2,406,227,022	27.62
4. Hongkong and Whampoa Dock Company, Limited [(3)]	–	–	2,406,227,022	27.62
5. Hutchison Whampoa Limited [(4)]	–	–	2,406,227,022	27.62
6. HWDC Holdings Limited [(5)]	–	–	2,406,227,022	27.62
7. Whampoa Dock Holdings Limited [(6)]	–	–	2,406,227,022	27.62
8. PortCapital Limited	905,364,000	10.39	–	–
9. PSA International Pte Ltd [(7)]	–	–	905,364,000	10.39
10. Temasek Holdings (Private) Limited [(8)]	–	–	959,555,085	11.01

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.

STATISTICS OF UNITHOLDINGS

AS AT 7 MARCH 2014

TWENTY LARGEST UNITHOLDERS

No.	Name	No. of Units	%
1	Hutchison Port Group Holdings Limited	2,406,227,022	27.62
2	Citibank Nominees Singapore Pte Ltd	1,133,743,610	13.01
3	DBS Nominees (Private) Limited	953,600,657	10.95
4	PortCapital Limited	905,364,000	10.39
5	DBSN Services Pte. Ltd.	777,528,805	8.93
6	HSBC (Singapore) Nominees Pte Ltd	492,315,779	5.65
7	Raffles Nominees (Pte) Limited	277,872,525	3.19
8	DBS Vickers Securities (Singapore) Pte Ltd	270,448,388	3.10
9	DB Nominees (Singapore) Pte Ltd	201,021,863	2.31
10	United Overseas Bank Nominees (Private) Limited	148,271,295	1.70
11	BNP Paribas Nominees Singapore Pte Ltd	88,025,589	1.01
12	Bank of Singapore Nominees Pte. Ltd.	53,109,818	0.61
13	BNP Paribas Securities Services Singapore Branch	30,368,533	0.35
14	UOB Kay Hian Private Limited	30,015,836	0.34
15	Morgan Stanley Asia (Singapore) Securities Pte Ltd	29,578,503	0.34
16	Amfraser Securities Pte. Ltd.	14,727,000	0.17
17	Phillip Securities Pte Ltd	14,687,600	0.17
18	OCBC Securities Private Limited	12,274,270	0.14
19	Maybank Kim Eng Securities Pte. Ltd.	10,669,235	0.12
20	Pornchada Vanich	10,000,000	0.11
Total		**7,859,850,328**	**90.21**

FREE FLOAT

Based on the information made available to the Trustee-Manager, as at 7 March 2014, approximately 58.9% 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	Highest Price		Lowest Price	
	('000)	(US$)	(S$)	(US$)	(S$)
Unit performance in financial year 2013	5,634,096	0.860	1.065	0.600	0.755

NOTICE OF ANNUAL GENERAL MEETING

HUTCHISON PORT HOLDINGS TRUST
(A business trust constituted on 25 February 2011 under the laws of the Republic of Singapore)
(Registration No.: 2011001)

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 Marina Mandarin Singapore, Ballroom, Level 1, 6 Raffles Boulevard, Marina Square, Singapore 039594 on Monday, 28 April 2014 at 10:00 a.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 year ended 31 December 2013 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)**

SPECIAL BUSINESS:

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

3. 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 ("**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 ("**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, "**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 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;

NOTICE OF ANNUAL GENERAL MEETING

HUTCHISON PORT HOLDINGS TRUST
(A business trust constituted on 25 February 2011 under the laws of the Republic of Singapore)
(Registration No.: 2011001)

(3) in exercising the authority conferred by this Resolution, the Trustee-Manager shall comply with the provisions of the Listing Manual of SGX-ST for the time being in force (unless such compliance has been waived by 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, 4 April 2014

Explanatory Notes:

Resolution 3
The Ordinary Resolution 3 in item 3 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 the date on which such authority is varied or revoked by HPH Trust in a general meeting of the Unitholders, whichever is the earliest, 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 3 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 ("**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 or proxies must be deposited at the registered office of Hutchison Port Holdings Management Pte. Limited, the Trustee-Manager of HPH Trust 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.

HUTCHISON PORT HOLDINGS TRUST
(A business trust constituted on 25 February 2011 under the laws of the Republic of Singapore)
(Registration No.: 2011001)

HUTCHISON PORT HOLDINGS MANAGEMENT PTE. LIMITED
(Incorporated in the Republic of Singapore with limited liability)
Co. Reg. No.: 201100749W
(as trustee-manager of Hutchison Port Holdings Trust)

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, ____

holder of NRIC / Passport Number or Company Registration Number 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 of HPH Trust ("**Meeting**") to be held at Marina Mandarin Singapore, Ballroom, Level 1, 6 Raffles Boulevard, Marina Square, Singapore 039594 on Monday, 28 April 2014 at 10:00 a.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.

No.	Resolutions relating to:	No. of Votes For**	No. of Votes Against**
1	Adoption of the Report of the Trustee-Manager, Statement by the Trustee-Manager and audited accounts of HPH Trust for the year ended 31 December 2013 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		

** If you wish to exercise all your votes "For" or "Against", please tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this __________ day of ____________________ 2014

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

____

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

IMPORTANT: PLEASE READ THE NOTES TO THE PROXY FORM BELOW

Notes to Proxy Form:

1. Please insert the total number of units in Hutchison Port Holdings Trust ("**HPH Trust**", and units in HPH 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 ("**Companies Act**")), 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, Hutchison Port Holdings Management Pte. Limited, the trustee-manager of HPH Trust ("**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 Trustee-Manager 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.

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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