

MAINTAIN STABILITY MAXIMISE OPPORTUNITIES

HUTCHISON PORT HOLDINGS TRUSTANNUAL REPORT 2022

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, FCA (ANZ)

Executive Director

Mr. IP Sing Chi, BA

Non-executive Directors

Ms. Edith SHIH, BSE, MA, MA, EdM, Solicitor, FCG (CS, CGP), HKFCG (CS, CGP) (PE) Ms. LEE Tung Wan, Diana, BCom, ACA (ANZ)

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, FHKIOD Dr. FONG Chi Wai, Alex, BSS, MTM, MSGF, DBA, PhD, FCILT, FHKIOD Mr. Graeme Allan JACK, BCom, CA (ANZ), FHKICPA

Mr. WONG Kwai Lam, BA, PhD

AUDIT COMMITTEE

Mr. Graeme Allan JACK (Chairman) Mr. CHAN Tze Leung, Robert

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

NOMINATING COMMITTEE*

Mr. WONG Kwai Lam (Chairman)

Ms. Edith SHIH

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

REMUNERATION COMMITTEE

Mr. CHAN Tze Leung, Robert (Chairman) Mrs. SNG Sow-Mei (alias POON Sow Mei) Ms. LEE Tung Wan, Diana

SUSTAINABILITY COMMITTEE*

Ms. Edith SHIH (Chairperson) Dr. FONG Chi Wai, Alex Ms. LEE Tung Wan, Diana

REGISTERED OFFICE

1 Harbourfront Avenue #14-07, Keppel Bay Tower Singapore 098632 Telephone: (65) 6536 5355

Fax: (65) 6536 1360

COMPANY SECRETARY

Ms. WONG Yoen Har

UNIT REGISTRAR AND UNIT TRANSFER OFFICE

Boardroom Corporate & Advisory Services Pte. Ltd. 1 Harbourfront Avenue #14-07, Keppel Bay Tower Singapore 098632 Telephone: (65) 6536 5355 Fax: (65) 6536 1360

AUDITOR

PricewaterhouseCoopers LLP
7 Straits View

Level 12, Marina One, East Tower

Singapore 018936

Telephone: (65) 6236 3388

Fax: (65) 6236 3300

Partner-in-charge: Mr. SOH Kok Leong Date of appointment: 9 February 2021

PRINCIPAL BANKERS

DBS Bank Ltd
Bank of China Ltd
Industrial and Commercial Bank of China Ltd
Standard Chartered Bank (Hong Kong) Ltd
The Hongkong and Shanghai Banking Corporation Ltd

CORPORATE DIRECTORY

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

^{*} Established on 26 April 2022

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TRUST PROFILE

HPH TRUST

Hutchison Port Holdings Trust ("HPH Trust" or "the Trust") is the first publicly traded container port business trust in the world. It was listed on the Mainboard of the Singapore Exchange ("SGX") in March 2011, and in early 2012 became the first entity to launch dual-currency trading for its units on the SGX.

The mandate of the Trust is principally to invest in, develop, operate and manage deep-water container ports in Guangdong Province, Hong Kong and Macau in China.

HPH Trust operates Hongkong International Terminals ("HIT"), COSCO-HIT Terminals ("COSCO-HIT") and Asia Container Terminals ("ACT") in Hong Kong, and Yantian International Container Terminals ("YANTIAN") and Huizhou International Container Terminals ("HICT") in mainland China. HPH Trust operates 38¹ berths across 647¹ hectares of land. In 2022, the Trust delivered a combined throughput of approximately 22.7 million twenty-foot equivalent units ("TEU").

The core port operations of the Trust are complemented by river port facilities and ancillary services, which aim to provide customers with seamless logistics supply chain solutions for imports and exports. HPH Trust holds economic benefits in two river ports in mainland China ("River Ports Economic Benefits"²): Jiangmen International Container Terminals ("Jiangmen Terminal") and Nanhai International Container Terminals ("Nanhai Terminal"). Collectively, they are known as the "River Ports". HPH Trust also operates ancillary services including container depots, trucking, feeder and shipping agencies via Asia Port Services Limited ("APS"); HPH E.Commerce Limited ("Hutchison Logistics"), a provider of supply chain solutions across air, sea and land networks; and Shenzhen Hutchison Inland Container Depots Co., Limited ("SHICD"), operator of an inland container depot and warehouse in Shenzhen.

THE TRUSTEE-MANAGER

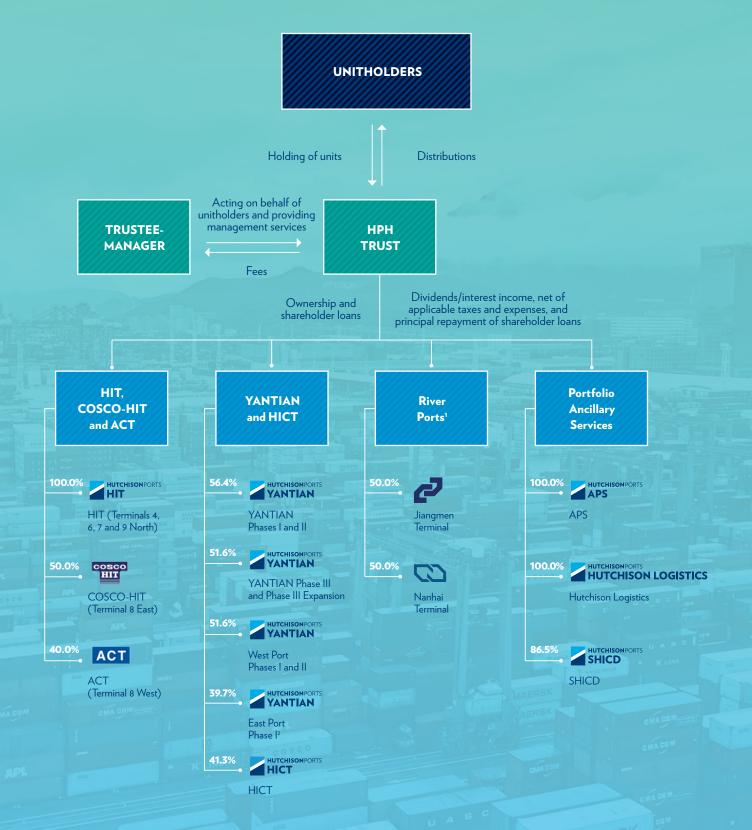
The Trust is managed by Hutchison Port Holdings Management Pte. Limited (the "Trustee-Manager"), an indirect wholly owned subsidiary of CK Hutchison Holdings Limited ("CKHH"). The Trustee-Manager has dual responsibilities in safeguarding the interests of unitholders and managing HPH Trust's businesses. The Board of Directors of the Trustee-Manager consists of individuals with a broad range of commercial experience and expertise in the port industry.



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.



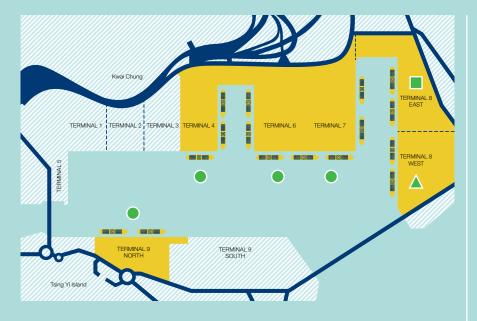
CORPORATE STRUCTURE



HPH Trust holds River Ports Economic Benefits, but not the shares of the River Ports' holdings companies.
 Under development which was established pursuant to the joint venture agreement signed with Shenzhen Yantian Port Group Company Limited in June 2021.

PORTFOLIO OVERVIEW

HONG KONG



● HI

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

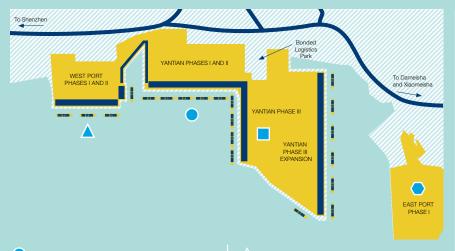
COSCO-HIT

- 2 container berths at Terminal 8
 East with a combined land area of 30 hectares
- 50/50 joint venture with COSCO SHIPPING Ports Limited ("COSCO SHIPPING Ports")

▲ ACT

- 2 container berths at Terminal 8
 West with a combined land area of
 29 hectares
- Strategic partnership between HPH
 Trust and COSCO SHIPPING
 Ports, with stakes of 40% and 60%
 respectively

SHENZHEN AND HUIZHOU



HICT

YANTIAN Phases I and II

- Effective interests: 56.4%
- 5 container berths with a combined land area of 130 hectares

YANTIAN Phase III and Phase III Expansion

- Effective interests: 51.6%
- 11 container berths with a combined land area of 226 hectares

West Port Phases I and II

- Effective interests: 51.6%
- 4 container berths with a combined land area of 61 hectares

East Port Phase I (under development)

- Effective interests: 39.7%
- Proposed to be 3 container berths with a combined land area of 120 hectares

HICT

- Effective interests: 41.3%
- 2 container berths with a combined land area of 60 hectares



PORTFOLIO OVERVIEW

HONG KONG



HIT. COSCO-HIT and ACT

Strategically located on the south-east coast of China, Hong Kong is regarded as the gateway to the Greater Bay Area ("GBA") and its vast mainland hinterland. Its deep-water port and modern, well-equipped facilities — augmented by a free, open and multilateral trading system — allow Hong Kong to remain one of the busiest container terminals in the world and a major transshipment hub in the region.

On 8 January 2019, Hongkong International Terminals Limited, COSCO-HIT Terminals (Hong Kong) Limited, Asia Container Terminals Limited and Modern Terminals Limited established the Hong Kong Seaport Alliance ("HKSPA"), through which they collaborate to ensure the efficient management and operation of the 23 berths in Kwai Tsing Terminals.



16 CONTAINER



8.9¹
MILLION TEU
HANDLED IN 2022



62QUAY
CRANES



1,600



170
HECTARES



2,600
EXTERNAL

CONTRACTOR WORKERS ON-SITE DAILY

Figures as at 31 December 2022

 $^{^{\}scriptscriptstyle 1}$ Represents the allocated throughput from HKSPA.

SHENZHEN¹ AND HUIZHOU



YANTIAN

YANTIAN is one of the busiest container terminals in China. South China has developed into a prosperous and dynamic economy, which boosts the position of the port as the premier gateway for foreign trade.

As the sole terminal operator in eastern Shenzhen, YANTIAN is regularly visited by mega-vessels. Its natural deep-water berths and excellent mega-vessel handling capabilities secure its reputation as a key trading hub.

HICT

The port of Huizhou is a natural coastal port in Guangdong. It is located near the manufacturing hinterland in eastern Guangdong, immediately east of Hong Kong and Shenzhen, and the Trust aims to develop it as a key player in the GBA shipping hub.

Situated in the Quanwan Port Zone of the Daya Bay Economic and Technological Development Zone, HICT is one of the dedicated container terminals in Huizhou.



22 CONTAINER







13.8
MILLION TEU
HANDLED IN 2022



2,200



4,300
EXTERNAL
CONTRACTOR
WORKERS

ON-SITE DAILY

Figures as at 31 December 2022

¹ Excludes East Port Phase I which is under development.





LETTER TO UNITHOLDERS

As a committed, reliable and robust operator of the world's key terminals, HPH Trust endeavours to ensure stability and continuity for stakeholders. It continues to maximise its opportunities, enhance connectivity, digitalise port operations, and build port and staff capacity. With its sights set firmly on the horizon, the Trust has also continued to invest and implement technology and equipment upgrades.

The past year was another challenging period for the port and shipping sector. Industry players contended with multiple challenges in 2022, from erratic shipping schedules to far-reaching geopolitical tensions. The Russia-Ukraine conflict drove up fuel and commodity prices, while global inflation and interest rate hikes sapped consumer sentiment and slowed international trade. China's COVID-19 stringent precautionary measures also continued throughout most of the year.

In an ever-changing and increasingly complex industry environment, HPH Trust ensured business stability and maximised stakeholders' opportunities, demonstrating resilience and adaptability.

HEADWINDS DENT PROFITABILITY

During the year under review, the high inflationary environment and inventory level at destination countries led to weakened consumer demand in markets worldwide. This impacted export volume at YANTIAN, a major export hub for the United States and European markets. Cargo volume in Kwai Tsing Terminals also fell due to reduced cross-border road traffic as a result of the stringent pandemic control measures in place after Hong Kong was hit by the fifth wave of COVID-19 in early 2022.

As a result, HPH Trust's ports experienced a 7% fall in throughput, recording 22.7 million twenty-foot equivalent units (TEUs). Outbound cargoes from YANTIAN to the United States and Europe decreased by 12% and 13% respectively. Meanwhile, average revenue per TEU for Kwai Tsing Terminals was slightly above 2021 level; however, YANTIAN's revenue per TEU slid below the 2021 level after the unusually high storage income of 2021 had stabilised and the Renminbi depreciation. HPH Trust's revenue dropped 8% from 2021 to HK\$12,166.2 million.

HPH Trust reported a net profit after tax ("NPAT") of HK\$2,519.7 million – a drop of 29% compared to HK\$3,527.2 million in 2021.

NPAT attributable to unitholders fell by 37% to HK\$1,099.0 million. Distribution per unit ("DPU") to unitholders was 14.5 HK cents in 2022.

MAINTAINING STABILITY

Despite these headwinds, HPH Trust strove to maintain a stable supply of goods to communities, and to ensure smooth and reliable operations at its ports.

Hong Kong's fifth wave of COVID-19 in February halted cross-border trucking between the city and Shenzhen, affecting a wide range of daily supplies. HPH Trust proactively responded by providing an alternative route for cross-border logistics via water transport – the Yantian-Hong Kong shuttle service, a collaboration between Kwai Tsing Terminals and YANTIAN. The service ensured a reliable supply of fresh vegetables, meat, daily necessities and anti-epidemic supplies from Mainland China to Hong Kong.

The operation of supply chains is not sustainable without stable port operations. HPH Trust is committed to maintaining 24/7 operations while keeping the pandemic at bay. For instance, when Kwai Tsing Terminals faced a temporary manpower shortage following some staff infections in February, Kwai Tsing Terminals swiftly set up crisis management teams to oversee manpower planning and contingency arrangements. This key, responsive decision-making allowed Kwai Tsing Terminals to quickly return to normal operating capacity by March.

Similarly, at YANTIAN, the COVID-19 Prevention and Control Committee actively activated pandemic response plans and provided staff with COVID-19 response work plans. The committee also organised safe, closed-loop accommodation for personnel working onboard vessels. Innovative technology and artificial intelligence ("Al") helped reinforce effective COVID-19 prevention strategies.

MAXIMISING OPPORTUNITIES

As a key port player globally and in the Greater Bay Area ("GBA"), HPH Trust works to maximise opportunities through collaborative initiatives, connectivity enhancement, digitalisation, and increased port capacity.

Kwai Tsing Terminals continued to maintain its edge as a major transshipment hub. Being a member of the Hong Kong Seaport Alliance ("HKSPA"), Kwai Tsing Terminals provided high-quality facilities such as Remote Reefer Monitoring System and more than 4,700 reefer points. As yard density gradually returned to normal, Kwai Tsing Terminals attracted new businesses by helping shipping lines adapt their vessels to service route changes and optimising empty container management.

Against a backdrop of fast-changing trade patterns and the ongoing pandemic, YANTIAN promoted innovative railsea intermodal services to complement conventional road-sea transportation. In 2022, YANTIAN further expanded its inland port portfolio to 11 ports, adding Longchuan, Nanchang, Yueyang, Jiangmen and Chenzhou. These inland ports were integrated with the national railway network to provide customers with efficient and environmentally sustainable solutions. YANTIAN also continued to build port alliances, with Dongquan joining as a new member in 2022. These growing relationships allow the GBA and inland cities to conveniently access YANTIAN's services. With the increased capacity that East Port would deliver on top of its comprehensive cold chain and depot facilities, YANTIAN aims to be a premier all-round national logistics hub in China.

In 2022, YANTIAN also played a crucial role in building a prosperous cross-border e-commerce industrial ecosystem in South China by providing 14 new e-commerce express services. In July, YANTIAN was named the Honorary President Organisation of the newly established Yantian District branch of the Shenzhen Cross-Border E-Commerce Association. With the support of government and e-commerce players, YANTIAN's status as a reliable e-commerce port helped consolidate Shenzhen's vital role in China's e-commerce trade with the world.

ENHANCING OPERATIONS

Notwithstanding macroeconomic challenges, HPH Trust continued to prioritise operational efficiency through facilities upgrades and consolidation. Kwai Tsing Terminals merged two remote centres previously located in Kwai Chung and Tsing Yi into a consolidated centre at Terminal 8, allowing the existing 34 remote rubber-tyred gantry cranes ("RTGCs") fleet to operate at one single office. Another highlight of the year is the consolidation of gatehouses of HIT, COSCO-HIT and ACT. The centralised gatehouse at Terminal 6 brings an efficient and direct service to truck drivers.

During the reporting period, YANTIAN embarked on an ambitious three-year capacity enhancement programme. This covered equipment fleet expansion and berth upgrades to boost terminal competitiveness and increase its handling capacity. The programme also included the purchase of 40 remote RTGCs, eight of which were already fully operational. Berths were also upgraded to handle vessels with 200,000 deadweight tonnage – currently the largest vessel type. The terminal's superior capacity came to prominence in July when YANTIAN received six 400-metre container vessels simultaneously – a feat for any port in the world.

DIGITAL FIRST

HPH Trust is also determined to digitalise daily operations, ranging from office work, such as yard and quay planning, to frontline operations like quayside reporting and communications.

HKSPA continues to proactively contribute to the Hong Kong government's plan to develop Hong Kong into a smart port. A highlight in 2022 was the Hong Kong Port's introduction of the Electronic Booking Confirmation Note ("eBCN") system. Together with the Electronic Release Order ("eRO") system launched in 2021, both inbound and outbound gate process could now be fully paperless.

Kwai Tsing Terminals is a pioneer of 5G in the Hong Kong container terminal industry. It has comprehensive 5G network coverage enabling future application deployment such as remote control and video analytics solutions. In 2022, Kwai Tsing Terminals successfully applied Al in Terminal 6's intrusion detection system. The business also used 5G to build a secure and reliable communication network at Terminal 8's remote RTGCs, enhancing security standards and efficiency.

YANTIAN made similar wide-ranging upgrades to its terminal systems to stay ahead of the curve. Projects in 2022 included application of 5G technology in border-control kiosks at terminal quaysides and trials to improve overall 5G network functionality, stability and resilience in remote RTGC operations. Development of East Port's greenfield-automated terminal is also fully underway.

Moving forward, HPH Trust plans to apply 5G technology to remote RTGC communications more widely as well as to CCTVs for quay cranes.

STRIDES IN SUSTAINABILTIY

Sustainability is an increasingly critical business issue, and HPH Trust is committed to continuously improving its efforts in this regard – the business is on track to meet its 2021 target to reduce 5% of CO_2 emissions per TEU by 2026.

HPH Trust has also promoted rail-sea transportation (a greener alternative to road-sea) and pursued the electrification of equipment, the use of shore power for vessels at berth, and the adoption of renewable energy. During the year, YANTIAN became the first port in southern China to provide liquefied natural gas ("LNG") refuelling service to vessels, promoting a cleaner alternative bunker fuel. These measures not only improve the environment at our terminals, but also provide green solutions to our supply chain partners. Meanwhile, Kwai Tsing Terminals also replaced conventional vehicles with electric vehicles for its daily port operations.

Pleasingly, HPH Trust's sustainability efforts have been recognised by both third parties and the government. In November, YANTIAN was proudly honoured as a pioneer of low carbon green port at the UN Climate Change Conference ("COP 27"). YANTIAN was also named as the Best Green Container Terminal at the 2022 Asian Freight, Logistics and Supply Chain Awards – the third time we have received this honour in the past four years.

In recognition of the human dimension of business sustainability, HPH Trust joined Hutchison Ports' global BEWELL campaign in 2022. BEWELL pledges to cultivate a productive and healthy organisational culture, promote a supportive work environment, foster a sense of belonging among employees, and build employee wellness and engagement.

STRONG FINANCIAL FOOTING

The US Federal Funds Rate hikes since 2022 have a wide-ranging impact to economics and businesses worldwide.

HPH Trust persists to maintain a healthy financial position. It embarked on a debt repayment programme by repaying a minimum of HK\$1 billion annually since 2017. The programme, together with a high portion of fixed rate borrowings of over 70% in 2022, helped HPH Trust in weathering the interest rate hikes challenge in 2022, improved HPH Trust's gearing ratio, and enhanced its financial position by lowering total borrowings and finance cost from HK\$33.6 billion and HK\$701.2 million by end of 2016 to HK\$27.1 billion and HK\$673.3 million as of 31 December 2022.

FORGING AHEAD

An uncertain outlook frames the business environment in the year ahead as the macroeconomic picture remains challenging. Closer to home, while the reopening of China after years of zero-COVID paves the way for normal passenger and trade activities, it may take time for the country and also the cross-border truck transport, a crucial source of cargo supply for the Port of Hong Kong, to return to a pre-pandemic normal. As a committed, reliable and robust operator of the world's key terminals, HPH Trust endeavours to ensure stability and continuity for stakeholders. It continues to maximise its opportunities, enhance connectivity, digitalise port operations, and build port and staff capacity. With its sights set firmly on the horizon, the Trust has also continued to invest and implement technology and equipment upgrades. Proof of concept for Al autonomous trucks and the increase of solar panels installation within our terminals are just some of the many examples. HPH Trust is more than prepared to create and seize opportunities that will follow when trade rebounds. Future investments are the best proof of our confidence in the prospects and continuous strength of the Trust's business.

FOK Kin Ning, Canning

KEY EVENTS

HKSPA FACILITATES CROSS-BOUNDARY TRANSPORTATION DURING COVID-19



During the fifth wave of the pandemic in Hong Kong, HKSPA collaborated with the Hong Kong Special Administrative Region ("HKSAR") government and industry associations to facilitate cross-boundary transportation by sea to ensure Hong Kong was well stocked with fresh vegetables, meat and medical supplies. To facilitate the shipment process, a number of measures were implemented, such as arranging dedicated barge berths and priority inspection processes, and opening a dedicated "Green Channel", to expedite the cargo handling and inspection procedures.

HKSPA's efforts during the pandemic played an important role in contributing to a reliable and efficient global logistics chain, further cementing Hong Kong as an international maritime centre.

CONSOLIDATION OF REMOTE RTGC OPERATIONS AT HIT AND TERMINAL 8



To optimise the synergy in remote rubber-tyred gantry crane ("RTGC") operations between HIT and Terminal 8, Kwai Tsing Terminals successfully merged the two remote operation centres previously located in Kwai Chung and Tsing Yi into one consolidated centre at Terminal 8. With a fibre-optics connection directly linking Terminals 8 and 9 North, the 34 remote RTGCs at these terminals have now been integrated into one system, allowing the existing 34 remote RTGCs fleet to operate at one single office. This important milestone enables the terminals to keep pace with technological advancements and recent operating changes at container ports throughout the world.

The connected network also helps to speed up fault handling and shortens the recovery time after maintenance works with the help of our 24-hour emergency maintenance centre.

YANTIAN CELEBRATES ESTABLISHING INLAND PORTS AND LAUNCHING ITS CONTAINER RAIL SERVICE



YANTIAN commemorated establishing five new inland ports in the Guangdong, Hunan and Jiangxi provinces. These ports introduce new logistics solutions for exporters and greener modes of transport with seamless network connections to the GBA and central China. YANTIAN's inland ports offers a world-class port experience via its well-developed rail-sea intermodal service.

List of inland ports established in 2022

Guangdong inland ports: Longchuan and Jiangmen

Hunan inland ports: Yueyang and Chenzhou

Jiangxi inland port: Nanchang

YANTIAN MARKS ITS FIRST LNG BUNKERING OPERATION IN SOUTH CHINA



YANTIAN delivered liquefied natural gas ("LNG") bunker fuel via ship-to-ship transfer in its first LNG bunkering operation in South China. Currently, it has the world's largest LNG bunker vessel fitted with Type C tanks¹.

The LNG bunkering capability has enhanced the competitiveness of YANTIAN as an international shipping hub. It is only the fourth hub port in the world and the first in South China to offer this service. LNG substantially reduces the operating costs of new energy-powered vessels, and the service is expected to attract more such ships to the port.

OFFICIAL INAUGURATION OF THE YANTIAN BRANCH OF SZCBEA



The Yantian Branch of Shenzhen Cross-Border E-Commerce Association ("SZCBEA") was established in June. YANTIAN was named the "Honorary President Organisation of SZCBEA Yantian Branch" at the inauguration of the branch, located in YICT building, in July. Lawrence Shum (left), Managing Director of YANTIAN, received the plaque presented by Wang Xin (right), Executive Chairperson of SZCBEA, at the presentation ceremony.

SZCBEA was established to build a globally renowned international hub for cross-border e-commerce and to also help Chinese brands go global. The branch is committed to leading and promoting the development of the cross-border e-commerce ecosystem.

¹ Type C tanks are cryogenic pressure vessels that use conventional pressure vessel codes, with the dominant design criteria being vapour pressure. The pressure for these tanks is above 2,000 millibars, which is widely used by LPG and LNG carriers.

CORPORATE MILESTONES

AWARDS



YANTIAN RECOGNISED AS "NATIONAL MULTIMODAL SERVICE DEMONSTRATION PROJECT"

In January, the Ministry of Transport and the National Development and Reform Commission jointly announced that YANTIAN has been recognised as a "National Multimodal Service Demonstration Project" for its "Yantian Port's Asia-Pacific-Pan-Pearl River Delta-Europe International Multimodal Service Project". YANTIAN is the only port in Shenzhen to receive this recognition.



YANTIAN RECEIVES AWARD FOR CROSS-BORDER E-COMMERCE

In June, YANTIAN clinched the "Excellent Cross-border E-Commerce Logistics Service Provider of 2022" at the Global Cross-border E-Commerce Festival and the Shenzhen International Cross-border E-Commerce Trade Expo. The award was presented by the SZCBEA.



HPH TRUST TERMINALS AWARDED THE CARING COMPANY LOGO 2022

In July, in appreciation of HPH Trust's continuous efforts with regard to corporate social responsibility, the Hong Kong Council of Social Service once again awarded HIT, COSCO-HIT, APS, and Hutchison Logistics with the Caring Company Logo. This recognition attests to HPH Trust's strong community spirit even amidst the COVID-19 pandemic.





HIT AND COSCO-HIT RECEIVE AWARDS FOR SOCIAL WELFARE INITIATIVES

In July, HIT and COSCO-HIT were awarded the "Unlimited Warmth Award" in recognition of their contributions to their work in caring for the elderly in Hong Kong under the Tsuen Wan and Kwai Tsing District Caring Elders Award Scheme 2022.



COSCO-HIT RECEIVES THREE AWARDS FROM MPFSA

In August, the Mandatory Provident Fund Schemes Authority ("MPFSA") presented three awards to COSCO-HIT in appreciation of its continuous efforts in enhancing employee security in retirement. They included the "Good MPF Employer 5 Years+ Award", "e-Contribution Award" and "MPF Support Award".



HIT AND COSCO-HIT ATTAIN "PARTNER EMPLOYER" AND "EMPLOYMENT RETENTION" AWARDS

In August, COSCO-HIT received the "Partner Employer Award 2022" and the "Employment Retention Award 2022" for the first time, while the same awards were presented to HIT for the tenth consecutive year by The Hong Kong General Chamber of Small and Medium Business. Despite experiencing a challenging year, the terminals continued to provide employment opportunities for graduates and retirees, and maintain high retention of employees.

CORPORATE MILESTONES



Ivor Chow, Chief Executive Officer of the Trustee-Manager, accepted the "Best Green Container Terminal Award" for YANTIAN at the AFLAS Awards Ceremony.

YANTIAN WINS BEST GREEN CONTAINER TERMINAL AWARD

In September, YANTIAN was awarded the "Best Green Container Terminal" at the 2022 Asian Freight, Logistics and Supply Chain ("AFLAS") Awards for the third time in the past four years. More than 15,000 readers of *Asia Cargo News* voted for the winner from eight nominees who were judged on leadership, consistency in service quality, innovation, customer orientation and reliability.





(Left and right) Excellent Taxpayment and Turnover (2021-2022) and Green Low Carbon Promotion (2021–2022) awards.

YANTIAN RECEIVES TWO AWARDS FOR TAX PAYMENT AND GREEN LOW CARBON PROMOTION

In October, YANTIAN received two awards in the National Excellent Enterprise with Foreign Investment category. The awards, "Excellent Taxpayment and Turnover (2021-2022)" and "Green Low Carbon Promotion (2021–2022)", were conferred by the China Association of Enterprises with Foreign Investment and the Shenzhen Association of Enterprises with Foreign Investment.

MEGA-VESSEL CALLS



Evergreen, EVER ARM



Evergreen, EVER ALOT

YANTIAN WELCOMES THE WORLD'S LARGEST CONTAINER VESSELS ON THEIR MAIDEN VOYAGES

In March, YANTIAN welcomed one of the ten new 24,000 TEU ultra-large container vessels built by Evergreen, *EVER ARM*, on its maiden voyage. *EVER ARM* is currently the world's largest container vessel, measuring 400 metres long and 62 metres wide.

In July, another ultra-large container vessel by Evergreen, *EVER ALOT*, made its call at YANTIAN on its maiden voyage. With an expansive deck area of 24,000 square metres and a length of 400 metres, *EVER ALOT* is the first ship in the world exceeding the 24,000 TEU mark. YANTIAN was its last port of call in China, signifying YANTIAN's capabilities in handling mega-vessels in addition to its advantageous port conditions.

CORPORATE MILESTONES



MEGA-VESSEL APL RAFFLES BERTHS AT HIT

In April, measuring 398 metres long and 58 metres wide, and with a carrying capacity of 17,000 TEU, *APL RAFFLES* berthed at HIT. The container vessel is one of the many mega-vessels calling at HIT, demonstrating the terminals' capabilities in servicing vessels of this scale.



YANTIAN WELCOMES SIX 400-METRE-LONG CONTAINER VESSELS SIMULTANEOUSLY AFTER QUAYSIDE UPGRADES

In July, YANTIAN received six 400-metre-long vessels concurrently for the first time. This was a significant milestone as it was the first time several sizeable vessels berthed at any global port simultaneously, further establishing YANTIAN as the preferred port-of-call for mega-vessels.

The simultaneous call was enabled by a berth and quayside upgrade, which commenced in 2021. The purpose of the enhancement was to provide more agility and resilience at the ports to meet the growing demand of customers and increasing deployment of mega-vessels within the maritime industry. With the completion of the upgrades, simultaneous calls of multiple mega-vessels will become a common occurrence at YANTIAN.

AUTOMATED AND REMOTE-CONTROLLED TECHNOLOGY



MORE REMOTE RMGC AT HIT

HIT continues to strive for higher productivity, operational safety and equipment reliability. A third batch of three remote rail-mounted gantry cranes ("RMGCs") was delivered in March 2022 and released for operations in August 2022. The three new remote RMGCs will greatly enhance operational safety and efficiency with improved features such as a container twistlock detection system, a block access gate control system, an imageprocessed anti-truck lifting system and a safety wire rope net. Other new features include a truck positioning system for external and internal trucks, small square move for in-stack shuffling and a full-coverage anti-container collision system. A fourth batch of RMGCs will be delivered in April 2023.



REMOTE RMGC



REMOTE RTGC OPERATIONS AT YANTIAN

HPH Trust continues to expand its remote crane operations in YANTIAN with a total of 40 units of remote RTGCs to be deployed at the terminal by 2025. The objective is to improve the work environment for RTGC operators, enhance occupational safety and health, maximise yard productivity and reduce carbon emissions.

The final commissioning work for the first batch of eight remote RTGCs was completed and officially put into operation in the first quarter of 2022. The civil work and manufacturing of a second batch of eight remote RTGCs is currently in progress and is expected to be delivered to YANTIAN in the first quarter of 2023.



REMOTE RTGC



INBOUND FULL CONTAINER DELIVERY AUTOMATION AT YANTIAN

HPH Trust continues to promote automated operation at YANTIAN to provide a better service experience for customers and port users by optimising gate operation flow and improving gate productivity. In June, YANTIAN introduced fully automated, paperless access for inbound containers on trucks. As of November, more than 95% of gate house operations at YANTIAN were automated, which has greatly enhanced users' service experiences.

>95%

GATE HOUSE AUTOMATION



Inflation, rising energy prices and interest rates, geopolitical uncertainty and the reverberating impact of the COVID-19 pandemic on supply chains created a business backdrop of adversity in 2022.

In the face of these challenges, HPH Trust doubled its efforts to enhance operational resource deployment, develop infrastructure and employ innovative technologies to protect the Trust's competitive edge. Strong foundations of long-term planning and agility in responding to shifts in the external environment helped HPH Trust to maintain stability, manage risks and maximise opportunities.

KEEPING THE PANDEMIC AT BAY

In 2022, HPH Trust's commitment to maintaining round-the-clock services, even at peaks of the pandemic, secured stable port operations. For instance, a crisis management team stepped in to resolve Kwai Tsing Terminals' temporary manpower shortages in February due to COVID-19 infections and related quarantine requirement, with the terminals returning to regular operating capacity within weeks.

Meanwhile, decisive action at YANTIAN ensured it to continue operating smoothly. Our specially created COVID-19 Prevention and Control Committee helped the business respond swiftly to the government's most updated COVID-19 containment measures, by rapidly activating pandemic response plans, providing staff with COVID-19 response work plans, and providing personnel working onboard vessels with well-organised, safe and comfortable closed-loop accommodation. In addition, technologies such as the self-developed 'electronic fence on board' and the 'iYANTIAN' information management system also allowed effective and efficient pandemic prevention and containment.

The Sustainability Report on pages 36 to 94 of the Annual Report provides more details on the COVID-19 preventive measures that HPH Trust actioned to safeguard employees' and port users' health, and maintain smooth, efficient and effective operations 24/7.

LAND-SEA SOLUTIONS SHOWCASE COLLABORATION

With the unique role HPH Trust plays at the Greater Bay Area ("GBA") including Hong Kong and Shenzhen, it has strived to seek ways to contribute to the society, ensuring the continued and smooth flow of daily necessities, anti-epidemic supplies, food and other materials to/from Hong Kong and Shenzhen since the beginning of the pandemic. This commitment to serving the community and safeguarding economic activities of the cities during the pandemic was best demonstrated when the COVID-19 fifth wave hit Hong Kong in February.

Hong Kong's COVID-19 fifth wave halted cross-border trucking between Hong Kong and Shenzhen, affecting a wide range of daily supplies. To demonstrate its role as a key port player in both cities, HPH Trust proactively utilised Kwai Tsing Terminals and YANTIAN to launch an alternative cross-boundary transportation solution. The agile response capitalised on the strong collaboration with shipping lines in setting regular shipping schedules between the ports of Hong Kong and YANTIAN, using dedicated barge berths, the opening of a 'dedicated green channel' and priority inspection to expedite cargo handling and inspection procedures. As a result, shippers and suppliers could deliver necessities such as fresh vegetables to Hong Kong by sea and the logistics supply chain between Guangdong and Hong Kong was able to continue operating without delay.

This solution is a strong example of successful collaboration between HPH Trust's terminals in Hong Kong and Shenzhen, pointing to the rich potential for closer collaboration between the ports in GBA.

COLD-CHAIN ADVANTAGE

In recent years, Hong Kong Seaport Alliance ("HKSPA") has excelled by tapping into the growing cold-chain market to offer the freshest deliveries, including imported fruits, to markets in Mainland China. Kwai Tsing Terminals' Remote Reefer Monitoring System and has reefer plug capacity of more than 4,700 reefer points, have been significant in providing a cold-chain edge. The system strengthens the terminals' operational efficiency and occupational safety through 24/7 automated remote management of refrigerated containers. This has enabled greater visibility and accuracy on container conditions such as temperature, humidity and carbon emission levels. Kwai Tsing Terminals have also offered direct container pick-up after discharge.

In Shenzhen, YANTIAN built a system of integrated customs supervision and cold chain facilities for imported fruits. Under the support and guidance of the General Administration of Customs, Shenzhen Customs, Shenzhen Municipal Government and Yantian District Government, the system allows the requisite advance declaration, two-step declaration, shipside pickup and loading, and green inspection. The terminal provides safer and faster inspection and clearance of fruits and reefer cargoes through 4,000 refrigerated container sockets in the container yard, two dedicated on-dock customs inspection sites with consistently maintained temperatures and a total of 45 off-dock inspection bays. All these facilities reaffirm YANTIAN's position as a port of choice for fruit shipments in South China, in particular, of cherries, by witnessing the berthing of the first cherry express vessel from Chile to Mainland China, SEASPAN BRIGHTNESS, at YANTIAN in December.

STRENGTHENING OPERATIONS

HPH Trust is constantly looking to achieve smarter use of resources to attain higher productivity and cost-effectiveness. The 2022 creation of a centralised remote operation centre at Terminal 8 of Kwai Tsing Terminals for the remote rubber-tyred gantry cranes ("RTGCs") operations has been a noteworthy achievement. It replaced two separate centres previously located in Kwai Chung

OPERATIONAL REVIEW

and Tsing Yi to maximise synergy and efficiencies. Similarly, the consolidation of gatehouses of HIT, COSCO-HIT and ACT into one centralised gatehouse at Terminal 6 brought an efficient and direct service to truck drivers.

Never content with the status quo, YANTIAN launched a three-year capacity enhancement programme to boost terminal competitiveness. It includes the purchase of 40 remote RTGCs (eight of which were already fully operational), the heightening of quay cranes and RTGCs, and berth upgrades to service more mega vessels. In July, YANTIAN showcased its operational strength when it received six 400-metre container vessels simultaneously – MSC SVEVA, MANCHESTER MAERSK, CMA CGM ALEXANDER VON HUMBOLDT, CMA CGM GEORG FORSTER, CMA CGM JEAN MERMOZ and EVELYN MAERSK.

In addition, the major project of YANTIAN – East Port Phase I – achieved major milestones in 2022, obtaining official approval from the Shenzhen Municipal Development and Reform Commission in August, and holding the contract signing ceremony with major stakeholders in December.

All these initiatives will improve YANTIAN's overall terminal capacity and productivity. They support YANTIAN to be a major, competitive port hub in the GBA by meeting the growing cargo demands from sources including but not limited to YANTIAN's inland port portfolio.

DELIVERING PROGRESS THROUGH DIGITALISATION

Kwai Tsing Terminals is determined to digitally transform its daily operations to sustain business continuity and contribute to environmental sustainability. In 2022, gatehouse digitalisation continued with the Port of Hong Kong's introduction of the Electronic Booking Confirmation Note (eBCN) system. Together with the Electronic Release Order (eRO) system introduced earlier in 2021, both inbound and outbound gate processes could now go fully paperless. Moreover, Remote Container Inspection at Kwai Tsing Terminals, which allows workers to inspect the container condition remotely at office instead of on-site, has improved safety, efficiency and saved costs by reducing the onsite needs of inspectors. In addition, Kwai Tsing Terminals also continuously enhanced its frontline operation systems to greatly reduce paper usage in digitalising and streamlining the process operation reporting functions.

Besides daily operations, Kwai Tsing Terminals also applied technologies in enhancing security by successfully applying artificial intelligence (AI) to its intrusion detection system at Terminal 6, using 5G technology.

The drive to harness the latest technological advances to enhance port operations is also evident in YANTIAN. Projects in 2022 included 5G applications in border control kiosks at terminal quaysides and raising COVID-19 prevention effectiveness. Significant effort and time was also spent on using 5G in planning and designing

the greenfield automated terminal at East Port, more details will be unfolded in the future.

LONG-TERM INVESTMENTS IN REMOTE-CONTROLLED TECHNOLOGY

The Trust has continued to pursue infrastructure developments to stay competitive in an increasingly digitalised world. It has embraced 5G technology to secure a stable, highly reliable network with low latency, which is crucial for remote controlled operations.

YANTIAN began its 5G application for remote-controlled RTGCs, with a proof-of-concept trial for one unit done in 2022, and altogether 16 units commissioned to roll out in 2023. Kwai Tsing Terminals followed suit, becoming the first terminals in Hong Kong to apply 5G technology in 2022 to six remote-controlled RTGCs, and real-time monitoring and alerts.

In 2022 at Kwai Tsing Terminals, five manual RTGCs at Terminal 8 were converted to remote-control mode, while in HIT, a fourth batch of three new remote rail-mounted gantry cranes are expected to enter service in 2023. In YANTIAN, a total of 40 units of remote RTGCs is expected to be deployed by 2025.

SAFEGUARDING THE WORKPLACE

Health and safety is paramount to daily operations at HPH Trust's terminals. In the year under review, Kwai Tsing Terminals organised a safety month to raise awareness of 'slip and fall' accidents in the workplace. The terminals also presented new educational videos spotlighting serious accidents to help eliminate risk-taking and unsafe work behaviours.

In YANTIAN, education and campaigns were a focus for workplace health and safety. The National Safety Month in June featured two special training courses on safety leadership that drew a total of 460 participants. A 'Work Together for a Safe Port' campaign involved staff members and their families to promote safe production and family wellbeing. Meanwhile, to emphasise that everyone has a duty to contribute to occupational health and safety, YANTIAN rolled out the 'Everyone is a Safety Guardian' campaign, inviting all staff members in the port area to check for potential safety risks and violations, creating self-initiative to regulate operations and prevent accidents. More details on HPH Trust's safety and security measures can be found in the Sustainability Report on pages 36 to 94 of the Annual Report.

FIRM BASES FOR LONG-TERM SUCCESS

HPH Trust has consolidated its business through versatile, targeted use of resources, sustained infrastructure investments and upgrades, and a resolute embrace of new technology. Forging ahead with purpose and a clear view of the long term, the business is more than prepared to ask and answer tomorrow's questions. HPH Trust has continued to thrive on a deep understanding of its markets, competition and customers to create new opportunities, innovate, and refine complex operations. HPH Trust endeavours to scale new heights to maintain its status as a world-leading terminal operator.

FINANCIAL REVIEW

In 2022, a host of global and industry challenges tested the resilience of the global port business. Inflation, high interest rates, rising energy and commodity prices, geopolitical flux, and the continuing impacts of the COVID-19 pandemic created a complex business landscape to navigate.

However, HPH Trust's versatility and commitment to prudent financial management served itself well. Despite the difficulties, HPH Trust is well placed to take on new challenges and opportunities in the year ahead.

THROUGHPUT SLOWED AMID PANDEMIC AND INFLATION

The past financial year was marked by operational and financial flux. Under the high inflationary environment and inventory level at destination countries which led to weakened consumer demand in markets worldwide, during the year under review, throughput for the ports of HPH Trust was 22.7 million TEUs, a drop by 7% compared to 2021. Outbound cargoes to the US and Europe dropped by 12% and 13% respectively. YANTIAN's throughput fall was mainly attributable to lower US and Europe cargoes. Throughput at Kwai Tsing Terminals recorded an 11% drop in 2022, due to the reduced cross-border road traffic as a result of the stringent pandemic control measures in place after Hong Kong was hit by the fifth wave of COVID-19 in early 2022.

Average revenue per TEU for YANTIAN was below the 2021 level, mainly attributed to stabilised storage income after unusual high storage income in 2021 and depreciation of Renminbi. Meanwhile for Kwai Tsing Terminals, average revenue per TEU was slightly above 2021 level. Across the full year, revenue and other income totalled HK\$12,166.2 million – a decrease of 8% compared to HK\$13,244.1 million in 2021 – as a result of lower throughput.

MIXED OPERATING RESULTS IN A COMPLEX BUSINESS ENVIRONMENT

The cost of services rendered in 2022 was HK\$4,174.5 million, 7% drop from HK\$4,474.7 million in 2021 as a result of lower throughput. Efficiencies created by Hong Kong Seaport Alliance ("HKSPA") and other cost-control initiatives also partially offset general cost increases.

Staff costs of HK\$265.7 million marked an increase of 3% compared with that of 2021 primarily due to inflation. Depreciation and amortisation was HK\$3,004.0 million, 2% below the previous year.

Other operating income in 2022 was HK\$146.2 million, a 65% drop from HK\$417.9 million in 2021. The decrease was mainly due to higher government subsidies received in 2021. Other operating expenses totalled HK\$587.3 million. This marked a 17% increase against HK\$500.4 million in 2021, mainly attributable to exchange loss arising from revaluation of Renminbi denominated assets.

Total operating profit was HK\$4,280.9 million - a HK\$1,097.9 million or 20% decrease from 2021. Profit for the year was HK\$2,519.7 million, a decrease of HK\$1,007.5 million or 29% compared to 2021.

Profit attributable to HPH Trust unitholders was HK\$1,099.0 million, representing a decrease of HK\$648.2 million or 37% from 2021.

FINANCIAL PRUDENCE CONTINUES

Despite the backdrop of the COVID-19 pandemic and increasing global economic challenges, HPH Trust has maintained financial prudence and maintained a good financial position. At the end of 2022, HPH Trust had a total cash balance of HK\$10,395.2 million, which was HK\$652.8 million less than in 2021. This resulted in HPH Trust having HK\$16,744.8 million in net debt by year end, a 7% decrease against 2021.

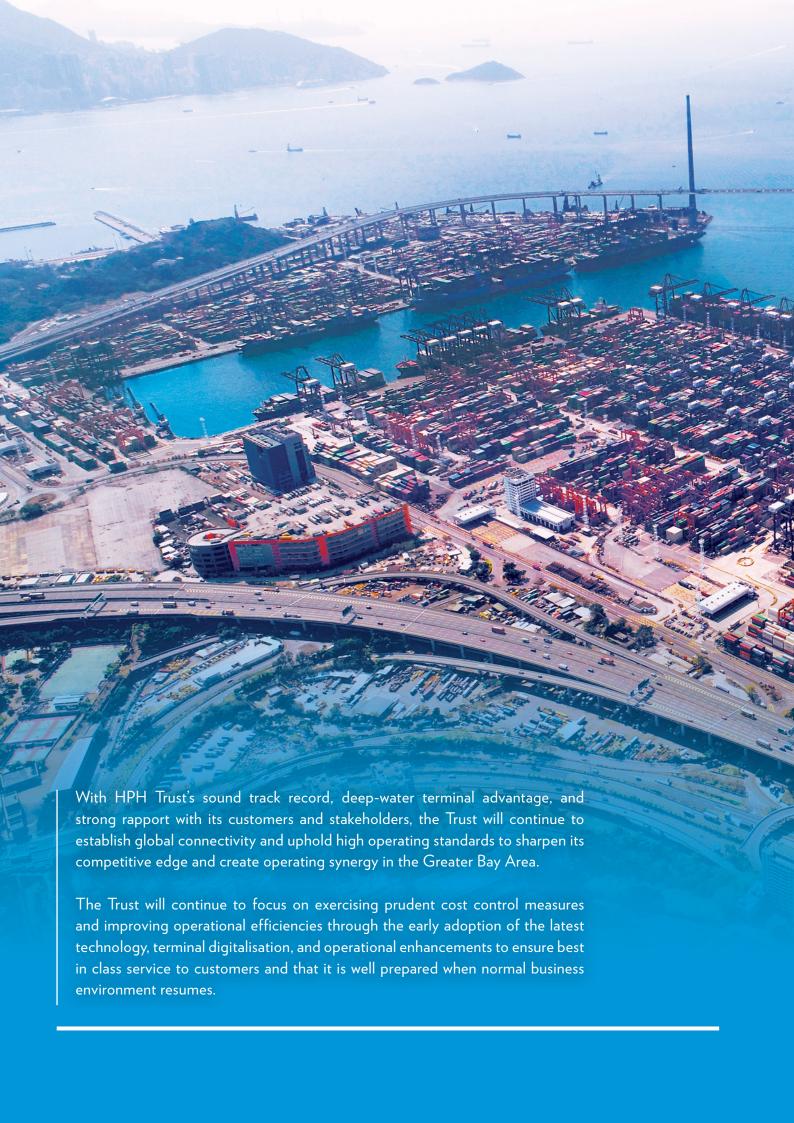
During the year, HPH Trust diligently continued its debt repayment strategy implemented since 2017, to repay a minimum of HK\$1 billion of debt annually. As a result, total borrowings decreased by HK\$1.9 billion to HK\$27,140.0 million as of 31 December 2022, down from HK\$29,038.0 million at the end of the previous year. The impact of interest rate rises on HPH Trust's borrowing cost was relatively small as over 70% of debt had a fixed interest rate. During the year, the Trust obtained new bank loans of approximately HK\$5,300 million and repaid bank loans of approximately HK\$3,298 million and redeemed guaranteed notes of US\$500 million.

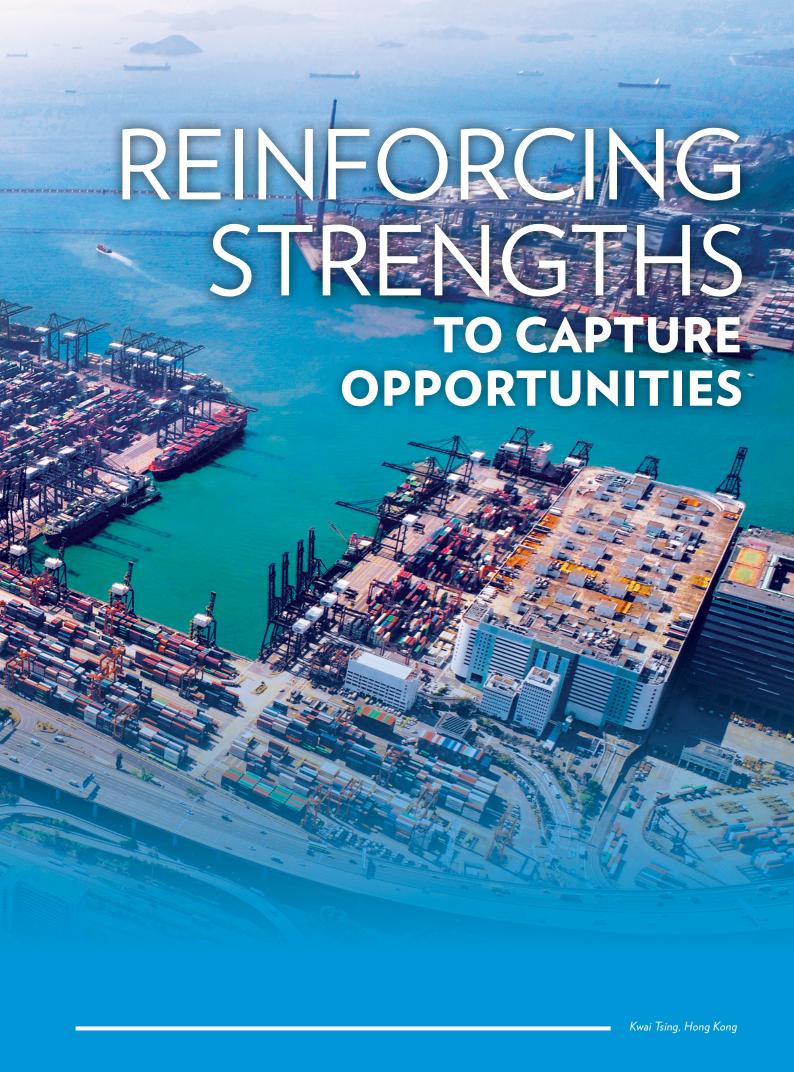
HPH Trust has recommended a total payout of HK\$1,263.1 million for 2022, which arrives at a distribution per unit of 14.5 HK cents. Based on the US\$0.194 market price as at 31 December 2022, the distribution yield stands at 9.6%.

OUTLOOK

Multiple events clouded the 2022 global trade environment and the ensuing uncertainty is reflected in the year's financial results. Despite the recent relaxation of pandemic preventive measures in mainland China and Hong Kong, it will take time to return to a prepandemic normal. The impact of high inflation on market sentiment and operating costs, geopolitical tensions as well as supply chain flux is likely to continue in 2023. The global supply chain and the port industry can expect another year of challenging business conditions.

As ever, HPH Trust is steadfast in maintaining efficient, effective and stable operations based on a commitment to rigorous capital management, shrewd spending and meticulous cost control. In the new year, HPH Trust will continue to help smooth the challenges in global supply chains by operating its terminals to bring the greatest value to its stakeholders. Most importantly, HPH Trust has healthy financial fundamentals that provide a secure platform for the business to explore and embrace new opportunities with precision and confidence.





BOARD OF DIRECTORS



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

Trustee-Manager

Date of appointment as Director: 14 February 2011

Date of appointment as Chairman:

23 February 2011

Length of service as Director (as at 31 December 2022):

11 years 10 months

71

Board committee served on:

Nil

Age:

Academic & Professional Qualifications

- Bachelor of Arts degree and Diploma in Financial Management
- Fellow of Chartered Accountants Australia and New Zealand

Present Directorships or Chairmanships

Listed companies

- CK Hutchison Holdings Limited ("CKHH") (executive director and group co-managing director)
- Hutchison Telecommunications Hong Kong Holdings Limited (chairman)
- Hutchison Telecommunications (Australia) Limited (chairman)
- Power Assets Holdings Limited (chairman)
- HK Electric Investments Manager Limited (as the trustee-manager of HK Electric Investments) (chairman)
- HK Electric Investments Limited (chairman)
- TPG Telecom Limited (chairman)
- CK Infrastructure Holdings Limited (deputy chairman)
- Cenovus Energy Inc. ("Cenovus Energy") (director)
- PT Indosat Tbk (deputy president commissioner)

Other Principal Commitments

Nil

Other Information

All the aforesaid companies are either subsidiaries or associated companies of CKHH Group of which Mr. Fok has oversight

Past Directorships or Chairmanships in listed companies held over the preceding 3 years (from 1 January 2020 to 31 December 2022)

• Husky Energy Inc. (delisted on 5 January 2021 following its combination with Cenovus Energy) (co-chairman)



MR. IP SING Executive Director

Trustee-Manager

Date of appointment as Director: 14 February 2011

Length of service as Director

11 years 10 months

(as at 31 December 2022):

Age:

Board committee served on:

• Nil

Academic & Professional Qualifications

Bachelor of Arts degree

Present Directorships or Chairmanships

Listed companies

- Westports Holdings Berhad (non-independent non-executive director)
- Piraeus Port Authority S.A. (independent, non-executive director)
- Orient Overseas (International) Limited (non-executive director)
- COSCO SHIPPING Development Co., Ltd. (non-executive director)

Other Principal Commitments

- Group managing director of Hutchison Port Holdings Limited
- Chairman of Yantian International Container Terminals Limited

Other Information

- A member of the Hong Kong Port Development Council until the end of December 2014
- Founding chairman (in 2000-2001) of the Hong Kong Container Terminal Operators Association Limited
- Over 40 years of experience in the maritime industry

Past Directorships or Chairmanships in listed companies held over the preceding 3 years (from 1 January 2020 to 31 December 2022)

• COSCO SHIPPING Energy Transportation Co., Ltd. (independent non-executive director)



MS. EDITH SHIH
Non-executive Director

Trustee-Manager Date of appointment as Director: 1 January 2017 Length of service as Director 6 years (as at 31 December 2022): Age: 71

Board committee served on:

- Sustainability Committee of the Trustee-Manager (chairperson)
- Nominating Committee of the Trustee-Manager (member)

Academic & Professional Qualifications

- Bachelor of Science degree and Master of Arts degree from the University of the Philippines
- Master of Arts degree and Master of Education degree from Columbia University, New York
- Solicitor qualified in England and Wales, Hong Kong and Victoria, Australia
- Fellow of both The Chartered Governance Institute ("CGI") and The Hong Kong Chartered Governance Institute ("HKCGI"), holding Chartered Secretary and Chartered Governance Professional dual designations

Present Directorships or Chairmanships

Listed companies

- CK Hutchison Holdings Limited ("CKHH") (executive director)
- Hutchison Telecommunications Hong Kong Holdings Limited (non-executive director)
- HUTCHMED (China) Limited (non-executive director)
- PT Duta Intidaya Tbk (commissioner)

Other Principal Commitments

Company Secretary of CKHH

Other Information

- Past International President (2018-2020) and current member of the Council of CGI
- Past President (2011-2014) and current Honorary Advisor of HKCGI and current chairperson of its Nomination Committee
- Chairman of the Process Review Panel for the Accounting and Financial Reporting Council (formerly known as the Financial Reporting Council) and a member of the Securities and Futures Appeals Tribunal and Executive Committee and Council of Hong Kong Management Association

Past Directorships or Chairmanships in listed companies held over the preceding 3 years (from 1 January 2020 to 31 December 2022)

• Nil



MS. LEE TUNG WAN, DIANA
Non-executive Director

Trustee-Manager

Date of appointment as Director: 1 January 2022

Length of service as Director 1 year

(as at 31 December 2022):

Age: 54

Board committee served on:

- Sustainability Committee of the Trustee-Manager (member)
- Remuneration Committee of the Trustee-Manager (member)

Academic & Professional Qualifications

- Bachelor's degree in Commerce
- Associate of Chartered Accountants Australia and New Zealand

Present Directorships or Chairmanships

Listed company

Westports Holdings Berhad (non-independent non-executive director)

Other Principal Commitments

• Group chief financial officer of Hutchison Port Holdings Limited

Other Information

- Extensive experience in financial and accounting matters as well as financial reporting and regulatory compliance
- Past Deputy Chief Financial Officer of the Trustee-Manager (February 2011 to April 2016) and past Chief Financial Officer and Investor Relations Officer of the Trustee-Manager (May 2016 to December 2021)

Past Directorships or Chairmanships in listed companies held over the preceding 3 years (from 1 January 2020 to 31 December 2022)

Nil

BOARD OF DIRECTORS



MR. CHAN TZE LEUNG, ROBERT Independent Non-executive Director

Trustee-Manager Date of appointment as Director: 14 February 2011 Length of service as Director 11 years 10 months (as at 31 December 2022): Age: 76

Board committee served on:

- Audit Committee of the Trustee-Manager (member)
- Remuneration Committee of the Trustee-Manager (chairman)

Academic & Professional Qualifications

- Bachelor of Science (Econ) Hons.
- Master's degree in Business Administration
- Fellow of The Hong Kong Institute of Directors

Present Directorships or Chairmanships

Listed company

• TOM Group Limited (independent non-executive director)

Other Principal Commitments

 Senior adviser to Long March Capital Limited, a fund management company based in Beijing and Shanghai in partnership with leading Chinese institutions

Other Information

- Experienced banker with over 39 years of experience in both commercial and investment banking
- Retired as chief executive officer of United Overseas Bank, Hong Kong on 31 December 2011

Past Directorships or Chairmanships in listed companies held over the preceding 3 years (from 1 January 2020 to 31 December 2022)

Nil



DR. FONG CHI WAI, ALEX Independent Non-executive Director

Trustee-Manager

Date of appointment as Director: 11 February 2020

Length of service as Director 2 years 10 months (as at 31 December 2022):

Age: 66

Board committee served on:

• Sustainability Committee of the Trustee-Manager (member)

Academic & Professional Qualifications

- Bachelor of Social Science degree in Business and Economics from the University of Hong Kong
- Master of Technology Management degree in Global Logistics Management from the Hong Kong University of Science and Technology
- Master of Science degree in Global Finance from the New York University/Hong Kong University of Science and Technology
- Doctor of Business Administration degree from the City University of Hong Kong
- Doctor of Philosophy from the City University of Hong Kong
- Fellow of the Chartered Institute of Logistics and Transport in Hong Kong
- Fellow of The Hong Kong Institute of Directors
- Adjunct Associate Professor, Hong Kong University Business School
- Adjunct Associate Professor, The Chinese University of Hong Kong Business School

Present Directorships or Chairmanships

Listed companies

- TOM Group Limited (independent non-executive director)
- HK Electric Investments Limited (independent non-executive director)
- HK Electric Investments Manager Limited (as the trustee-manager of HK Electric Investments) (independent non-executive director)

Other Principal Commitments

• Director of The Hongkong Electric Company, Limited

Other Information

- CEO of the Hong Kong General Chamber of Commerce (2006-2011)
- Over 25 years of experience in the government of Hong Kong with operational and policy formulation expertise
- Former Secretary to the Hong Kong Port and Maritime Board and the Hong Kong Logistics Development Council

Past Directorships or Chairmanships in listed companies held over the preceding 3 years (from 1 January 2020 to 31 December 2022)

 China United Venture Investment Limited (previously known as "Glory Mark Hi-Tech (Holdings) Limited") (independent nonexecutive director)



MR. GRAEME ALLAN JACK Independent Non-executive Director

Trustee-Manager

Date of appointment as Director: 14 February 2011

Length of service as Director (as at 31 December 2022):

11 years 10 months

Age: 72

Board committee served on:

• Audit Committee of the Trustee-Manager (chairman)

Academic & Professional Qualifications

- Bachelor of Commerce degree
- Fellow of the Hong Kong Institute of Certified Public Accountants
- Associate of Chartered Accountants Australia and New Zealand

Present Directorships or Chairmanships

Listed companies

- The Greenbrier Companies, Inc. (independent non-executive
- HUTCHMED (China) Limited (independent non-executive director)

Other Principal Commitments

• Nil

Other Information

- Extensive experience in finance and audit
- Retired as partner of PricewaterhouseCoopers in 2006

Past Directorships or Chairmanships in listed companies held over the preceding 3 years (from 1 January 2020 to 31 December 2022)

• COSCO SHIPPING Development Co., Ltd. (independent non-executive director)



MRS. SNG SOW-MEI (ALIAS POON SOW MEI)

Independent Non-executive Director & Lead Independent Director

Trustee-Manager

Age:

Date of appointment as Director: 14 January 2011

Length of service as Director (as at 31 December 2022):

11 year 11 months

Board committee served on:

- Audit Committee of the Trustee-Manager (member)
- Remuneration Committee of the Trustee-Manager (member)
- Nominating Committee of the Trustee-Manager (member)

Academic & Professional Qualifications

Bachelor of Arts degree

Present Directorships or Chairmanships

Listed companies

- CK Infrastructure Holdings Limited (independent non-executive
- ARA Asset Management (Prosperity) Limited (as manager of Prosperity Real Estate Investment Trust) (independent non-executive director)
- CK Asset Holdings Limited (independent non-executive director)

Other Principal Commitments

Nil

Other Information

- Lead Independent Director of the Trustee-Manager
- Conferred the title of PPA(P) Pingat Pentadbiran Awam (Perak), the Singapore Public Administration Medal (Silver) by the Republic of Singapore

Past Directorships or Chairmanships in listed companies held over the preceding 3 years (from 1 January 2020 to 31 December 2022)

• Nil

BOARD OF DIRECTORS



MR. WONG KWAI LAM
Independent Non-executive Director

Trustee-Manager

Date of appointment as Director: 2 December 2015

Length of service as Director 7 years (as at 31 December 2022):

Age: 73

Board committee served on:

• Nominating Committee of the Trustee-Manager (chairman)

Academic & Professional Qualifications

- Bachelor of Arts degree from the Chinese University of Hong Kong
- Ph. D degree from Leicester University, England

Present Directorships or Chairmanships

Listed companies

- ARA Asset Management (Prosperity) Limited (as manager of Prosperity Real Estate Investment Trust) (independent non-executive director)
- K. Wah International Holdings Limited (independent non-executive director)
- Langham Hospitality Investments Limited (independent non-executive director)
- LHIL Manager Limited (as trustee-manager of Langham Hospitality Investments) (independent non-executive director)
- CK Hutchison Holdings Limited (independent non-executive director)

Other Principal Commitments

- Chairman of IncitAdv Consultants Limited
- Vice chairman of the board of trustees and a member of the investment sub-committee of the board of trustees of New Asia College of the Chinese University of Hong Kong
- Director of CUHK Medical Centre Limited
- Chairman of Hong Kong Grand Opera Company Ltd

Other Information

- Former member of the advisory committee of the Securities and Futures Commission in Hong Kong
- Over 33 years of experience in the commercial and investment banking industry
- Retired as managing director of Asia investment banking division of Merrill Lynch (Asia Pacific) Ltd. in 2009 and served as their senior client advisor until 2010
- Conferred with an honorary fellowship by the Chinese University of Hong Kong

Past Directorships or Chairmanships in listed companies held over the preceding 3 years (from 1 January 2020 to 31 December 2022)

• Nil

SENIOR MANAGEMENT

MR. IVOR CHOW

Chief Executive Officer of the Trustee-Manager and Managing Director of HIT

Mr. Chow was appointed the Chief Executive Officer of the Trustee-Manager in June 2021. He is also the Managing Director of HIT and a member of the HPH Trust Exco, a committee of executives that determines strategy for HPH Trust. He has over 20 years of experience working in the port, accounting and banking industries. Mr. Chow joined Hutchison Port Holdings Limited ("HPH") in 1998 and since 2001 has served as the General Manager of the Commercial division and the Chief Financial Officer and Director - Corporate Finance & Business Development of several of HPH's subsidiaries (together with HPH, the "HPH Group"). He has also served as Finance Director of the South China division of the HPH Group as well as a director on some of the HPH Group and HPH Trust's business portfolio assets since 2008. He has also been an executive of the Trustee-Manager since 2011 and was the Chief Financial Officer and Investor Relations Officer of the Trustee-Manager from February 2011 to April 2016. Mr. Chow holds a bachelor's degree in mathematics from the University of Waterloo in Canada. He is a Chartered Accountant of the Institute of Chartered Accountants of Ontario.

MR. JIMMY NG

Chief Financial Officer and Investor Relations Officer of the Trustee-Manager

Mr. Ng was appointed the Chief Financial Officer and Investor Relations Officer of the Trustee-Manager in January 2022. He is also a member of the HPH Trust Exco. Prior to his current appointment, Mr. Ng was the Business Director of the South East Asia division of the HPH Group since 2017. Mr. Ng joined the HPH Group in 2008, initially serving in the Corporate Finance Department. He has over 20 years of experience in finance and banking. Mr. Ng holds a master's degree in engineering, economics and management from the University of Oxford in the United Kingdom. He is a Chartered Financial Analyst and a Fellow of CPA Australia.

SENIOR MANAGEMENT

MR. LAWRENCE SHUM

Managing Director of YANTIAN

Mr. Shum is the Managing Director of YANTIAN and a member of the HPH Trust Exco. Before being appointed to his current position in June 2021, he was the Managing Director of COSCO-HIT and Deputy Managing Director of ACT. Since joining the HPH Group in 1996, Mr. Shum has held various executive positions in Hong Kong and mainland China within the Trust and HPH Group. He served as the Chief Financial Officer of YANTIAN, took up various posts in Shanghai and was the Regional Director – North and East China of the HPH Group. He has over 26 years of experience in the port industry.

Currently, Mr. Shum is the Standing Committee Member of the Chinese People's Political Consultative Conference of Yantian District, Shenzhen and has been elected as the President of Shenzhen Ports Association in October 2022. He is a Chartered Fellow of the Chartered Institute of Logistics and Transport in Hong Kong and is a Fellow of the Institute of Chartered Accountants in England and Wales, and the Association of Chartered Certified Accountants. Mr. Shum is also an Associate of the Hong Kong Institute of Certified Public Accountants.

MS. MA XIAOLI

Managing Director of COSCO-HIT and Deputy Managing Director of ACT

Ms. Ma is the Managing Director of COSCO-HIT, Deputy Managing Director of ACT and a member of the HPH Trust Exco. Prior to her appointment in June 2021, she was the Account Director – South China cum Relationship Director under the commercial function of the HPH Group. She joined the HPH Group in 2005 and had 13 years of experience in the shipping industry before joining the HPH Group. Ms. Ma holds a bachelor's degree in shipping management from Dalian Maritime University in the People's Republic of China, and a master's degree in international transport from Cardiff University in Wales.

MR. RAYMOND LAM

Chief Operating Officer of HKSPA and Director - Operations of HIT

Mr. Lam is the Chief Operating Officer of HKSPA, overseeing the operations collaboration among different terminal operators in Kwai Tsing, Hong Kong. He is also the Director – Operations of HIT and a member of the HPH Trust Exco. He joined the HPH Group in 2015 and held various executive positions in Ports Panama, COSCO-HIT and YANTIAN focusing on terminal operations. He has over 27 years of experience in terminal operations and logistics business. Mr. Lam holds a bachelor's degree in business administration from the Chinese University of Hong Kong.

MR. RAYMOND CHAN

Director - Operations of YANTIAN

Mr. Chan is the Director – Operations of YANTIAN and a member of the HPH Trust Exco. Prior to his appointment in September 2021, he had been the General Manager of the South Asia Pakistan Terminals and the Karachi International Container Terminals of the HPH Group. He joined the HPH Group in 1992 and held various executive positions over the years, including Deputy Chief Executive Officer of Hutchison Ports Panama, General Manager of Port Xiamen in the People's Republic of China and Operations Review Consultant of the HPH Group. Mr. Chan holds a bachelor of industrial engineering from the University of Hong Kong.

FOCUSING ONTHE FUTURE

The operating environment is becoming increasingly complex and volatile as businesses are increasingly expected to look beyond simply generating returns to solving global challenges like climate change and inequality.

Committed to sustainability, the Trust endeavours to incorporate sustainability into its business strategy, decision-making and corporate culture. It focuses on creating long-term shared value for the business and its stakeholders by sustainably and responsively optimising its business operations, to push the sustainability agenda forward in the communities it serve.



ABOUT THIS REPORT

HPH Trust is committed to a holistic approach to sustainable development, and as such, it ranks environmental, social and governance ("ESG") considerations as vitally important in all aspects of its business. As part of this, it is committed to the principles of transparency and accountability in its sustainability disclosure practices. This Sustainability Report, as part of the Annual Report, sets out the sustainability approach of the Trust as well as its practices and performance in managing ESG issues related to the business. The management approach, performance indicators and targets, as well as related achievements and case studies on material sustainability topics ("Material Sustainability Topics"), are disclosed in the respective chapters of the Sustainability Report.

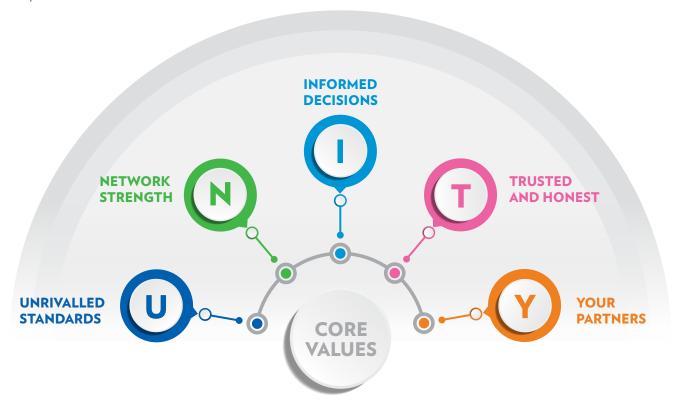
The Sustainability Report has been prepared in accordance with the Global Reporting Initiative ("GRI") Standards and Rule 711A of the SGX Listing Manual, and with reference to the primary components set out in Rule 711B of the SGX Listing Manual. It is for the period 1 January 2022 to 31 December 2022. It has been reviewed by the Board of Directors ("Board") of the Trustee-Manager and is published on HPH Trust's corporate website at https://www.hphtrust.com/sr_hpht.html.

REPORTING SCOPE

The Sustainability Report discloses data on Material Sustainability Topics identified and prioritised by stakeholders and management. Disclosures cover the core port operations of HPH Trust at HIT and YANTIAN¹, which are the majority-owned terminals of the Trust and contribute around 85% of the total throughput handled during the year.

CONTACT US

HPH Trust welcomes your feedback on the Sustainability Report and other sustainability-related enquiries. Please contact the Trust at ir@hphtrust.com.



The core values of the Trust revolve around the concept of UNITY, reflecting its commitment to excellence, integrity and strong partnerships. In particular, HPH Trust commits to a sustainable future.

¹ Excludes YANTIAN East Port Phase I, which is under development.

BOARD STATEMENT

Committed to sustainability, the Board of HPH Trust incorporates sustainability factors into its decisionmaking and strategy formulation. With overall responsibility for the sustainable development of the Trust, the Board regularly reviews and evaluates the relevance and importance of sustainability topics. It ensures accountability, oversees the management of the most material topics, and evaluates the performance of the Trust in relation to sustainability.

MANAGING SUSTAINABILITY

SUSTAINABILITY GOVERNANCE

HPH Trust is committed to strengthening its organisational adaptability and resilience through our sustainability principles, which are embedded throughout the Trust's operations. We have long viewed sustainable development as a core aspect of our business practices, strategies and planning. This approach to sustainability ensures we are well equipped to respond to environmental, social and economic challenges that arise in the fast-paced economies in which we operate.



- * Established in April 2022
- ** Formerly known as Sustainability Steering Committee

Our robust sustainability governance structure allows us to define clear responsibilities and assign key roles across our business units while ensuring alignment, innovation and collaboration. While the Board has ultimate responsibility for sustainability strategy and management, the Trust maintains that organisational accountability is a core tenet of our business, sending a strong message that everyone at HPH Trust has a duty to contribute in their own ways to achieving our collective sustainability objectives.

Effective two-way communication is essential for the success of our business strategy and decision-making. This holistic approach to sustainability governance enables rigorous oversight and facilitates the implementation of our strategies at the operational level.

More information on corporate governance at the Trust can be found on pages 96 to 126.

Board of Has ultimate accountability for the sustainability strategy of HPH Trust, as well as its management, performance and reporting, with the support of the Sustainability Committee and the Audit Committee **Directors** Oversees sustainability strategy formulation, risk management and performance, including promoting sustainable value creation in the best interests of the Trust, with due regard to sustainability considerations Sustainability · A board-level sub-committee set up in April 2022, comprising three Directors, including at least one Committee independent non-executive Director. Terms of reference of the Sustainability Committee is available on HPH Trust's corporate website at https://www.hphtrust.com/corporate_governance.html. Its objectives are to oversee the management and advise the Board on the development and implementation of the corporate social responsibility and sustainability initiatives of the Trust Reviews the sustainability reporting process, and related policies and practices Assesses and makes recommendations on matters concerning the Group's sustainability development and risks Meets at least twice a year · A board-level sub-committee, comprising three Directors, including at least three independent non-executive Directors. Terms of reference of the Audit Committee is available on HPH Trust's corporate website at https://www.hphtrust.com/corporate_governance.html. Its overall objective is to assist the Board in discharging its responsibility to HPH Trust to safeguard assets, maintain adequate accounting records, uphold the integrity of the financial statements, and develop and maintain effective systems of risk management and internal controls Reviews the policies and practices of the Trust on corporate governance including compliance with legal and regulatory requirements according to the Audit Committee's Terms of Reference Meets at least four times a year Sustainability · Formerly known as the Sustainability Steering Committee, it is comprised of senior management; that is, **Working Group** including CEO and CFO, and also Managing Directors of major business divisions, and Heads of Commercial, Operations, Engineering and Human Resources, and selected members of relevant staff CEO and CFO report directly to the Board (including the Sustainability Committee and the Audit Committee) on all sustainability issues, strategy implementation, and the relevant sustainability risks and opportunities Ensures sustainability factors are monitored on an ongoing basis and properly managed, reviews our sustainability practices, formulates the sustainability approach, leads efforts in setting short- and long-term strategies, sets targets and monitors our performance, and keeps abreast of emerging sustainability issues and trends that could impact HPH Trust's business operations and financial performance Meets at least twice a year Business units. • All have a duty to contribute to sustainability performance departments, work • Assesses and mitigates internal control-related risks groups, individuals • Manages, implements and monitors the effectiveness of sustainability initiatives Internal Audit Internal audit, reporting directly to the Audit Committee, provides independent assurance as to the effectivesness of the risk management activities and controls of the Group, including those related to sustainability reporting process

HPH Trust has in place a set of policies on sustainability and corporate governance that provide guidance on how HPH Trust conducts its business and ensures its operations and corporate culture align with its sustainability commitments. The policies are available on HPH Trust's corporate website.

Sustainability Policies https://www.hphtrust.com/sustainability_policies.html	Corporate Governance Policies https://www.hphtrust.com/corporate_governance.html
Environmental Policy	Anti-Fraud and Anti-Bribery Policy
Health and Work Environment Policy	Appointment of Third Party Representatives
Human Rights Policy	Board Diversity Policy
Modern Slavery and Human Trafficking Statement	Code of Conduct
Supplier Code of Conduct	Corporate Communications Policy
Sustainability Policy	Dealings in Securities (for Officers)
	Dealings in Securities (for Directors)
	Director Nomination Policy
	Donations, Contributions and Sponsorship
	Handling of Confidential and Price Sensitive Inside Information
	Information Security Policy
	Investor Relations Policy
	Personal Data Governance
	Whistleblowing Policy

RISK MANAGEMENT

The Trust's overall sustainability risk management approach is aligned with the integrated framework set out by the Committee of Sponsoring Organisations of the Treadway Commission. Sustainability risks and opportunities that may have a big impact on the business are regularly identified, reviewed, evaluated and prioritised through the Trust's Enterprise Risk Management ("ERM") framework. This framework reinforces the importance of considering risks in both the strategy-setting process and in driving performance. Moreover, the ERM framework defines how the Trust identifies and evaluates risks, and implements internal control procedures and mitigative measures to minimise adverse impacts. These captured risks represent critical knowledge for the Trust's strategic business planning, aiding in internal resource prioritisation, facilitating effective decision-making, and mitigating exposure to emerging risks across the entire organisation, for the short-, medium- and long-term healthy growth of the business.

KEY HIGHLIGHTS IN 2022

OVERVIEW

23

Material Sustainability Topics reprioritised and revised

RESPONSIBLE BUSINESS

100%

of new suppliers were screened for environmental and social issues

Zero Incidents

of corruption and no material breaches of relevant laws and regulations were recorded

Deployment of 5G

network to enhance security and increase overall efficiency of operations

Donated

HK\$5.3 million

through monetary and in-kind contributions to various community engagement programmes

ENVIRONMENT

17%

decrease in carbon emissions intensity between 2021 and 2022

YANTIAN participated in the

27th United Nations Climate Change Conference (COP27)

to share its experience addressing climate change issue

HIT has been recognised as

Hong Kong Green Organisation

since 2018

OUR PEOPLE

Signed the

Mental Health Workplace Charter

supporting employees' well-being

Provided

53,210

training hours for employees

SAFETY AND SECURITY

Conducted

103

emergency drills

Over 200

HIT employees and external contractor workers participated in Safety Month to raise awareness on slip and fall prevention

RESPONDING TO COVID-19

As the world continues its collective effort to contain COVID-19, our thoughts are with all those who have been affected these past few years. The Trust has the utmost respect and sincere gratitude for all healthcare and frontline professionals, especially during these trying times. The Trust treats the safety and health of employees and their families as one of its highest priorities.

In 2022, HPH Trust continued to face challenges related to COVID-19. When the fifth wave of the coronavirus hit Hong Kong in February, Kwai Tsing Terminals faced a temporary manpower shortage due to staff infections. At the same time, COVID-19 precautionary measures in China continued throughout the year. Mainland China's pandemic response continues to shift, and could affect the operation of HPH Trust ports.

Safeguarding the port environment

As a world-class port operator, HPH Trust's top goal is to ensure smooth, efficient and effective operations around the clock.

In response to the challenges related to COVID-19 in 2022, HPH Trust showed its preparedness, reacting swiftly to provide a high-quality service to customers while doing everything possible to prevent the spread of COVID-19. For instance, during the fifth wave in Hong Kong, Kwai Tsing Terminals' crisis management team quickly implemented plans for manpower planning and contingency arrangements. The precise response and advanced planning allowed Kwai Tsing Terminals to quickly return to normal operating capacity by March. Meanwhile, the YANTIAN COVID-19 Prevention and Control Committee rapidly activated its pandemic response plans and enhanced the safe closed-loop accommodation for personnel working on-board vessels. Innovative technology and artificial intelligence helped reinforce effective COVID-19 prevention strategies.

HPH Trust also worked closely with local government authorities to review the closed-loop management policy for on-board workers and ships' crews, helping to ease manpower shortages and maintain around-the-clock service for customers.





YANTIAN arranged closed-loop accommodation for staff and contractors to ensure operational continuity and safeguard workers

Similar to the prior year, as a world-class port operator, the Trust had in place the following measures to prevent the spread of COVID-19 at its port areas in 2022, as detailed below.

PROVIDING MEDICAL SUPPLIES AND SANITATION

- Provided additional personal protective equipment (for example, face masks and rapid antigen test ("RAT") kits) to employees
- Conducted regular RAT or polymerase chain reaction COVID-19 tests for frontline staff and on-site workers on board vessels
- Provided vaccination arrangements for staff, helping to significantly increase vaccination rates
- Increased the frequency of cleaning and sanitation of public areas, rest rooms and air-conditioning systems

SETTING PORT-SPECIFIC PRECAUTIONARY MEASURES

- Followed a closed-loop management policy for high-risk staff at YANTIAN, including providing centralised accommodation and dedicated transportation for designated staff
- Deployed only vaccinated workers for operations on vessels
- Required crew members to stay indoors on vessels when berthed and to take point-to-point transportation at crew changes
- Conducted risk assessments for all incoming vessels at YANTIAN
- Sanitised vessels before handling containers at YANTIAN
- Swiftly updated standard COVID-19-related procedures and policies to reduce the risk of transmission

TIGHTENING REQUIREMENTS AT WORK

- Required all parties to wear a face mask when on company premises, and on the company bus and the terminal shuttle bus
- Recorded body temperature at all terminal entrances and canteens
- Required high-risk staff to undergo medical surveillance
- Required HIT staff to take a RAT daily before work to minimise the transmission risk in the terminal
- Required YANTIAN staff to take a COVID-19 test each time they return to Shenzhen from other cities

MINIMISING PHYSICAL CONTACT

- Allowed flexible working arrangements, such as splitting work locations and working-from-home
- Implemented closed-loop management, with centralised accommodation for high-risk frontline staff at YANTIAN
- Redesigned common areas for staff, such as seating arrangement in canteen, changing rooms and rest areas to allow social distancing at work

RAISING STAFF AWARENESS

- Set up a dedicated team structure to supervise the pandemic prevention policy and procedures
- Raised staff awareness on selfprotection against COVID-19 through online courses, Q&A sessions, online group briefings, and by widely displaying posters and videos on-site
- Increased the frequency of internal communications on COVID-19 to staff and subcontractor workers to share the latest developments, rules and tips on precautionary measures

MAKING USE OF INFORMATION TECHNOLOGY

- Used innovative technology solutions such as artificial intelligence-enabled face masks and temperature detectors, to combat COVID-19 outbreaks and data analytics to assist in contact tracking and isolation
- Streamlined digital and mobile technology to minimise unnecessary in-person interactions



Caring under the pandemic

HIT demonstrated adaptive community membership and responsibility by arranging its staff and contract workers to undergo COVID-19 tests at the testing station in Terminal 4 and a mobile specimen collection station nearby during the Hong Kong COVID-19 outbreak.



The temporary COVID-19 testing centre at Terminal 4

Volunteers of HIT, COSCO-HIT and ACT jointly arranged a virtual sports day for the elderly from Yan Chai Hospital Fong Yock Yee Neighbourhood Elderly Centre, to help them maintain good physical and mental health during the pandemic.



HIT, COSCO-HIT and ACT organised a virtual sports day for the elderly during the COVID-19 pandemic

HPH Trust also acknowledged the sacrifices and hardship employees have faced during the pandemic. On 8 March, International Women's Day, female colleagues based in YANTIAN visited the port operations to present gifts to over 2,000 staff and contract workers, including those living under closed-loop management. This event celebrated female representation within YANTIAN and showed appreciation for the efforts of frontline team members.



YANTIAN female staff expressed appreciation for the frontline team's efforts

When the fifth wave of coronavirus hit Hong Kong in February, cross-border trucking between the city and Shenzhen was halted, affecting a wide range of daily supplies. HPH Trust responded by swiftly providing an alternative route for cross-border logistics via water transport. Kwai Tsing Terminals teamed up with YANTIAN to open the Yantian–Hong Kong shuttle service to ensure a smooth and stable supply of fresh vegetables, meat, daily necessities and antiepidemic supplies from mainland China to Hong Kong.



The launch of Yantian-Hong Kong shuttle service maintained a stable supply of goods from the mainland to Hong Kong during the fifth wave of coronavirus in Hong Kong

STAKEHOLDER ENGAGEMENT CHANNELS

Proactive and continuous engagement with our diverse stakeholders is crucial in understanding their changing concerns and expectations, to better align the Trust's sustainability strategy with market and industry trends.

Stakeholder Groups

Engagement Channels

Key Areas of Concern



Investors

- Investor meetings and calls Conference days Port visits Annual General Meeting
- Dedicated email communications
- Announcements and publications via corporate website
- \bullet Sustainability and environment at ports \bullet Unit price
- Financial performance Latest terminal development
- Throughput trends HKSPA COVID-19 confirmed cases at the terminals and its impact on the business



Employees

 Port visits • In-house magazines • Company intranet • Notices and bulletins • Performance appraisals • LINK Committee • Mobile app

- Financial performance Key initiatives Career prospects
- Personal development Well-being Health and safety
- HKSPA COVID-19 preventive measures and confirmed cases at the terminals



Government

• Meetings • Calls • Discussions and responses

Port visits

- \bullet Key government maritime policies \bullet Competitiveness of port of Hong Kong and YANTIAN \bullet HKSPA
- Sustainability and environment at ports COVID-19 preventive measures and confirmed cases at the terminals



External contractors and suppliers

• Induction and safety training • Compliance with Code of Conduct and Anti Fraud and Anti-Bribery ("AFAB") Policy • Supplier evaluation

• Workplace safety • Service performance • Tendering process and results • HKSPA • COVID-19 preventive measures and confirmed cases at the terminals



Customers

• Mobile app • Customer meetings • Port visits • Terminal news releases • Exhibitions

• Webinar • Brochures

Sustainability
 Performance of terminals
 Shore power implementation
 Updates to customs processes and local regulations
 Digitalisation and automation
 Cargo coverage and connectivity
 HKSPA
 COVID-19 preventive measures
 Market updates



People and communities

• Recycling and waste reduction initiatives

Visits to elderly homes
Online greetings and events for the elderly
Port visits
Internship programmes

• Introducing the port industry • Building relationships with the local community • Sustainability and environment at ports • COVID-19 community support



Port users

• Mobile communication platform

• Safety information sharing • Help desk hotline • Meetings with trade associations

- Turnaround time at ports Berth availability and arrangements
- Operational safety Customs declarations HKSPA
- COVID-19 preventive measures and confirmed cases at the terminals



Media

• Press releases • Press briefings • Corporate website

- Latest terminal developments Competitiveness of port of Hong Kong and YANTIAN Service-related concerns
- HKSPA COVID-19 confirmed cases at the terminals

MATERIALITY ASSESSMENT

HPH Trust's sustainability priorities are those issues that best reflect its significant economic, environmental and social impacts, including those that substantially influence the perception and decision-making of stakeholders. In identifying these material issues, HPH Trust regularly assesses materiality and strategises an approach to effectively manage these topics, and in prior years management has been continuously assessing the materiality of each sustainability topic via surveys and interviews with stakeholders and by benchmarking study. In 2021, the Trust completed a comprehensive materiality assessment through engagement with external and internal stakeholders and an industry landscape review to evaluate the most significant ESG topics to the business.

The assessment conducted in 2021 covered diverse ESG-related topics that impact or are affected by the business, industry, operations and key stakeholders. This assessment identified 23 relevant sustainability topics, grouped them into four strategic pillars (Responsible Business; Environment; Our People; and Safety and Security), and prioritised them into three tiers (high, moderate and low priorities), which form the basis for the Trust's sustainability commitments and disclosures. A sustainability materiality matrix ("Sustainability Materiality Matrix") was set up.

In 2022, the Trust revisited the material topics through desk-based research and a benchmarking exercise to identify relevant industry trends and sustainability issues, to ensure that this report is relevant to the topics most important to our business and stakeholders. At the conclusion of the materiality refresher process, the Trust made two updates to the Sustainability Materiality Materiality.

- upgrading "Corporate Governance" to Tier 2 from Tier 3
- changing "Recruitment and Retention" to "Employment Practices and Labour Rights" to include labour rights-related issues

Using a tiered approach, the Sustainability Materiality Matrix shows how the 23 Material Sustainability Topics were categorised from low to high priority according to their level of importance and urgency, which was derived through the frequency of disclosure by peers in the benchmarking study and senior management interviews (presented in the X axis) and their level of importance to stakeholders (presented in the Y axis).

Tier 1: High-priority topics

(11 topics)

Implication: Issues of the utmost importance and urgency for HPH Trust to address and disclose

Tier 2: Moderate-priority topics

(9 topics)

Implication: Issues of relatively high importance and urgency

Tier 3: Low-priority topics

(3 topics)

Implication: Issues of relatively low importance and urgency

Tier 1 topics are considered high priority by the business and stakeholders, as associated risks may need to be addressed with increased urgency. Tier 2 topics are considered moderate priority with issues of relatively high importance and urgency. Tier 3 topics are prioritised as relatively lower priority, as the associated risks are relatively less pressing and urgent under the sustainability governance framework.

To best reflect the differences in materiality levels, the Trust implemented different disclosure approaches for each materiality tier. Tier 1 topics are disclosed in this Sustainability Report in a more extensive manner, with more illustrations and case studies, in accordance with GRI Standards. Disclosure of Tier 2 and Tier 3 topics are also made in accordance with the GRI Standards, with less extensive detail.

HPH Trust would like to emphasise that all 23 Material Sustainability Topics contained within the Sustainability Materiality M

Moreover, besides setting up the Sustainability Materiality Matrix, to align the Trust's corporate efforts with the international objectives for global sustainable development, HPH Trust also mapped the Material Sustainability Topics against the United Nations Sustainable Development Goals ("SDGs").

Sustainability Materiality Matrix



The chart below summarises the Material Sustainability Topics and their related boundaries.

The boundaries describe which stakeholder groups determine the topics to be significantly important and urgent.

			Investors	Employees	Government	External contractors and suppliers	Customers	People and communities	Port users	Media
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Pillar	Tier	Material Sustainability Topics			lmp	acts and	Bounda	ries		
		Anti-fraud and anti-bribery	•	•	•	•	•			
	1	Customer service	•	•			•		•	•
		Technology and operational efficiency	•	•		•	•		•	•
		External contractor worker management		•	•	•		•		
RESPONSIBLE BUSINESS		Community engagement	•	•			•			•
	2	Compliance	•	•	•	•			•	•
		Corporate governance	•	•	•					•
		Supply chain management		•	•	•	•	•		
	3	Contingency planning		•		•	•		•	
		Climate change	•		•			•	•	•
		GHG emissions	•		•		•	•	•	•
	1	Waste management	•		•		•	•	•	
ENVIRONMENT		Water management	•		•			•	•	
	2	Energy consumption	•	•	•	•	•	•	•	
	3	Ambient air quality		•	•	•	•			
	3	Biodiversity	•		•			•		
OUR PEOPLE	1	Employee engagement and well-being	•	•	•	•	•			
		Knowledge empowerment		•	•	•	•			
	2	Diversity and inclusion	•	•				•		
	2	Employment practices and labour rights#	•	•	•		•	•		
SAFETY AND SECURITY	1	IT systems and data security	•	•	•	•	•			
		Occupational health and safety	•	•	•	•	•		•	•
	2	Safety risk management	•		•	•			•	

 $^{^{\#}}$ Recruitment and Retention is renamed as Employment Practices and Labour Rights

RESPONSIBLE BUSINESS

The approach of HPH Trust to how it conducts its business is as important to it as the quality of the services it provides. The Trust upholds the highest standards of integrity, ethical behaviour and business conduct. The success of the business depends on the trust it has built up with customers, employees, and all other stakeholders. Its organisational integrity is the responsibility of every member of the management team and individual employees at all levels.

WHY IT MATTERS

Beyond compliance with business standards and regulations, conducting operations in an ethical manner is a fundamental driver of operational excellence and growth. The responsibility to uphold stringent ethical standards falls upon all employees of the Trust and has the potential to impact all areas of the business and its relationships with customers, business partner and the communities in which it operates.

HOW HPH TRUST RESPONDS

HPH Trust has robust compliance, due diligence and monitoring mechanisms in place across the business to ensure it operates according to the highest ethical standards. The policies and procedures in place guide the long-term sustainable growth of the organisation. The Trust fosters a culture of employee accountability and excellence, in line with its commitment to improve the quality of its customer service.

To amplify the effect of being a responsible business and corporate citizen, the Trust ensures that its suppliers and external contractors uphold the same values of ethical, environmental and social responsibility.

RELATED SDGS



ANTI-FRAUD AND ANTI-BRIBERY

HPH Trust understands the importance of anti-fraud and anti-bribery ("AFAB") measures in ensuring that it conducts its business with integrity and is free from all kinds of corruption and unethical behaviour. Operating as a service provider and a key hub for the global shipping industry, how it manages its operations, and its ethical conduct, have potentially wide-ranging implications for its stakeholders and business partners. From top to bottom of the entire business, it takes a zero-tolerance approach to bribery and corruption in any form and is committed to strict professionalism.

The AFAB Policy¹, Code of Conduct and Staff Handbook clearly outline the guidelines and industry standards that all employees must follow. All newcomers into the organisation must complete an orientation programme that includes modules on relevant AFAB policies and procedures. HIT also launched e-orientation programme for part-time staff since 2021. Moreover, besides AFAB communications to our employees, at the board level of HPH Trust, all board of directors received AFAB-related communications and training in 2022. 100% of our suppliers have also received AFAB-related communications in 2022.

In 2022, the Trust continued to enforce its longstanding requirement that all staff undergo compliance refresher training every year. Moreover, both HIT and YANTIAN required all employees, including full-time and part-time staff, to declare their compliance with the AFAB Policy via the company's mobile app.

The Trust also provides staff with interactive channels and communication platforms to facilitate greater understanding of the expectations for ethical behaviour. For instance, all Managing Directors are regularly briefed and tasked with reminding their respective teams about company guidelines on the appropriate handling of seasonal gifts during their team briefing sessions. The Trust also arranges for guest speakers from the Independent Commission Against Corruption of HKSAR ("ICAC") to give training seminars for HIT colleagues, at least once every two years, with the next talk scheduled in 2023.

At YANTIAN, the Trust has also developed a specific Integrity Management Policy, which stipulates that all staff must attend training and familiarise themselves with relevant course materials via the online E-learning Portal.

 $^{^{1} \ \}textit{For details regarding the HPH Trust AFAB Policy, please refer to https://www.hphtrust.com/corporate_governance.html.}$

Stakeholder Group



AFAB Approach

- Providing AFAB training once every two years
- Communicating the AFAB Policy to employees through regular briefings and email reminders to reinforce the importance of ethics and integrity



Employees

- Incorporating AFAB information into the new joiner orientation programme and the digital e-orientation programme for part-time staff
- Ensuring all employees have a clear and practical understanding of the AFAB Policy through online reading materials
- Requiring all staff to make self-declaration annually to confirm they understand and agree to comply with the Trust's policies. Chinese version is also provided for colleagues in HIT and YANTIAN
- Sending reminders to staff stressing the importance of AFAB during major festivals, especially when receiving gifts in a socially distanced COVID-19 environment
- Monitoring effective dissemination of training and policy information through checking policy self-declarations and training attendance records



Suppliers

- Communicating the AFAB Policy to all suppliers at HIT and YANTIAN, emphasising zero tolerance for fraud and bribery
- Sending email reminders to suppliers stressing the importance of AFAB during major festivals
- In 2022, 100% of our suppliers received AFAB-related communications

The Trust has a Whistleblowing Policy¹ in place to provide a confidential channel for staff and other stakeholders to file complaint or report fraudulent acts, unethical acts, or actual or potential non-compliance with laws and regulations without fear of reprisal, discrimination, retribution or disadvantage. It strongly encourages all staff and stakeholders to report any suspected cases of misconduct or malpractice. Besides its Whistleblowing Policy, it also conducts regular evaluations to identify any potential cases of fraud or bribery within its workforce and across its supply chain. Under the stipulations of the Trust's Code of Conduct, any cases of non-compliance are directly reported to the head of finance.

In 2022, there were no reported cases of fraud or bribery. In the coming year, HPH Trust will aim to maintain its record of zero reported cases. This target also applies to HPH Trust in medium term (5 years) and in the long run (as long as business continues).

For details regarding the HPH Trust Whistleblowing Policy, please refer to https://www.hphtrust.com/corporate_governance.html.

TECHNOLOGY AND OPERATIONAL EFFICIENCY



Within our terminal premises, given the presence of heavy machinery and time sensitivity of our operations, reliable information and clear communication are paramount to the safety of all frontline workers, vessel crews, and facilities operators. In May 2022, we launched a Quay Crane Vehicle Mounted Terminal ("QC-VMT") system, which provides our quay crane operators ("QCO") real-time information on a vessel's profile, live updates on operations progress, and the vessel profiles including container type, weight, and working bays information. This means QCOs are less dependent on communication with the signalman on-board, improving workflow and, most importantly, worker safety.



In a fast-paced industry, operational efficiency is one of the most crucial drivers of business growth and operational stability. The Trust's heads of Operations, the Process Excellence team at HIT and the Operations department at YANTIAN, are dedicated to overseeing and measuring operational performance to optimise future systems.

HPH Trust facilitates continuous, consistent flow of cargoes in an innovative, simple and efficient manner, which benefits customers and business growth, has wide-ranging implications for environmental performance and eases the workload of employees. The Trust continues to enhance workflow processes, including by introducing paperless documentation filing. This protects frontline workers from COVID-19 by minimising close contacts. With seamless communication technologies, cargo handover processing times could also be reduced.

For example, as part of the Trust's campaign to digitalise the export cargo workflow, HIT has implemented Electronic Booking Confirmation Note ("eBCN"). With eBCN, drivers now simply scan an eBCN QR code using a mobile app at an automated kiosk at the terminal entry gate to begin the gate process and the empty-pick and laden-return cycles. Together with the Electronic Release Order ("eRO")² for the inbound cycle, which was implemented in 2021, both inbound and outbound gate process could now be fully paperless.

The Trust has also digitalised the quayside process for damage container reports ("DCRs"), meaning frontline workers no longer need to physically board vessels for documentation sign-off; rather, an electronic copy is received by the chief officer and the liner office for acknowledgment. This allows the Trust to build robust synergies between its operations and customers that reduce processing times, enabling HPH Trust to evolve into a smart port operator for future generations.

CASE STUDY: HPH TRUST'S EYE ON 5G APPLICATIONS

HPH Trust always looks to the future. HIT and YANTIAN are pioneers of 5G applications that increase efficiency and improve safety performance in the container terminal industry. Examples include:

- Remote rubber-tyred gantry crane with 5G control With 5G, crane operation can be
 performed from the remote centre via a stable, highly reliable network with low latency.
- Intrusion Detection The CCTV system uses artificial intelligence ("Al") for terminal surveillance, transmitting real-time signals and alarms via 5G to the Safety and Security control room, enhancing security standards.

Future deployment in 5G integration among communication, sensing, imaging and radar, starting with autonomous driving in container yard, workplace video analytics and surveillance to enhance safety and logistic efficiency.



¹ eBCN is an electronic booking process for outbound deliveries and is the final part of the gate digitalisation process.

² eRO digitalises and simplifies the gate process for inbound tractor drivers, reducing gate processing times and paper consumption.

The Trust assesses the success of its initiatives based on key performance indicators for cargo movement within the terminal.

A full review of HPH Trust's operational achievements is available on pages 21 to 22. In the coming year, medium term and long run, HPH Trust will aim to continuously apply applicable latest technology such as 5G at our terminals to improve the efficiency of terminal operation.

CUSTOMER SERVICE

Port operators serve a crucial role as a cargo transfer hub, representing a key node within the vast global networks of international shipping. The quality of services we provide to our customers directly impact both our internal business performance as well as the cargo movement efficiency and vessel scheduling of our value chain partners. HPH Trust strives to ensure that customers are treated appropriately and that contracts are respected. Its commercial department, headed by the Head of Commecial, has dedicated communications with the shipping line customers to ensure reasonable concerns and requests are appropriately addressed. Over the years, HPH Trust has become a well-respected and trusted member of the industry, and through its commitments to excellence, wins several annual business industry awards for its strong focus on customer service and on improving support systems.

HPH Trust proactively addresses customer concerns and emerging market trends. To catch the e-commerce boom, in 2022, YANTIAN became the Honorary President Organisation of the Shenzhen Cross-Border E-Commerce Association Yantian Branch. Moreover, to build connectivity and increase the sources of cargoes, YANTIAN further improved the multimodal transport service network in 2022, establishing inland ports in Longchuan, Yueyang, Jiangmen, Nanchang and Chenzhou, and launched a new port alliance with Dongguan.

There were no reported fines or non-monetary sanctions due to non-compliance with laws or regulations concerning products or services in the reporting year. In the coming year, HPH Trust will aim to maintain its record of zero reported cases, fines or sanctions. This target also applies to HPH Trust in medium term and in the long run.

During the year, the Trust discussed the following major topics with customers¹.

"How can we tackle the rising demand in frozen cargo imports?"

HPH Trust set up a task force to co-ordinate related government bodies and stakeholders to address the difficulties prevalent in cold chains. Kwai Tsing Terminals have reefer plug capacity of more than 4,700 reefer points that allow direct pick-up of containers after discharge. This is the port of choice for customers making cross-border fruit shipments, particularly of cherries. Meanwhile, YANTIAN currently handles about 95% of the province's imported frozen meat. With its abundant shipping services, efficient terminal operations and customs clearance, integrated warehousing and cold chain facilities, YANTIAN endeavours to provide high-quality reefer services that meet the needs of customers importing goods.

"How can HPH Trust grasp the upcoming opportunities of the Greater Bay Area and inner cities in mainland China?"

In 2022, YANTIAN further expanded its inland port portfolio to 11 ports by adding Longchuan, Yueyang, Jiangmen, Nanchang and Chenzhou. These inland ports further improve the multimodal transport service network in the Greater Bay Area and hinterland of China. YANTIAN also launched the YANTIAN-Dongguan Port Alliance in 2022 to help accommodate customer volumes from multiple ports. In January 2022, the Ministry of Transport and the National Development and Reform Commission jointly announced that Yantian Port's Asia-Pacific Pan-Pearl River Delta-Europe International Multimodal Service Project has been recognised as a "National Multimodal Service Demonstration Project". YANTIAN is the only port in Shenzhen to receive this distinction.

"How can HPH Trust improve its efficiency?"

HPH Trust is constantly digitalising its operating process to increase productivity and create more value for its customers. In 2022, with the aim of digitalising the gate process, the Trust launched eBCN (this followed the launch of eRO in 2021), significantly reducing processing times and enhancing the efficiency for all parties involved. The Al technology used at the entry gate for Remote Container Inspections enables a reliable and faster inspection process for customers. The digitalisation of DCRs strengthens the quayside process and reduces processing times, which is a priority for customers.

 $^{^{1}\,}$ In the reporting year, the Trust received 0 complaints and 2 compliments.

COMMUNITY ENGAGEMENT

As a responsible corporate citizen, the Trust aspires to have a positive impact in the communities in which it operates, and to engage with community members to understand where its aid would be most deeply felt. It has developed three core pillars: Elderly Care, Youth Education and Awareness for the Environment. In 2022, HPH Trust donated approximately HK\$5.3 million through both monetary and in-kind contributions to community programmes, charitable foundations, local social programmes and non-governmental organisations.

CARING FOR ELDERLY CITIZENS

The Community Caring Group (including summer interns) of HIT arranged a home visit for the elderly from Yan Chai Hospital Fong Yock Yee Neighbourhood Elderly Centre in Tsuen Wan in July.

A team of HIT, COSCO-HIT and ACT volunteers organised a visit to the Hong Kong Maritime Museum and the Hong Kong Observation Wheel for the elderly from Yan Chai Hospital Fong Yock Yee Neighbourhood Elderly Centre. A guided tour led to different galleries to narrate heritage maritime stories at the museum before enjoying the fascinating harbour and city view from the ferris wheel.

YANTIAN celebrated the Double Ninth (Chongyang) Festival by delivering greetings and gifts to the elderly of the Yantian District Social Welfare Centre.

SUPPORTING EDUCATION

HIT Summer Internship Programme provided a platform for undergraduate students to enrich their learning through job attachment, volunteer service, communication skills workshop and action learning projects.

The YANTIAN and HIT Scholarship Award for Children of Employees recognised the outstanding academic performance of 442 employees'

HIT hosted visits for students from Hang Seng University and Ampower Talent Institute, a non-profit making educational organisation, whom were introduced to HIT terminal operations. HIT's management trainees also shared experiences to stimulate younger generations interest in the career in container port business.

RAISING ENVIRONMENTAL AWARENESS

To educate its staff and external contractor workers on environmental protection, HIT organised quarterly activities and providing environmental protection tips. HIT also joined the Earth Hour 2022 initiative of the World Wide Fund for Nature, and organised various activities such as charity sales to collect good-quality unwanted items from staff for sale, red packet recycle and mooncake box recycle activity.



To enhance children's awareness of environmental protection and develop their creativity, YANTIAN organised "online summer camp" for employees' children, which provides a series of engaging handicraft competition and exhibition, and exchange of used books and stationery, to promote the importance of recycling.



Go Green Campaign:
HIT employees took part in
the Country Parks Plantation
Enrichment Programme and
planted 110 trees in local country
parks to enhance biodiversity.



YANTIAN donated e-teaching materials and 20 used computers to its dock schools in Southwest China's Yunnan province to support the development of electronic education. CASE STUDY:
HONG
KONG
MARITIME
MUSEUM
DONATION

HIT made its HK\$5 million sponsorship to the Hong Kong Maritime Museum. The donation will be used to expand programmes that educate the public about the maritime industry.



In the coming year, HPH Trust will aim to develop and continue various community engagement programmes to bring positive impact to the communities. This aim also applies to HPH Trust in medium term and in the long run.

SUPPLY CHAIN AND EXTERNAL CONTRACTOR WORKER MANAGEMENT

There are growing expectations placed upon responsible businesses to consider their role in their respective supply chains. As a responsible business, HPH Trust works closely with suppliers to achieve sustainable practices. Its Supplier Code of Conduct¹ ensures the highest standards for human and labour rights, supply chain management and ethical business practices are met.

Meanwhile, external subcontractor worker management is another important area for the port business and HPH Trust. This relates to the significant outsourced labour force for port operations, which includes frontline workers such as equipment operators, stevedores, truck drivers, maintenance technicians and security personnel. The Trust has a comprehensive contractor service system, which is stipulated in the Trust's employment and labour standards.

In the reporting year,

100%

of new suppliers were screened for environmental and social issues

This system, which is responsible for staff supervision, performance management, engagement and support, also covers applicable external contractor workers. It is also responsible for ensuring that fair labour practices apply to external workers.

Environmental and social criteria are increasingly important considerations when screening potential suppliers and contractors. HPH Trust has implemented an Environmental Management System that conforms to the ISO 14001 Environmental Management System standard. HPH Trust requires all suppliers and contractors to observe and implement sound environmental practices including, but not limited to:

- complying with all applicable environmental legal requirements
- conserving of natural resources and energies as far as possible
- controlling of pollutants being discharged to the environment
- using of environmentally friendly technology
- using of environmentally friendly, recycled and/or sustainably forested products in operations
- recycling waste and complying with legislation on the handling or disposal of hazardous materials
- mitigating the risk of climate change as far as possible
- engaging in local communities.

If the Trust identifies any significant social or environmental risks, it will terminate or withhold the contract. In the reporting year, 100% of new suppliers were screened for environmental and social issues. Furthermore, the Trust regularly monitors its suppliers to address potential risks and ensure that their business aligns with the Trust's policies and management systems. Moreover, HPH Trust did not identify any new or existing suppliers with significant environmental or social risks in 2022.

Meanwhile, in the child and forced labour aspects, while this is not a common issue in the port industry and is relatively indirect to HPH Trust's business, the Trust strictly prohibits any forms of child and forced labour for its suppliers and contractors. Currently, the Supplier Code of Conduct, Work Order and Standard Terms and Conditions ("T&Cs") of Agreement for Works/Services contain clauses that prohibit all forms of child and forced labour. Moreover, HPH Trust has a robust screening process on suppliers' and contractors' efforts to prevent the use of forced, prison, bonded or child labour. In 2022, the Trust did not identify any suppliers and contractors with significant child or forced labour risks.

 $^{^{1} \ \ \}textit{For details regarding HPH Trust Supplier Code of Conduct, please refer to \ \textit{https://www.hphtrust.com/sustainability_policies.html.} \\$

In 2022, the Trust bolstered its vendor registration, purchase order and vendor evaluation criteria with additional clauses to ensure its business partners provide a fair and equitable workplace that is free from any form of harassment or discrimination based on but not limited to age, race or ethnic origin, disability, gender, nationality, marital status, sexual orientation, political convictions or union affiliation. The Trust also conducted reference checks in areas such as code of conduct and financial status when engaging new vendors for contract of over HK\$10 million.

Moving forward, HPH Trust will continue to place high importance and standards for supply chain and external contractor worker management. All suppliers that sign an agreement and have turnover of HK\$500,000 or more per annum will be assessed under the Supplier Evaluation Programme. HPH Trust is also implementing a Supplier Sustainability Self-Assessment Questionnaire, which will be sent to its top 50 suppliers annually, starting in January 2023. The aim of this questionnaire is to understand the transparency of HPH Trust's suppliers and contractors in relation to sustainability, and their conformance with the Trust Supplier Code of Conduct. Areas covered include governance, promoting ethical standards and the rights of all employees and protecting the environment. HPH Trust will aim to continuously enhance the screening process on its suppliers and external contractor workers and keep its 100% new supplier screening for environment and social issues. This target also applies to HPH Trust in medium term and in the long run.

CORPORATE GOVERNANCE

An effective corporate governance framework promotes and safeguards the interests of unitholders and other stakeholders.¹ The Trust is committed to implementing best practices to uphold high standards of corporate governance. It enforces appropriate controls and practices, which emphasise effective risk management, transparency and accountability. Every year, the Trust reviews any new or emerging regulations to make sure it is compliant with future changes. In the coming year, HPH Trust will aim to maintain compliance prescribed by the SGX-ST Listing Manual. This target also applies to HPH Trust in medium term and in the long run.

A full review of HPH Trust's corporate governance is available in the Corporate Governance Report on pages 96 to 126 of this Annual Report.

CONTINGENCY PLANNING

To maintain operational efficiency and minimise the adverse effects of disruptions and crises, the Trust implements contingency plans and measures that guide the Trust and its employees to swiftly respond and recover. In the next reporting year, HPH Trust will aim to further update and upgrade contingency plans in preparation for existing and potential new risks. This also applies to HPH Trust in medium term and in the long run.

COMPLIANCE

Compliance with laws and regulations relevant to HIT and YANTIAN is integrated into all decision-making and the Trust's operations across markets. This not only prevents remediation obligations and other costly liabilities resulting from non-compliance, but also recognises the Trust's ability to operate in a responsible and ethical way. In the reporting period, there were no cases of non-compliance with laws or regulations in the environmental, social or economic areas. In the coming year, the Trust will aim to maintain compliance in its business operations. This target also applies to HPH Trust in medium term and in the long run.

GOING FORWARD

The Trust will continue to prioritise conducting its business responsibility while maintaining its perpetual target of zero incidents of corruption and no material breaches of laws and regulations.

HPH Trust will also focus on upholding its world-class service quality and efficiency to better support its customers and other stakeholders. The Trust, through its innovative mindset, will remain vigilant to new technologies and upgrades as it navigates the evolving expectations of the market.

In the coming year, it will also continue to introduce technologies such as automated trucks into its operations. Moreover, for technologies such as Al and 5G, it will continue to integrate them into its existing processes.

¹ For details regarding the corporate governance policies of HPH Trust, please refer to https://www.hphtrust.com/corporate_governance.html.

ENVIRONMENT

HPH Trust is acting on the environmental impacts arising from its operations and has instilled environmental stewardship in its strategy. Through this process, it is building the business based on a sustainable growth model to conserve the earth's environment and natural resources for the next generation. The Trust takes a holistic view of the environmental impacts that could be associated with it. To cultivate a greener future for everyone, HPH Trust aims to drive environmental resilience beyond its operations and actively manage its footprints.

WHY IT MATTERS

The Trust acknowledges the effects of climate change and that environmental degradation could have profound implications for its operations and future business performance. As the effects of climate change are becoming more severe and frequent, the port industry will face growing challenges to decarbonise rapidly and develop resiliency.

HOW HPH TRUST RESPONDS

The Trust strongly encourages all departments and staff to internalise an environmentally sustainable mindset in conducting their everyday work. From top to bottom, it has implemented sustainability strategies that are paired with sound environmental management systems. The Trust monitors these systems using key data metrics to ensure a united approach to driving positive change and building a better future. HPH Trust also sets emission reduction target to drive its road towards decarbonisation.

RELATED SDGS









In line with its internal culture of excellence and commitment to safeguarding the environment, HPH Trust has adopted various internationally recognised standard and best practice. For instance, HIT and YANTIAN have adopted the ISO 14001 Environmental Management System standard, while YANTIAN has also adopted the ISO 50001 Energy Management standard.

In the reporting year, there were no non-compliances with applicable laws and regulations that may have major environmental impacts on its operations and stakeholders.

HPH Trust's Environmental Policy¹ outlines the strategy and management approach used to manage its key Material Sustainability Topics, covering climate change, energy use and waste management. In addition to the group policy at the Trust level, each of HIT² and YANTIAN³ has taken the initiative to further cement its efforts to deliver on commitments to build a green port to minimise their environmental impacts at each specific port through additional policies on environmental protection. Moreover, to disseminate the important lessons and knowledge of environmental development, besides the board level Sustainability Committee and the Sustainability Working Group at the Trust level which regularly track the environmental performance against environmental targets and conduct semi-annual reviews. HIT and YANTIAN have each established an Environmental Awareness Committee to create awareness of the importance of environmental sustainability among employees and external contractor workers through special events, activities and social media platforms.

The Trust is kept well informed on the relevant emerging trends. The Trust reviews its Environmental Policy regularly and implements updates when necessary. Its performance is monitored through established targets and respective action plans to effectively drive change and hold responsible departments accountable for achieving its sustainability goals together. Following each review, HPH Trust strategises improvement plans and adjusts current strategies to achieve its targets.

In recognition of their efforts to promote environmental stewardship, HIT and YANTIAN have received the awards in 2022 as shown below.



HIT has been recognised as a Hong Kong Green Organisation by the Environmental Campaign Committee since 2016.



YANTIAN was named "Best Green Container Terminal" for the third time in four years at the AFLAS Awards. This is a testimony to YANTIAN's ongoing effort to create a green port by utilising industry-leading technologies.

- For details regarding the HPH Trust Environmental Policy, please refer to https://www.hphtrust.com/sustainability_policies.html.
- For details regarding HIT's Environmental Protection Policy, please refer to https://www.hit.com.hk/en/Corporate-Social-Responsibility/Sustainability/Hit-Environmental-Policy.html.
- For details regarding YANTIAN's green port policy, please refer to https://www.yict.com.cn/page/green_port.html.

CLIMATE CHANGE

Given the growing severity and frequency of the negative impacts of climate change on communities around the world, the business sector can no longer be a passive observer of the fight against climate change. In recent years, the Trust has been a vocal proponent of the need for strong mitigating measures within the port industry. To best address the climate challenge, it is necessary to first identify the potential climate risks and opportunities facing the industry in the short-, medium- and long-term before it can proactively strategise, manage and mitigate the risks and take advantage of the opportunities.

HPH Trust's position on managing the direct impacts of climate change



Address climate change risks as part of the Trust's risk management process



Set up targets to reduce carbon emissions and monitor the Trust's carbon footprint to lessen its impacts on climate change



Incorporate climate change considerations into its business strategies



Establish appropriate procedures to prevent or minimise the damage that climate change may cause and seize the opportunities that may arise



Reduce, where feasible, the production of GHG, ozone depleting emissions and other air pollutants within the Trust's operations



Increase the use of innovative and energy-efficient technologies in the Trust's operations to reduce energy consumption arising from day-to-day operations



Track and monitor the use of energy and emissions in the Trust's operations

Given the nature and location of port service operations, the most direct climate-related risks identified are closely associated with extreme weather conditions as brought on by shifting climate patterns. Management of HPH Trust reviews these risks periodically to assess whether they need to be integrated into the environmental resources management framework.

Moreover, HPH Trust acknowledges and recognises internationally recognised models towards climate change. It has prescribed the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") established by the Financial Stability Board as its climate assessment and reporting, and will implement the TCFD recommendation by phases in the coming 2 years. The Trust recognises that aligning operations with this framework will take time and dedicated effort. As climate change is an ongoing and evolving issue, in the coming year, HPH Trust will aim to further update and upgrade its plans and procedures towards any material existing and potential new climate change risks with reference to TCFD recommendations. This also applies to HPH Trust in medium term and in the long run.

The table below outlines the major climate-related risks, the impacts on HPH Trust's operation and the Trust's action plan to mitigate the risks:-

Impacts Brought by Climate-Related Risks

HPH Trust's Actions in Place/to be Taken

Severe and more frequent typhoon events

- Potential damage to cranes
- Temporary closure of ports due to severe typhoons





- HPH Trust has in place standard operating procedures to ensure operation safety during typhoon and swift resumption in operation post-typhoon
- Higher-capacity tie-down systems will be installed

Severe and more frequent rainstorms

Potential blockage of on-site rainwater drainage systems





- More frequent check-ups are conducted prior to the rainy seasons to rectify problems as needed
- Drainage systems are designed to withstand once-in-50-year rainstorms, at a minimum

Lightning

An increase in lightning damage to facilities





 More frequent check-ups are conducted to rectify problems as needed

Foggy condition

 Foggy condition may affect visibility, reducing operational efficiency and safety





 HPH Trust has in place standard operating procedures for foggy conditions to ensure operational safety

Increasing temperature

- More energy is consumed for air conditioning as a result of increasing number of hot days
- Increased pressure on water supplies
- Workers working outdoors may be exposed to heat-related illness





- On-site features with solar insulation and passive cooling are installed
- HPH Trust is extending the coverage of remote-controlled equipment to gradually allow operators working in indoor environment with air-conditioning
- Conduct air conditioning efficiency replacement programme

Increasing tidal waves and sea level

 Stronger waves may damage the facilities along quay decks





In new projects such as YANTIAN East Port Phase I, HPH
Trust will take climate change factors into consideration during
the early design phases to build constructions to a higher level
to reduce the risk of future damage

CASE STUDY: SOLAR ENERGY

Efficient and responsible energy consumption is, and will continue to be, an important consideration for the industry. Smart investments in green renewable energy technologies represent an opportunity for HPH Trust to mitigate these risks while improving its environmental performance and gaining economic benefits such as reduced operating expenditures.

At HIT, 129 solar photovoltaic ("PV") panels above the Terminal 4 gatehouse help to power the canopy floodlights, gatehouse office lighting and Security Office equipment.

To further demonstrate its commitment to renewable technologies and responsible energy consumption, in 2022 HIT began an extensive solar PV panel installation programme. This includes plans to cover substations and suitable areas on car parks to increase its solar energy generation capabilities.

GREENHOUSE GAS EMISSIONS, ENERGY CONSUMPTION AND AMBIENT AIR QUALITY

The Trust's commitments to environmentally responsible climate-related action extends across all its divisions. It continually looks for new ways to reduce GHG emissions and energy consumption while improving the ambient air quality. Efficient energy use, including the consumption of electricity and fuel, directly contributes to lower emissions, which in turn improves the ambient air quality of the ports and their surrounding areas. These are significant impacts for HPH Trust and the port industry as a whole. That is why, through management deliberation and commissioned studies, the Trust has established a trust-level emissions intensity target, which is a milestone step in its sustainability journey. The effort to reach the target – to reduce emissions intensity by 5% by 2026, compared to a 2021 baseline level – will encourage the Trust to continue to implement new energy-efficiency measures while growing the business. It will also reinforce the need to monitor its environmental performance metrics.

The key direct emission sources of the Trust arise from diesel-powered machinery such as cranes and tractors, and certain systems aboard docked vessels during loading and unloading idle periods. To address this unique challenge within the port industry, HPH Trust has pioneered green technologies, championing shore power¹ and clean fuels to lower port emissions. YANTIAN's shore power systems cover 17 berths. From 2019 to 2022, 19,750 tons of carbon dioxide emissions from vessels were reduced by adopting shore power supply.

HPH Trust commits to reducing overall emissions intensity by

50/0
by 2026 compared to 2021 baseline levels

YANTIAN has also established a 5-year plan to replace internal diesel tractors with electric-powered vehicles. In 2022, there were no reported cases of non-compliance with laws and regulations regarding emissions generated by HPH Trust. In the coming year, HPH Trust will aim to maintain its record of zero reported cases. This also applies to HPH Trust in medium term and in the long run.

Management is heavily invested in the success of emissions reduction efforts, and as such, is keen to be updated on progress. With the gracious support of operational staff, fuel consumption is systematically recorded monthly and used to calculate carbon dioxide emissions quarterly. With this information, the Sustainability Working Group of HPH Trust and the management teams at HIT and YANTIAN (including the Head of Engineering) (through the Environmental Steering Committee) review performance semi-annually and quarterly respectively to ensure the business is on track to achieve its emissions reduction goals.

KEY INITIATIVES IN 2022

HIT YANTIAN



Established a **three-year plan** to convert hybrid rubber-tyred gantry cranes ("hRTGC") to electric rubber-tyred gantry cranes ("eRTGC"), starting in 2023



Expanded the reefer cargo facilities by installing an additional 288 reefer plugs and cutting out the use of mobile genset



Installed **solar photovoltaic system** at roof top of substations and car parking areas



Installed LED lights on 22 light towers and three quay cranes



Increased eRTGC online rate² to **95.09%**, to reduce emissions



Increased eRTGC online rate² to **84%**, to reduce diesel consumption



Deployed **10 electric vehicles** to help reduce emissions



Deployed **46** electric forklifts and **5** electric vehicles, to help reduce emissions

¹ Shore power technologies allow vessels at berth to acquire their power from onshore supplies, which can greatly reduce GHG emissions generated by these vessels. However, please note that usage of shore power may increase GHG emissions at terminals.

 $^{^{2}\,}$ The percentage of operations powered by electricity rather than traditional fuel for eRTGC fleet.

The Trust has developed a dataset comprising energy usage and emissions indicators to evaluate the effectiveness of sustainability measures and review its performance against targets. For sake of clarification, the HIT throughput used in calculating the per TEU metrics represents total throughput handled at HIT terminals instead of the allocated throughput from HKSPA presented in the rest of the Annual Report.



TOTAL ENERGY CONSUMPTION

2,377,085 GJ



ENERGY INTENSITY

0.123 GJ PER TEU



GHG EMISSIONS

50.0%

DIRECT GHG EMISSIONS (SCOPE 1)1

50.0%

INDIRECT GHG EMISSIONS (SCOPE 2)2



EMISSION INTENSITY

11.790 kg CO₂e per TEU

It is pleased to announce that in 2022, HPH Trust has already achieved its emission reduction target set in 2021, which is to reduce overall emissions intensity by 5% by 2026 compared to 2021. In 2022, HPH Trust reported emission intensity of 11.790 kg CO_2e per TEU, representing a decrease of 17% compared to the restated figure of 2021 of 14.176 kg CO_2e per TEU. This could not be done without support from everyone at HPH Trust and various stakeholders. Key drivers contributed to emission reductions include pioneering green technologies, championing clean fuels to lower port emissions, electrification of other facilities such as forklifts and patrol vehicles, enhancing eRTGC online rate, exhancing the reefer cargo facilities, replacing conventional lighting with more efficient LED lighting system, and promoting the efficient use of electricity consumption.

The road towards decarbonisation will not stop here. In the near future, HPH Trust will explore various initiatives towards decarbonisation and emission reduction. More details, including but not limited to a net zero strategic roadmap, will be unfolded in the future.

¹ Scope 1 emissions are direct GHG emissions from sources controlled by HPH Trust, including natural gas, LNG, petrol, diesel and liquid petroleum gas used on-site.

 $^{^2}$ Scope 2 emissions are indirect GHG emissions generated from electricity purchased by HPH Trust.

CASE STUDY:
27TH UNITED
NATIONS
CLIMATE
CHANGE
CONFERENCE
(COP27)

The 27th United Nations Climate Change Conference (COP27) was inaugurated on 6 November 2022 in Egypt. As a member of the Shenzhen delegation, YANTIAN participated in side events in the "China Corner" to share its experiences of addressing climate change issues and protecting the beauty of China.

YANTIAN has been increasing its efforts to save energy and reduce emissions. Through a number of important initiatives, it is striving to build an international leading green and low-carbon port. It has won the "Best Green Container Terminal" award three times in four years. Promoting the application of shore power, electrifying diesel-driven RTGCs and introducing liquefied natural gas ("LNG") tractors are its three most important and contributing measures.





Please scan the QR code or visit https://www.hphtrust.com/corporate_video.html to watch the video on how YANTIAN is building an international leading green and low-carbon port.

CASE STUDY:

APPLICATION
OF SHORE
POWER TO
IMPROVE AIR
QUALITY

The operating engines of vessels at berth create air and noise pollution in the ports and surrounding areas. HPH Trust is a pioneer in deploying green shore power technology that connects vessels to the power grid system. Through the application of shore power, the Trust reduces GHG emissions such as carbon dioxide and sulphur dioxide.

The Trust is the largest coastal port operator in China in terms of shore power electricity supply and number of berths. In 2022, six sets of mobile shore power systems were deployed at YANTIAN, covering 17 mega berths that provide energy for the world's largest container vessels. From 2019 to 2022, 19,750 tons of carbon dioxide emissions from vessels were reduced by adopting shore power supply.



WATER AND WASTE MANAGEMENT

HPH Trust is committed to managing its environmental footprint throughout the value chain. Water and resource use are both identified as key inputs for its value chain activities; furthermore, they also directly correlate to water discharge and waste generation. Upstream and downstream activities related to water, such as withdrawal, consumption and discharge, as well as activities related to material sourcing, waste generation and recovery, are actively monitored by the Trust.

As a responsible business, the Trust ensures it has a holistic picture of the potential impacts its approach to water and waste-related risks and opportunities could have on its value chain and strategises mitigation actions accordingly. In addition to optimisations for efficient water use, HPH Trust is also dedicated to minimising waste generation from its operations and aims to extend material lifecycles as much as is feasible. Materials or resources that can't be repurposed or extended are recycled or properly disposed of through licensed contractors. In light of its effort in environmental protection through waste reduction and/or recycling, HIT was awarded the Wastewi\$e Certificate (Excellence Level) in the Hong Kong Green Organisation Certification Scheme.

In 2022, there were no reported cases of non-compliance with laws and regulations regarding water discharge or waste handling. In the coming year, HPH Trust will aim to maintain zero reported cases. This also applies to HPH Trust in medium term and in the long run.

Water



- HPH Trust places a high emphasis on effective management of water quality and efficiency by closely monitoring water consumption and discharge
- The Trust follows all regulatory laws and guidelines set by local authorities for the quality of effluent and water discharge. Its internal standards and procedures are set in line with such local requirements, including the Water Pollution Control Ordinance (CAP. 358) as specified by the HKSAR Environmental Protection Department
- HPH Trust supports the business sector in its journey towards a circular economy. As a first step, the Trust is improving its waste management system by implementing sorting and classification for all waste produced

Uses and associated impacts



- Water is mainly consumed in building premises, washrooms and equipment maintenance areas
- The Trust sources water from municipal supplies, which face relatively low water risk. However, the cost of water may increase in the long term in view of the increasing water stress at a global scale
- Sewage is generated by maintenance facilities and kitchens
- Discharging untreated sewage may pollute the surrounding environment and lead to fines due to non-compliance cases brought against the Trust
- Recyclable non-hazardous and hazardous materials include rubber tyres, waste oil, scrap metal, wire rope, oil rugs, waste wood and lead acid batteries
- If not handled properly, waste can cause environmental pollution and place a burden on landfill facilities
- Irresponsible or improper handling and management of waste can lead to fines due to non-compliance cases brought against the Trust

Corresponding actions



- The Trust carries out various measures to optimise and reduce water use, including performing maintenance on water supply pipelines as a precaution to prevent water leakage
- The water treatment system at YANTIAN collected 280 tonnes of rainwater in 2022 for cleaning and irrigation use
- Underground oil interceptors collect effluent from the maintenance and kitchen areas and separate oil from water. The oil is specially stored and is periodically collected by a licensed contractor. The separated effluent from the kitchen areas is treated by a Dissolved Air Floatation system up to local discharge standard before it is directly discharged into the public piping systems
- In line with the Trust's commitment to excellence, water use data is collected periodically and reviewed by the Environmental Steering Committee of HIT and YANTIAN to ensure consumption reduction initiatives are well implemented
- To mitigate environmental pollution, HPH Trust appoints qualified companies to collect its waste, including chemical or hazardous materials, to ensure they are handled properly
- In line with the Trust's commitment to excellence, waste generation data is collected periodically and reviewed by the Environmental Steering Committee of HIT and YANTIAN to ensure its waste reduction initiatives are well implemented
- To reduce the amount of waste going to landfill, HPH Trust adopts the 3R principles (Reducing, Repurposing and Recycling). Details are illustrated in page 62.

To support the transition to a circular economy, HPH Trust adopts the 3R principles to ensure materials are repurposed as much as possible before they are recycled for reuse.



REPURPOSING

Repurposing materials when possible

 ${\sf Examples} \ included:$

- To enhance children's awareness of environmental protection and develop their creativity, YANTIAN organised an "online summer camp" for employees' children, which provided a series of engaging handicraft competitions and an exhibition, and enabled the exchange of used books and stationery, to promote the importance of resources repurposing
- HIT organised a charity sales to collect good-quality unwanted items from staff for sale. All proceeds are being donated to Environmental Association and the unsold items are being donated to the Salvation Army

RECYCLING

Diverting waste from landfill through recycling

 ${\sf Examples \ included:}$

- Waste materials, including paper, ink jet cartridges, metals and waste oil, are sorted and collected by licensed contractors for recycling
- HIT organised staff activities such as recycling of mooncake boxes and red packets

BIODIVERSITY

Given that biodiversity foundationally supports the health of the earth, HPH Trust aims to avoid and minimise any adverse environmental impacts associated with its operations and development. Through proactive and regular environmental monitoring and implementation of initiatives, the Trust strives to continue to protect biodiversity.

As a port operator, the Trust aims to preserve the aquatic environment and stringently manages its environmental impact on the surrounding sea area by controlling air, light, noise and water pollution, while actively minimising waste generation, cultivating native plant species and protecting local biodiversity. To achieve this, the Trust is committed to reducing the relevant nuisances, noise, continuous lighting, and waste and water pollutions, ensuring compliance with environmental regulations and standards, implementing biodiversity-related port measures as well as rolling out staff activities to enhance environmental awareness and employee engagement. During the year, there were no complaints from residents about local pollution (nuisances, noise, continuous lighting, and landscape aesthetics). In the coming year, HPH Trust will aim to maintain zero complaints. This also applies to HPH Trust in the medium term and in the long run.

Category	Initiatives Taken
Air	 Installed and commissioned eRTGCs, and continuous enhancing eRTGC online rate¹ Deployed electric service vehicles and forklifts Replaced conventional lights with more energy efficient LED varieties on cranes and yard Launched an LNG truck project in 2009 to reduce emissions Established shore power systems to reduce emissions
Light	 Replaced conventional lights with LED varieties on cranes and in yards Turned off the unnecessary lightings to control the overall brightness of the terminals especially at night time
Noise	 Installed and commissioned eRTGCs, to reduce engine noise Turned down the sound on the RTGC siren
Waste	 Appointed qualified companies to collect waste for proper recycling and disposal treatment, to reduce the chances of harming biodiversity through landfill Adopted the 3R principles (Reducing, Repurposing and Recycling) with details illustrated in page 62
Water	 Installed oil interceptors at maintenance areas to prevent direct discharge of waste oil to the sewer Pre-treated kitchen effluent before discharging it into the public sewer Cleaned up the ocean to protect the sea environment Established shore power systems to reduce vessel's pollution to sea water
Trees and plants	 Planted diverse species of native trees and plants to support biodiversity In 2022, HIT planted over 110 saplings to preserve the environment

 $^{^{1}}$ The percentage of operations powered by electricity rather than the traditional fuel for eRTGC fleet.

In 2022, HIT and YANTIAN organised staff activities to increase knowledge of environmental issues and awareness of the impacts of biodiversity. Activities included joining the World Wide Fund for Nature's 2022 Earth Hour initiative, providing quarterly email communications on environmental tips, and undertaking coastal clean-up activities at Lung Ha Wan. Other activities included running charity sales to collect good-quality unwanted items from staff for sale; organising the recycling of mooncake boxes and red packets; donating used computers to schools in south-west China's Yunnan provinces; conducting waste sorting games for colleagues and their families; organising a mini pot planting workshop; and holding a tree-planting event. In the coming year, HPH Trust will aim to further enhance the environment at the terminals and protect biodiversity around with appropriate initiatives. This aim also applies to HPH Trust in medium term and in the long run.

East Port Biodiversity and Community Assessments

Pursuant to the joint venture agreement signed with Shenzhen Yantian Port Group Company Limited in June 2021, YANTIAN is set to extend its capacity to develop East Port Phase I. With an approximate size of 120 hectares located in the eastern side of YANTIAN, East Port Phase I is proposed to be a greenfield-automated terminal with three container berths.

Safeguarding biodiversity and minimising impact to community are two important objectives in this development project to both YANTIAN and the Shenzhen government. During 2022, YANTIAN conducted thorough assessments on the impact of developing East Port Phase I on biodiversity and the surrounding community. The biodiversity assessment covered various areas for both the construction period and the port operation, such as impact on the ocean and marine ecosystem and animals species and plants on the land to be developed, and measures towards air, noise and waste pollution. Meanwhile, the community assessment covered various topics on social, economic and environmental. Public consultation was also conducted during the assessments.

After completion of the aforementioned assessments and various other approvals and/or process requested by governmental authorities, in August 2022, YANTIAN East Port Phase I development project achieved major milestone by getting official environmental impact assessment and project approval from the Shenzhen Municipal Ecology and Environmental Bureau and Shenzhen Municipal Development and Reform Commission respectively. YANTIAN is determined to minimise any adverse environmental and community impacts associated with the East Port Phase I development, and details of the green initiatives to be applied in East Port Phase I is fully underway and will be unfolded in the near future.

GOING FORWARD

The Trust is fully committed to protecting the environment and building climate resilience across the entire organisation. As the impacts of climate change are becoming more evident around the world, stakeholders' expectations for climate action will steadily increase. HPH Trust will continue to integrate environment and climate aspects into its business strategy and decision frameworks to best mitigate risks and capture opportunities.

HPH Trust will focus on reaching its target to reduce overall emissions intensity by 5% by 2026, compared with the 2021 level. Emissions intensity in 2022 was 17% lower than in 2021, creating optimism that this is possible. The Trust will continue its environmental monitoring and oil spill prevention exercises for the benefit of biodiversity in surrounding areas.

OUR PEOPLE

HPH Trust strives to be a leader in the port industry through its dedication to being a people-oriented employer. It empowers people through investment in knowledge, well-being, equal opportunities and decent work. It also pursues best employment practices that ensure employees can be their best selves, achieve their best work, and grow professionally and personally.

WHY IT MATTERS

Port operation is a labour-intensive industry that requires skilled, engaged and committed employees. It is fundamental that HPH Trust provides its workforce with the knowledge, opportunities and working environment that are required for all stakeholders to expand their capabilities and navigate future challenges.

HOW HPH TRUST RESPONDS

The Trust constantly strives to strengthen its workforce through engagement and well-being initiatives, training programmes and fair employment practices. The Trust assesses, manages and prevents potential employment risks within its operations by implementing robust management systems, maintaining high standards and enhancing its ways of working.

RELATED SDGS







Policies and procedures to protect the Trust's employees are rooted in the everyday running of operations. The Employment and Workplace Policy, Code of Conduct¹ and Human Rights Policy² provide a framework for safeguarding HPH Trust's employees and external contractor workers, creating an environment where workforce is treated fairly and equally. The HR departments are responsible to ensure that all actions are consistent with international labour standards, applicable laws and regulations, and HPH Trust's policies. Additionally, the Trust maintains that all employees have a duty to uphold the Trust's high standards.



Management delivered iced herbal tea to workers on the "Great Heat" day.

EMPLOYEE ENGAGEMENT AND WELL-BEING

Port operations are labour intensive and it is essential that the business fosters employees' sense of cohesiveness and belonging. To promote awareness of wellbeing, HPH Trust has signed the Mental Health Workplace Charter initiated by the Department of Health, the Labour Department and the Occupational Safety and Health Council in Hong Kong. The Trust also builds employee wellness and engagement through organising and rolling out its activities and initiatives.

In the reporting year, both HIT and YANTIAN committed to Hutchison Port's global BEWELL campaign that prioritised employees' emotional and physical well-being. The Trust also provided a support system for employees during the ongoing pandemic. For YANTIAN, this included a review and upgrade of the annual health check programme and group medical insurance scheme. From 2022, all YANTIAN staff now receive health checks once a year rather than every two years. The hospitalisation allowance has also been increased and supplementary medical insurance for major diseases will be renewed annually. At HIT, the company arranged health talks, basic health assessments and BMI challenges with over 500 participants to raise awareness of health management.

The Trust's core values centre on "UNITY" (unrivalled standards, network strength, informed decisions, trusted and honest, your partners). We instill this ethos to create employees' senses of belonging and inclusivity. HPH Trust makes sure to celebrate different festivals with its employees. In 2022, YANTIAN management hosted an online gathering to celebrate Chinese New Year, inviting all employees to receive a wellness gift, such as a neck massager or foot bath, and enter a lucky draw with over 800 prizes. Meanwhile, HIT hosted a series of festivities with an overall 1,464 attendance of employees, including Lantern Festival, Valentine's Day, Mother's Day, Father's Day, Mid-Autumn Festival and Winter Solstice.

- 1 For details regarding the HPH Trust Code of Conduct, please refer to https://www.hphtrust.com/corporate_governance.html.
- 2 For details regarding the HPH Trust Human Rights Policy, please refer to https://www.hphtrust.com/sustainability_policies.html.

As the Trust values ongoing team building, staff engagement does not halt during the busy peak months. In May, ahead of peak season, a YANTIAN project team was formed to plan a caring scheme for frontline staff in the peak summer months. Starting in June, management took part in a series of frontline visits to deliver refreshments to workers daily during the hot summer months. Additionally, between July and August, over 99% YANTIAN employees and external contractor workers took part in various team activities, such as dance video, and received gifts including energising food and sports towel. In the coming year, HPH Trust will aim to build various employee wellness programmes to foster employees' sense of cohesiveness and belonging. This aim also applies to HPH Trust in medium term and in the long run.

SHOWING
SUPPORT
FOR THE
GLOBAL
BEWELL
CAMPAIGN

In the reporting year, HPH Trust showed its commitment to the BEWELL campaign. This campaign was first launched by Hutchison Ports across its international network in 2021. HIT and YANTIAN organised different activities and learning opportunities to encourage staff to embrace a healthy lifestyle, take care of themselves and express gratitude to colleagues.

Raising awareness of a healthy lifestyle



- HIT organised "Trio of Health" a series of activities and talks between June and August 2022 aimed at encouraging staff to adopt a healthy lifestyle and diet.
- 178 YANTIAN colleagues had completed the health awareness e-Learning course held in February 2022.
- HIT organised the "HIT the Trail Together" activity to promote employee well-being while raising funds for Food Angel, a non-profit organisation. More than 190 employees participated in the activity, collectively walking over 41 million steps in 14 days to raise HK\$148,000 to provide nutritional meals to the needy.



Building a foundation of well-being knowledge

- 183 HIT colleagues completed e-Learning courses and took part in webinars held during the period from December 2021 to February 2022 discussing the science of happiness, mindfulness practices, stress reduction and how to enhance confidence at
- YANTIAN introduced the "Wonderful Life Experience" in which colleagues shared their positive feelings and life experiences with each other.



Learning to reflect and practise gratitude

- HPH Trust employees were encouraged to post a "thank you" note on a virtual notice board to
 express their appreciation and gratitude to others.
- At YANTIAN, colleagues were invited to enjoy the benefits of connectivity by completing exercises in groups focusing on the five love languages.

Feedback is valuable to us, and employee insights were gathered on BEWELL to further strengthen the Trust's supportive and positive working environment in the future. Feedback was very positive, and participants demonstrated a desire to practice what they had learnt in their personal lives and daily work.

KNOWLEDGE EMPOWERMENT

The Trust's sustainable growth is made possible with a committed workforce equipped with the necessary skills to tackle current and future challenges head on. The Trust prioritises training and personal development by offering comprehensive learning and development opportunities in four main categories: orientation, compliance, technical and leadership.

Orientation	Encourages confidence from the start and helps new employees to adapt faster and perform their jobs to a high standard.
Compliance	Protects HPH Trust's values, policies and commitment to the law. Helps employees to flourish as they understand their responsibilities. See pages 48-49 for AFAB-related training.
Technical and Safety	Equips employees with the necessary knowledge and hard skills to facilitate growth, accomplish company goals, and more importantly to prevent accidents and workplace injuries.
Leadership	Empowers employees to succeed in challenging situations and implement effective business strategies.

HR departments manage all employees' training opportunities. The Staff Handbook and training policies provide guiding principles in offering job-related training and educational provisions to the employees. To ensure training is valuable and effective, the Trust regularly conducts training-needs analysis. This identifies the development needs of its employees to enable them to perform their jobs to a high standard in a changing work environment.

Additionally, all employees are required to conduct performance review twice a year to support personal career development and enable the Trust to better understand their needs and concerns. The performance review includes several important components such as appraisal criterion, appraisal interview, performance improvement plans, career development and training plans. Clear communication of expectations and feedback is crucial for understanding strengths and improvement areas for all staff. In 2022, 100% of full-time employees received performance and career development review. In the coming year, HPH Trust targets to maintain 100% completion of performance and career development review of full-time employees. This also applies to HPH Trust in medium term and in the long run.

In the reporting year, the Trust continued to drive programmes and initiatives for upgrading employee skills. HIT organised a series of "Manager Essentials" training sessions focused on teamwork and performance management for managers. YANTIAN conducted a series of "sandplay" courses to enhance leadership and problem-solving skills, and encourage staff to practically apply their learned skills. Soft skills are an important component of professional growth and YANTIAN provided employees with online training including becoming assertive in a complex working environment.

Sustainability Trainings at HPH Trust

To foster a culture of sustainability within HPH Trust and to support its management and employees in its sustainability journey, HPH Trust strived to provide various trainings and courses to its board of directors, management, and employees.

At Board level, the Trustee-Manager arranged and provided continuous professional development training to its Directors. For instance, during the reporting year, the Trustee-Manager provided sustainability trainings to its directors prescribed by SGX-ST. All directors attended one of the eight sustainability courses offered, for example, the Sustainability E-Training for Directors provided by the Institute of Singapore Chartered Accountants, the ESG-Environmental, Social and Governance Essentials delivered by the Singapore Institute of Directors, and the Cambridge-EoB Online Sustainability Programme for Directors in Singapore provided by the University of Cambridge Institute for Sustainability Leadership (in partnership with Earth On Board).

Besides, HPH Trust also encouraged its relevant colleagues to obtain better understanding on the latest trend on climate change. It offered the sectoral workshop (Transportation) in the SGX-GCNS Workshop on Task Force on Climate-Related Financial Disclosures (TCFD) coordinated by SGX and Global Compact Network Singapore, which covered climate-related risks and opportunities and guidance that are unique and tailored specifically to the industry of HPH Trust.

HPH Trust also encouraged relevant colleagues to participate in the Global Connect Summit "Sustainability: Building A Smart And Sustainable Port" organised by Hutchison Ports to gain insights from external and internal thought leaders and to raise employees' awareness on sustainability. Two sessions with various virtual seminars and talks were held in June and November, which covered various topics including sustainability financing, climate change, measuring GHG emissions through scope categorisation, emerging green technologies and social influence in the community. This serves to encourage employees to contribute in shaping a green future.

Besides trainings, HPH Trust also raised staff awareness on sustainability through various activities. For instance, HIT used a card game on SDGs, simulating the world by 2030 with an aim to explore ways to create a prosperous, fair and sustainable world, as a team building activity for the LINK Committee. To celebrate World Book Day and to raise awareness on sustainability, YANTIAN organised quiz competition to employees and workers featuring questions on various sustainability topics including green environmental protection, biodiversity and mental well-being.

Other Skills Development Programmes at HPH Trust







Job Rotation	Helmsman Programme	Online Trainer Programme
Enriches employees with cross-functional skills as they experience job roles across different sectors and geographical locations.	YANTIAN's development initiative to enhance the leadership and management skills of second-tier frontline supervisors.	Enhances the development of internal trainers and ultimately improves the collective wisdom of HPH Trust. YANTIAN carried out the programme in May. So far, 17 attendees have passed the certification examination and designed 36 online courses.

EMPLOYMENT PRACTICES AND LABOUR RIGHTS

It is the Trust's aim to provide equal opportunities and promote human rights within its workplace and the communities in which it operates. By implementing stringent standards for human and labour rights, the Trust fulfils its obligation to provide a decent and fair workplace for its internal and external workforce. With a large external contractor workforce, the Trust ensures its business partners and suppliers uphold these principles and urges them adopt similar policies within their own businesses.

The Trust's Employment and Work Place Policy defines common policies on human resources practices. It represents the basis for all other human resources policies, procedures and guidelines. Such policies and guidelines can be found in the Staff Handbook, accessible through the company's intranet and PORTable (a mobile app for staff).

In recent years, HPH Trust has shifted its focus to emerging best practices for sustainable development, including the promotion of human rights. The group-wide Human Rights Policy is guided by international human rights principles encompassed in the Universal Declaration of Human Rights, the International Bill of Human Rights and the International Labour Organisation's 1998 Declaration on Fundamental Principles and Rights at Work. The Trust also draws from the international human rights principles under the United Nations Guiding Principles on Business and Human Rights. The Modern Slavery and Human Trafficking Statement demonstrates the Trust's commitment to a zero-tolerance approach to modern slavery and human trafficking. HIT and YANTIAN do not pose a significant risk for incidents of child or forced labour, and can continue to attest that there is no slavery or human trafficking in any part of their operations. During 2022, there were no reported cases of labour rights violations or non-compliance with labour laws or regulations and zero reported cases for child or forced labour. In the coming year, HPH Trust will aim to maintain its record of zero reported cases. This target also applies to HPH Trust in medium term and in the long run.

The Trust is committed to assessing, managing and preventing employment practices and labour rights risks within its operations and supply chains. In addition to regular audits, HR departments are responsible for ensuring that such risks are managed adequately and that all actions are consistent with the Trust's policies, procedures and standards. Moreover, external audits are conducted annually by an independent third party and cover the Trust's policies, procedures, AFAB and other relevant risk controls.

HPH TRUST'S POSITION ON FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

The Trust respects its employees' right to join or form a labour union without fear of reprisal, intimidation or harassment. Where employees are represented by a legally recognised union, HPH Trust is committed to establishing a constructive dialogue with their chosen representatives and to bargaining in good faith with such representatives.

Currently, 100% of local staff at YANTIAN are covered by collective negotiation. In the last quarter of each year, YANTIAN takes part in the collective bargaining process with union representatives. Collective bargaining agreements are not applicable to HIT as there is no collective negotiation process with staff or union representatives.

The Trust promotes equitable employment practices during the recruitment process. It attracts potential candidates through recruitment channels such as external job boards, a staff referral programme, university and government-organised job fairs, and summer internship programmes. HIT also places internal job bid positions on PORTable, which provides staff with career advancement opportunities and has attracted more applications and referrals from internal staff alongside the referral bonus scheme. HIT joined the work learning assessment of the Vocational Training Council and implemented the "earn-and-learn" scheme to attract young talent and build a strong talent pool.

To attract talent and enhance employee retention rates, HPH Trust continues to review and improve its remuneration and benefits packages. The Trust offers competitive remuneration packages and benefits to employees according to their category, local regulatory requirements and market practices. Appropriate fringe benefits are also provided to applicable employee groups; for example, health insurance is offered to full-time HPH Trust employees. On the other hand, HIT offers other well-being perks to full- and part-time employees, including access to the sports centre and different sports facilities.

The Trust believes that it is important to understand and evaluate its approach to human resources management through tracking voluntary employee turnover and conducting interviews on why people leave the Trust. In 2022, the overall turnover rate was 7.7%¹, this has increased compared to 7.2% in 2021.

¹ The percentages presented represent the number of new hires/employee turnover in each category divided by the total number of employees in the respective categories.

DIVERSITY AND INCLUSION

HPH Trust values the diversity and inclusion of the individuals with whom it works and is intent on providing equal opportunity to all employees. It strives for a positive work environment that is free from all forms of discrimination on the basis of race, ethnicity, gender, creed, religion, age, disability, title or sexual preference. Such a workplace is key to sustainable development and fosters individual growth to ultimately achieve business goals.

Under its Human Rights Policy, the Trust commits to equality, diversity and inclusion, while the Code of Conduct sets standards and outlines procedures for employees to follow within the workplace. HPH Trust does not tolerate any form of discrimination or harassment from employees, customers or suppliers. Individuals who believe they have been subjected to discrimination or harassment are encouraged to report the incident immediately to their supervisors and respective HR departments. It upholds that all complaints will be promptly and thoroughly investigated. Employees can raise concerns without fear of reprisal and offenders will be subject to severe disciplinary action, including possible termination of employment. In the coming year, the Trust will aim to maintain compliance with laws and regulations relating to workplace discrimination. This also applies to HPH Trust in medium term and in the long run.

The Trust aims to incorporate different perspectives into its business by recruiting a range of people, regardless of age, ethnic origin and gender. Gender imbalance is inherent in the port industry and the operational workforces for both HIT and YANTIAN are predominantly male. Through technology, innovation and digitalisation, HPH Trust commits to create equal opportunities that address gender imbalance. For example, remote-control automated technology for crane operations, allows the increased training and recruitment of more female equipment operators within a traditionally male-dominated field, and HPH Trust strives to attract women workforce for operations team in the long run. Similarly, the Trust promotes equal opportunities and diversity at management level, and approximately one fourth of the middle and senior management are female.

GOING FORWARD

The Trust will continue to devise new well-being and engagement initiatives to improve employees' physical and mental health. New interactive learning opportunities are a priority for developing employees' skills and knowledge. The company will also continue reviewing and evolving its recruitment processes to align with international best practice.

HPH Trust looks forward to maintaining its standards of zero reported cases of non-compliance with laws and regulations relating to employee well-being, safety, employment practices, labour rights and workplace discrimination.

SAFETY AND SECURITY

Employees' safety and security remains HPH Trust's top priority. Given the nature of work and the presence of heavy machinery (such as quay cranes and yard cranes), heavy loaded tractors, container boxes and hazardous materials at container terminals, HPH Trust's employees, external contractor workers, and port users could be exposed to certain safety hazards. These hazards are prevalent within HIT and YANTIAN's operations. HPH Trust undertakes reviews of potential hazards through regular, internal safety inspections and audits. The Safety and Health Committees at both HIT and YANTIAN are represented by senior executives and frontline supervisors. They conduct assessments on any potential hazards, and review and implement actions to handle them. Through a hierarchy of controls, the Trust always prioritises eliminating hazards above all else. For instance, traffic incidents have the potential to cause high-consequence injuries given the large machinery and industrial vehicles working in the ports. As a result, the Trust placed controls to restrict personal vehicle and pedestrian access in certain high-volume areas to eliminate such incidents from occurring.

The innovative mindset of HPH Trust has fundamentally changed operations to minimise negative health and safety risks. Digitalisation efforts and cutting-edge, new technologies continue to provide a safer work environment for workers by preventing critical incidents such as data leaks and cyber-security issues. The Trust remains committed to enacting the proper safeguards, standards, policies and procedures to mitigate physical and virtual risks.

WHY IT MATTERS

Cyber-security threats and confidential data leaks may result in reputational damage, fines and financial loss, and loss of trust from stakeholders.

On-site accidents from underlying health and safety hazards may lead to injuries and damage to the wellbeing of workers and the communities in which HPH Trust operates.

Safety and security therefore remain foundational aspects at HPH Trust, allaying negative impacts that affect stakeholders or hinder business operations.

HOW HPH TRUST RESPONDS

The Trust works diligently to minimise the potential risks to health and safety. In addition to robust safety standards and policies, a health and safety management system ensures relevant stakeholders are well informed and the company's safety performance and awareness are continually enhanced.

RELATED SDGS



The Trust upholds high standards for health, safety and data security. HIT and YANTIAN obtained their ISO 27001 Information Security Management certifications, and HIT also obtained the ISO 45001 Occupational Health and Safety Certification. The Safety and Health Policy and Safety Management Plan set out the Trust's strategy to provide safe and healthy working conditions. The aim of the policy is to prevent work-related injuries or ill health, and conduct business activities that will not compromise human safety or health. Additionally, the Trust's Incident Response Playbook aims to provide a consistent strategy and approach to recover terminal operations from an emergency or disaster.

HEALTH AND SAFETY FRAMEWORK









- Conduct regular inspections and audits to ensure compliance
- Continuously review IT and safety policies for necessary updates

Please refer to health and safety performance data on page 86

- Conduct safety and system drills to enhance preparedness and the effectiveness of emergency responses
- Review emergency plans and ensure they are well executed and communicated
- Procure protective equipment
- Procure hardware and software for data and systems protection
- Train users on how to use equipment correctly
- Organise training to raise safety awareness among employees and external contractor workers
- Provide updates on the latest safety regulations and related procedures
- Initiate communication programmes to promote operational and system safety awareness

OCCUPATIONAL HEALTH AND SAFETY

Employees will always be the greatest asset of HPT Trust; without their hard work and dedication, the Trust would not be able to achieve its goals and create value for its stakeholders. The Trust follows and enacts its Safety and Health Policy and Safety Management Plan to safeguard employees' health and provide a safe work environment. These policies address possible on-site risks and prevent work-related injuries or ill health, and ensure operations never compromise human safety or health.

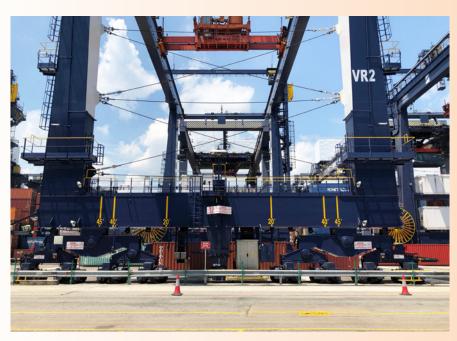
HIT and YANTIAN ensure that their employees and external contractor workers understand the occupational health and safety standards and systems in place. Employees can refuse to work in unsafe or unhealthy environments that endanger their personal safety, as well as evacuate a workspace after taking emergency measures. HPH Trust strictly prohibits dismissal due to employees providing evidence and information in any proceedings or inquiries related to work accidents and work safety regulations.

The Trust continually reviews the work conducted daily at its port terminals and follows international best practices in occupational health and safety to protect stakeholders' interests. YANTIAN was certified with the Grade 1 Standardization in Safety Production Certification issued by the Ministry of Transport of the People's Republic of China. "Occupational Health" and "Safety Management" are the most important assessment indicators in this certification. HIT was certified with ISO 45001:2018, the world's first international standard for Occupational Health and Safety Management System ("OHSMS"). The OHSMS at HIT is aligned with stringent standards specifically designed for work environments similar to port terminals, namely the the Factories and Industrial Undertakings (Safety Management) Regulation. To ensure the effectiveness of the OHSMS, HIT employed a team of professional Registered Safety Officers and Registered Safety Auditors to monitor the implementation of the OHSMS. Moreover, the OHSMS is audited annually by External Registered Safety Auditors and International Registered Certified Auditors. HIT's OHSMS protects interest of various stakeholders, including external contractor workers, self-employed persons, suppliers, customers and agency workers.

With ongoing monitoring, HIT seeks affirmation that all safety precautions are properly implemented and utilised as designed. Meetings and committees are arranged on a regular basis to ensure the effectiveness of safety and control measures. These include weekly Operations Managers meetings, monthly Safety and Health Committee meetings, quarterly Safety and Health Steering Committee meetings, and quarterly Safety and Security meetings at HPH Trust level.

CASE STUDY: REINFORCEMENT SUPPORT WIRE INSTALLATION

The Trust takes pride in its innovation and efficiency mindset that extends throughout its operations. A clear demonstration of this commendable thinking is the HIT's reinforcement support wire attached to RMGCs. This is an innovative safety design which blocks the containers from falling onto the yards, avoiding a potentially significant safety risk.



FOLLOW-UP ON ACCIDENTAL FATAL CASE IN 2021

Regretfully, there was one fatality involving an external contractor worker at YANTIAN in 2021. An investigation found the fatality was accidental, and unrelated to any non-compliance of HPH Trust to its safety procedures and local regulations.

While the accident was purely accidental, the Trust further improved its safety management and promote safety awareness to prevent re-occurrence of similar events, including: -

- improving traffic signs, road markings and intersection visibility to benefit drivers and pedestrians
- rezoning specific port-area usage to better regulate traffic flow and designate specific vehicle exit points
- installing CCTVs at especially busy intersections to monitor and strictly enforce driver traffic infractions.

After such improvements, there was no employee or external contractor worker fatalities arising out of or in the course of work at HIT or YANTIAN in 2022.

Zero fatalities must always be the target that the Trust dedicates its full efforts to achieve for the coming year, medium and long term. At the same time, HPH Trust strives to reduce and minimise number of injuries and occupational disease for both employees and external contractor workers. Both HIT and YANTIAN assess all relevant departments at the end of each year against accident indicators, safety and hygiene metrics, and several different inspections. If any department is not performing up to stringent expectations across any category, the Trust is promptly notified, and appropriate follow-up actions are taken.

In 2022, there was zero employee or external contractor worker fatalities arising out of or in the course of work at HIT and YANTIAN.

CASE STUDY:
REMOTE
CONTROL
TO ENHANCE
INDUSTRY
SAFETY

HPH Trust continues to invest in and enhance its automated and remote operations technology. These not only increase productivity but also reduce the overall incident rate involving RTGC operations. Remote-controlled crane fleets deliver far-reaching benefits, including a better working environment for crane operators, enhanced occupational safety and health, improved yard productivity and greater competitiveness.

Remote control to enhance industry safety

- All remote crane operators have to receive proper training and obtain a licence for operating remotecontrolled cranes.
- The cabin and spreader in each remote-controlled crane are equipped with more than 20 monitoring cameras and more than 30 sensors to improve visibility and handling precision during operations.
- Crane operators use real-time video in Remote Operation Centres to load and unload containers.
- No injuries from accidents have been caused by the remote RTGC since its introduction in 2018.



Load Positioning System - Magic Eye

Developed in Japan, the Magic Eye system is specially designed for RTGCs and automated container stacking systems. With the Magic Eye, cranes with remote-controlled function can ground and stack containers accurately and neatly.

 The Magic Eye system consists of two cameras ('mark' and 'laser' cameras), a laser light source, an infrared-ray LED light, an operating system and communication equipment.

When the spreader lowers a container, the Magic Eye detects reference markers on the ground (when grounding a container) or the corners of grounded containers (when stacking containers). The Magic Eye then collects and sends data to the central computer system, which then controls the cranes and the movement of spreaders to accurately lower the containers.

The following examples are the major port-specific training and initiatives delivered to workers to enhance their awareness on workplace health and safety:

- worker safety awareness during general introductions and high-risk, work-specific training (for example, for crane operators) with
 examinations before receiving a work assignment. A safety handbook and standard operating procedures were also distributed. The safety
 team also hosted knowledge-sharing sessions during monthly meetings with subsequent company representatives
- for hazard identification, safety risk assessment for high-risk activities (for example, RTGC operations, QC lift maintenance, crane structure inspection) with corresponding work procedures laid down and residual risks measured
- licenses are pre-requisite for workers operating container handling equipment at the terminals. HPH Trust maintains a worker database and their license details to keep track of the licences' validity periods
- follow-up guidance after an incident on working premises. Safety refresher training will be delivered to employees and external contractor workers to reinforce safety requirements

KEY HEALTH AND SAFETY INITIATIVES IN 2022

HIT YANTIAN

Invited a local non-government organisation partner, being Kwai Tsing Safe Community and Healthy City Association, to provide a health seminar. Basic health check-ups were made available to all employees.

Developed the "Yantian International Safety Education and Training System", which stipulates mandatory training times and several forms of port-specific safety education.

HIT launched a Safety Month in July, promoting the prevention of tripping and slipping accidents. Please refer to page 76 for details.

Besides, HIT also launched videos series with quizzes and prizes, of which the videos detailed accidents and fatal cases that have occurred in port terminals and the mitigating actions. These include:

- ground staff struck by a front-loader
- a quay-side checker struck by a tractor
- a stevedore falling from a vessel during lashing work
- a stevedore being killed by a container that fell from a vessel
- a stevedore falling from a vessel when stepping on top of a spreader

The videos were broadcasted in prominent locations on the pier for employees and external contractors' awareness. Besides, HIT launched a quiz on stevedore fatality, over 370 employees and external contractor workers participated with more than 94% getting full marks.

Launched a series of physical classroom training and online safety courses and learning materials through its mobile application for training and development of employees and contract workers.





To promote well-being awareness, HPH Trust signed the Mental Health Workplace Charter initiated by the Department of Health, the Labour Department and the Occupational Safety and Health Council in Hong Kong. HIT also organised mental health workshops to raise employees' awareness on the importance of mental well-being.

Taking a holistic approach to health and safety, YANTIAN set up a dedicated departmental Safety Production Management Committee to coordinate YANTIAN's safety risk classification management and control matters. It also formulated and implemented various systems and measures to coordinate and monitor the safety performance, ensuring its compliance with relevant laws and regulations. This includes the Yantian International Accident Reporting and Investigation Measures, the Yantian International Safety Production Work Conference System, and the Yantian International Security Risk Hierarchical Control System.

Continually promoted employee and contractor safety awareness through mandatory training modules from general induction to port-specialised training, such as crane operations. Employees and contractors were also given examinations and work assignments to ensure they had a clear understanding.

In 2022, there were approximately 11,500 participations by employees and external contractor workers in YANTIAN's safety training and education programmes.

CASE STUDY:
THE
"CHANGE"
PROGRAMME
AWARDS

To reinforce the continuous improvement culture, HIT's "CHANGE" programme is an effective feedback mechanism to encourage staff and external contractor workers to contribute feasible suggestions or recommendations for improving business practices. In 2022, one staff member received an award for his suggestions on adjusting the positioning of idling cranes to enhance yard traffic safety. HIT will continue this "CHANGE" programme in 2023 to proactively seek constructive feedback.



CASE STUDY:

HIT SAFETY MONTH ON TRIPPING AND SLIPPING ACCIDENTS



In July, over 200 employees and external contractors participated in HIT's Safety Month that promoted the prevention of tripping and slipping accidents. Event activities included indoor and outdoor workplace inspections, safety exhibitions, game booths and lucky draws.

In addition to this HIT's Safety Month, to raise safety awareness, HIT also launched an online quiz, tailoring questions to remind and educate employees and external contractors of ways to reduce serious injuries from trips and slips in the workplace. Over 330 employees and external contractors participated in the quiz, with more than 75% receiving full marks.

SAFETY RISK MANAGEMENT

To prioritise the health and safety of its workforce, the Trust implements a robust management system with rigorous oversight from management.



Represented by senior executives and frontline supervisors

Oversee safety risk management of HPH Trust

Meet on a monthly basis to review on-site safety and health risks, measures and performance across business units

HPH Trust continuously reviews potential health and safety risks related to port operations to eliminate relevant impacts on its staff members, external contractor workers and terminal users. The Trust's Incident Response Playbook provides clear and consistent guidelines to ensure quick recovery of terminal operations from an emergency or disaster in the safest possible manner. Meanwhile, HIT obtained the ISO 45001 Occupational Health and Safety certification, demonstrating their high commitment to incorporating health and safety consideration into management approaches and preventive measures.

In the event of an incident, the Crisis Management Team is responsible for handling the situation and resuming operations as safely and quickly as possible. The Crisis Management Team is guided by our Business Continuity Management plan, which was established in accordance with ISO 22301. The plan stipulates specific responses and recovery actions to be co-ordinated.

In terms of risk identification and assessment, at the operational level, department and section managers are responsible for ensuring that risk assessment programmes are developed for all routine and non-routine activities. The Safety and Security department provides advice and guidance as necessary. For more comprehensive or high-impact risk assessment programmes, Safety and Security department from HIT and YANTIAN solicit expert opinions of relevant professors from their respective local universities. At HIT, risk assessments are also conducted in accordance with the guidebook from the Hong Kong Labour Department and the requirements of ISO 45001.

To coordinate the unique safety risk management needs of YANTIAN, the Trust developed a Production Safety Accident Emergency Plan. This plan manages response procedures in various emergency situations and clearly lays out the responsibilities of personnel at all department levels in the case of different emergency scenarios. In 2022, the Production Safety Accident Emergency Plan was updated to include greater comprehensive details for nine different emergency situations.

The following illustrates some examples on safety risk management initiatives at YANTIAN:



In case of emergency, YANTIAN is well equipped with two water and foam fire trucks, two ambulances, two sets of heavy chemical protective clothing, air breathing apparatus and other professional rescue equipment.

Personal protective equipment is well stocked and provided to all personnel as required.

YANTIAN International Labour Protection Equipment Management System ensures compliance with local laws and regulations on the provision of safety equipment for workers, including:

- head protection to prevent physical injuries
- eye and face protection from physical and chemical hazards
- ear protection from noise hazards
- hand protection from physical, chemical, and biological hazards
- foot protection against physical and chemical hazards
- fall protection such as safety harnesses and ropes to prevent workers at heights from falling.

CASE STUDY: DRILLS AT HPH TRUST

To ensure employees were adequately prepared and familiar with emergency responses during crisis situations. In 2022, HIT conducted 62 drills in total:

- 24 fire fighting drills: Security teams conducted an exercise using on-site fire-fighting equipment
- 24 emergency rescue equipment drills: Security teams practiced using first-aid equipment
- 2 LPG leakage drills: Simulation of an LPG container leak scenario
- 9 fire evacuation drills: Workers evacuated from offices or different workplaces and observed the
 efficiency and effectiveness of the drill
- Additionally, HPH Trust arranged 2 drills with the Hong Kong Fire Service Department and Hong Kong Police Force on 14 and 27 October respectively. The joint exercises allowed both departments to test and enhance workers' co-ordination and establish swift and effective responses from government authorities during an emergency
- 1 cyber security drill

Likewise, YANTIAN conducted 41 drills simulating different emergency situations, to improve teams' emergency response capabilities. The drills conducted were:

- 6 emergency drills for dangerous goods in the port area
- 9 fire drills for every building in the port area
- 9 special equipment emergency drills
- 4 emergency drills for oil and gas stations in the port area
- 3 emergency drills for bad weather (e.g. typhoon, rainstorm)
- 9 emergency drills on other areas including COVID-19 response plan.
- 1 cyber security drill



During the reporting year, there were no reported incidents of non-compliance concerning the health and safety impacts of products and services. In the coming year, HPH Trust aims to maintain its record of zero reported cases of non-compliance. This target also applies to HPH Trust in medium term and in the long run.

IT SYSTEM AND DATA SECURITY

HPH Trust continues to innovate and integrate new technologies into daily operations, combatting the increasing risks of cyber-security dangers. Such efforts mitigate negative impacts such as prolonged cessation of operations and reputational loss. The Trust focuses on protecting its critical IT systems and networks from potential cyber-attacks and securing the confidentiality of all business and customer data. The Trust aims to prevent critical IT infrastructure from being compromised leading to the loss of or unauthorised access to any data or sensitive information.

The Trust upholds high standards for data security and have implemented policies and guidelines in compliance with local laws and regulations and in line with industry best practice. HIT and YANTIAN obtained ISO 27001 Information Security Management certification and conducted an annual external audit in 2022.

Policies and guidelines, such as the Information Security Policy, Operational Technology Policy and Code of Conduct are implemented to align with best industry practice, as well as to comply with local laws and regulations. They outline the procedures for employees, partners and suppliers to follow to keep IT infrastructure and customer data secure. HPH Trust ensures effective implementation and management of cyber security by conducting annual data recovery tests and regular internal and external audits.

The business is enhanced by digital protection capabilities with multi-layered security strategies. Collaborations with local law enforcement agencies to conduct information security incident drills increase employee awareness and reinforce company responses to potential cyber security incidents. Moreover, HIT also conducted a phishing simulation and awareness training to reduce susceptibility to common forms of cyber-attack. HIT and YANTIAN organised cyber security drills to increase employee awareness and capabilities when responding to privacy issues and cyber security emergencies.

The Trust has also made provisions for possible breaches to operational technologies. HIT expanded its cyber security protocols to cover remote-controlled cranes, with the application of the International Electrotechnical Commission ("IEC") 62443 standard.¹

As a result of such preventive measures, there were no reported cases of unauthorised data leakage or compromised IT infrastructure in 2022. In the coming year, HPH Trust aims to maintain its record of zero reported cases of non-compliance. This target also applies to HPH Trust in medium term and in the long run.

GOING FORWARD

The proper management and mitigation of safety and security risks in both the physical and digital world is paramount for the Trust's continued long-term prosperity. The business is staunchly devoted to a commitment to zero fatalities and incidents of health and safety non-compliance, and reducing the overall injury rate of employees and external contract workers. HPH Trust is diligently working to constantly enhance and adapt its safety and security frameworks to align with industry best practices.

¹ The IEC 62443 standard secures industrial automation and control systems best practices throughout their lifecycle. The standard takes a holistic and risk-based approach to IT security, as it not only addresses technology but also work processes, countermeasures and employee practices.

MEMBERSHIPS AND ASSOCIATIONS

HIT

British Chamber of Commerce in Hong Kong

Business Environment Council

Employers' Federation of Hong Kong

Hong Kong Computer Society

Hong Kong Container Terminal Operators Association

Hong Kong General Chamber of Commerce

Hong Kong Logistics Association

Hong Kong Maritime and Port Board

Hong Kong Maritime Museum Trust

The Sailors Home and Mission to Seafarers

YANTIAN

China Communications and Transportation Association

China Port Association

China Water Transportation Construction Association

Guangdong Port & Harbours Association

Industry Association, Guangdong Shenzhen Customs Brokers Association

Refrigeration Logistics Special Interest Committee of Guangdong Logistics

Shenzhen Association for Friendship with Foreign Countries

Shenzhen Association of Enterprises with Foreign Investment

Shenzhen Container Yard Association

Shenzhen Entry & Exit Inspection and Quarantine Association

Shenzhen Federation of Returned Overseas Chinese

Shenzhen Ports Association

Shenzhen Port Facility Security Association

Shenzhen Publishers Association

 $Shenzhen\ Society\ of\ Macroeconomics$

Shenzhen Cross-border E-Commerce Association

Standardization Administration of the People's Republic of China (SAC)

PERFORMANCE METRICS^{1,2}

Environment - Key Performance Indicators³

	20	022	20	021	20	020
Energy consumption						
By type						
Natural gas	199,438,000	litre	223,089,000	litre	212,242,000	litre
Liquefied natural gas	2,548,642	kg	4,302,742	kg	6,157,988	kg
Petrol	380,727	litre	384,895	litre	301,948	litre
Diesel	38,895,444	litre	44,855,117	litre	34,871,466	litre
Liquefied petroleum gas	151,459	kg	170,640	kg	231,102	kg
Purchased electricity ^{3e}	222,401,855	kWh	241,345,010	kWh	229,212,678	kWh
By scope						
Direct energy consumption	1,576,438	GJ	1,875,799	GJ	1,602,159	GJ
Indirect energy consumption	800,647	GJ	868,842	GJ	825,166	GJ
Total energy consumption	2,377,085	GJ	2,744,641	GJ	2,427,325	GJ
Energy consumption intensity ^{3f}	0.123	GJ/TEU	0.135	GJ/TEU	0.122	GJ/TEU
GHG emissions						
Direct GHG emissions (Scope 1) ^{3c}	113,994	tonnes CO₂e	132,585	tonnes CO₂e	111,213	tonnes CO₂e
Indirect GHG emissions (Scope 2) ^{3d}	113,774	tonnes CO₂e	155,270	tonnes CO₂e	177,852	tonnes CO₂e
Total GHG emissions	227,768	tonnes CO₂e	287,855	tonnes CO₂e	289,065	tonnes CO₂e
Direct GHG emissions (Scope 1)(%) ^{3c}	50.0	%	46.1	%	38.5	%
Indirect GHG emissions (Scope 2)(%) ^{3d}	50.0	%	53.9	%	61.5	%
Emission intensity ^{3f}	11.790	kg CO₂e/TEU	14.176	kg CO₂e/TEU	14.515	kg CO₂e/TEU
Water consumption						
Total	766,514	'000 litre	653,610	'000 litre	570,061	'000 litre

		2022		2021		2020
Waste generation ^{3g}						
Solid chemical waste						
Rags contaminated with waste oil $[D]$	210.4	tonnes	153.7	tonnes	169.4	tonnes
Waste wire rope [R]	1,531.8	tonnes	1,428.6	tonnes	1,722.0	tonnes
Scrap metal [R]	580.1	tonnes	610.4	tonnes	389.5	tonnes
Waste oil drums, paint buckets [R]	4.6	tonnes	6.6	tonnes	6.2	tonnes
Other chemical waste						
Waste lead acid battery*	4.0	tonnes	6.9	tonnes	4.9	tonnes
Waste oil [R]	132.9	tonnes	165.6	tonnes	147.1	tonnes
Waste oil sludge [D]	-	tonnes	-	tonnes	5.3	tonnes
Light bulbs / fluorescent lights [D]	0.2	tonnes	0.4	tonnes	0.4	tonnes
Spent non-halogen solvent*	9.6	tonnes	-	tonnes	-	tonnes
Waste oil filter / oil pipe [D]	49.5	tonnes	14.0	tonnes	3.6	tonnes
Other waste						
Office paper usage*	27.0	tonnes	31.0	tonnes	33.5	tonnes
Tyres [R]	355.4	tonnes	285.3	tonnes	296.4	tonnes
Waste generated	2,905.6	tonnes	2,702.5	tonnes	2,778.2	tonnes
Waste diverted (recycled)*	2,604.9	tonnes		NI I		
Waste directed to disposal*	260.1	tonnes	New disclosure in 2022			

Our People - Key Performance Indicators⁴

	No. of employees	% of total employees	No. of employees	% of total employees	No. of employees	% of total employees
Employee profile						
By employment type						
Permanent	3,312	97.9%				
Temporary	72	2.1%	New disclosure in 2022			
Non-guaranteed	0	0.0%				
By employment mode						
Full-time	3,357	99.2%	3,343	98.0%	3,402	98.0%
Part-time	27	0.8%	68	2.0%	70	2.0%
By gender						
Male	3,007	88.9%	3,024	88.7%	3,072	88.5%
Female	377	11.1%	387	11.3%	400	11.5%
By age						
Below 30	296	8.7%	210	6.2%	196	5.7%
30-50	2,129	62.9%	2,227	65.3%	2,397	69.0%
Above 50	959	28.4%	974	28.5%	879	25.3%

	20)22	20)21	20	20
	No.	% of total	No.	% of total	No.	% of total
By employee category						
Senior management	32	0.9%	34	1.0%	33	0.9%
Middle management	188	5.6%	191	5.6%	197	5.7%
Functional areas ^{4c}	3,164	93.5%	3,186	93.4%	3,242	93.4%
By region						
HIT	1,234	36.5%		Naw diada	sure in 2022	
YANTIAN	2,150	63.5%		inew disclo	sure in 2022	
Total employees	3,384	100%	3,411	100%	3,472	100%
Board diversity ^{4b}						
By gender						
Male	6	66.7%	6	66.7%	Now display	sure in 2021
Female	3	33.3%	3	33.3%	i New discio	sure in 2021
By age						
Below 30	0	0.0%	0	0.0%	New disclosure in 2021	
30–50	0	0.0%	0	0.0%		
Above 50	9	100.0%	9	100.0%		
Total	9	100%	9	100%		
Management diversity						
By gender						
Male	171	77.7%	171	76.0%	Now disclo	sure in 2021
Female	49	22.3%	54	24.0%	i vew discio	sule III 2021
By age						
Below 30	3	1.4%	2	0.9%		
30–50	129	58.6%	129	57.3%	Now disclo	sure in 2021
Above 50	88	40.0%	94	41.8%	. I New discio	sule III 2021
Total	220	100%	225	100%		
Functional areas diversity4c						
By gender						
Male	2,836	89.6%	2,853	89.6%	New disala	sure in 2021
Female	328	10.4%	333	10.4%	i sew discio	Juit III 2021
By age						
Below 30	293	9.3%	208	6.5%		
30–50	2,000	63.2%	2,098	65.9%	Now disala	sure in 2021
Above 50	871	27.5%	880	27.6%	i new disclo	sure III 2021
Total	3,164	100%	3,186	100%		

	2022		2021		2020	
	No.		No.		No.	
External contractor workers						
Total	5,674			New disclo	sure in 2022	
	No. of employees	Hiring rate	No. of employees	Hiring rate	No. of employees	Hiring rate
New hires ^{4d}	employees	rate	employees	rate	employees	Tate
By gender						
Male	233	7.7%	138	4.6%	71	2.3%
Female	51	13.5%	30	7.8%	32	8.0%
By age	31	13.370	30	7.070	32	0.070
Below 30	181	61.2%	107	51.0%	73	37.2%
30–50	82	3.9%	45	2.0%	18	0.8%
Above 50	21	2.2%	16	1.6%	12	1.4%
By region		I	I	I		
HIT	141	11.4%				
YANTIAN	143	6.7%		New disclo	sure in 2022	
Total	284	8.4%	168	4.9%	103	3.0%
	No. of	Turnover	No. of	Turnover	No. of	Turnover
Turnover ^{4d}	employees	rate	employees	rate	employees	rate
By gender Male	205	6.8%	193	6.4%	131	4.3%
Female	55	14.6%	54	14.0%	28	7.0%
By age	33	14.0%	34	14.0%	20	7.0%
Below 30	82	27.7%	89	42.4%	38	19.4%
30–50	75	3.5%	77	3.5%	53	2.2%
Above 50	103	10.7%	81	8.3%	68	7.7%
		1	1	/*	1	,
By region						
By region HIT	175	14.2%				
	175 85	14.2%		New disclo	sure in 2022	

	2022	2021	2020
Training			
	Average training hours	Average training hours	Average training hours
By gender			
Male	16.4	15.5	17.9
Female	10.0	17.6	19.6
By employee category			
Senior management	34.0	37.0	32.3
Middle management	25.3	32.5	29.6
Functional areas ^{4c}	15.0	14.5	17.3
Total average training hours	15.7	15.7	18.1
	No. of hours	No. of hours	No. of hours
Total training hours	53,210	53,664	62,980

Performance reviews						
	% of total employees	% of total employees	% of total employees			
% of employees received performance review	100%	100%	100%			

(Additional GRI-related Table on Employee Profile By Region in 2022)

	HIT		YANTIAN		Total	
	No. of employees	% of total employees	No. of employees	% of total employees	No. of employees	% of total employees
By employment type						
Permanent	1,163	94.3%	2,149	100.0%	3,312	97.9%
Temporary	71	5.7%	1	0.0%	72	2.1%
Non-guaranteed	0	0.0%	0	0.0%	0	0.0%
By employment mode						
Full-time	1,207	97.8%	2,150	100.0%	3,357	99.2%
Part-time	27	2.2%	0	0.0%	27	0.8%
By gender						
Male	1,083	87.8%	1,924	89.5%	3,007	88.9%
Female	151	12.2%	226	10.5%	377	11.1%
By age						
Below 30	112	9.1%	184	8.6%	296	8.7%
30-50	490	39.7%	1,639	76.2%	2,129	62.9%
Above 50	632	51.2%	327	15.2%	959	28.4%
By employee category						
Senior management	10	0.8%	22	1.0%	32	0.9%
Middle management	113	9.2%	75	3.5%	188	5.6%
Functional areas ^{4c}	1,111	90.0%	2,053	95.5%	3,164	93.5%
Total employees	1,234		2,150		3,384	

Safety and Security - Key Performance Indicators⁵

	20	22	2021		2020	
	No. of cases	Fatality/ injury rate (per 1 million working hours)	No. of cases	Fatality/ injury rate (per 1 million working hours)	No. of cases	Fatality/ injury rate (per 1 million working hours)
Fatalities						
Employees	0	0.00	0	0.00	0	0.00
External contractor workers	0	0.00	1	0.08	0	0.00
Total	0	0.00	1	0.05	0	0.00
High-consequence work-related injuries	s ⁵ a					
Employees	0	0.00	0	0.00	1	0.13
External contractor workers	2	0.17	6	0.45	2	0.16
Total	2	0.11	6	0.29	3	0.15
Recordable work-related injuries ^{5b}						
Employees	14	1.98	19	2.62	15	2.01
External contractor workers	32	2.69	34	2.55	35	2.71
Total	46	2.42	53	2.57	50	2.46
	No. of hours		No. of hours		No. of hours	
Number of hours worked	1		ı		1	
Employees	7,086,056		7,255,314		7,465,764	
External contractor workers	11,885,032		13,343,958		12,900,268	
Total	18,971,088		20,599,272		20,366,032	
	No.		No.		No.	
Emergency drills conducted	1		1			
Total	103		100		91	

Responsible Business - Key Performance Indicators

	20	022	20	2021		2020	
	No. of employees	% of employee category	No. of employees	% of employee category	No. of employees	% of employee category	
AFAB-related communications	to employees						
By employee category							
Senior management	32	100.0%	34	100.0%	33	100.0%	
Middle management	188	100.0%	191	100.0%	197	100.0%	
Functional areas	3,164	100.0%	3,183	99.9%	3,242	100.0%	
By region							
HIT	1,234		NI.	w disclosure in 2	.022		
YANTIAN	2,150		INE	ew disclosure in 2	.022		
AFAB-related training to emplo	yees						
By employee category							
Senior management	32	100.0%	34	100.0%	23	69.7%	
Middle management	188	100.0%	191	100.0%	85	43.1%	
Functional areas	3,164	100.0%	3,183	99.9%	2,037	62.8%	
By region							
HIT	1,234		k I		.022		
YANTIAN	2,150		New disclosure in 2022				

	HK\$'m	HK\$'m	HK\$'m
Community contributions			
Monetary donations	5.3	1.2	
In-kind contribution	0.0	0.0	New disclosure in 2021
Total contributions	5.3	1.2	
	%	%	%
New supplier screening			
% of new suppliers screened for environmental and social issues	100%	100%	New disclosure in 2021

Notes:-

- 1. Figures shown include HIT and YANTIAN as per the reporting scope
- 2. Due to updated guidance and methodology from relevant agencies, some figures from 2021 and 2020 have been restated
- 3. For Environment Key Performance Indicators
 - a. kg = kilogram, kWh = kilowatt hour, GJ = gigajoule, CO2e = carbon dioxide equivalent
 - b. The following standards were adopted:
 - Hong Kong: Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong (2010 Edition)
 - Shenzhen: (for 2022) Notice on Doing a Good Job in the Management of Corporate Greenhouse Gas Emissions Reporting in 2022 published by the General Office of the Ministry of Ecology and Environment of China on 10 March 2022; (for 2021 and 2020) Guidance for Quantification and Reporting of the Organisation's Greenhouse Gas Emissions (SZDB/Z 69-2018) and Baseline emission factors for China's regional power grid emission reduction projects in 2019
 - c. Scope 1 emissions are direct GHG emissions from sources controlled by HPH Trust, including natural gas, liquefied natural gas, petrol, diesel and liquified petroleum gas used on-site. HPH Trust's GHG emissions inventory includes CO₂, CH₄, N₂O, and HFCs.
 - d. Scope 2 emissions are indirect GHG emissions generated from electricity purchased by HPH Trust. HPH Trust's Scope 2 GHG emissions are majority as a result of electricity use, and as such we refer to our electricity providers for the GHG inventory coverage.
 - e. Due to guidance from local government authorities, shore power used by berthed vessels is not considered as HPH Trust's Scope 2 emissions.
 - f. The HIT throughput used in generating the per TEU metrics represented total handling throughput at HIT terminals instead of the allocated throughput from HKSPA presented in the rest of the Annual Report.
 - g. All waste materials are handled by licensed contractors and properly treated offsite: Materials are marked [D] = Disposed; [R] = Recycled. (Note for *: Certain waste categories are handled by licensed contractors and are required where appropriate, but total diversion from landfill is currently not possible. Due to data collection difficulties, HPH Trust is not able to provide a detailed breakdown of the generated totals by recycled or disposed)
- 4. For Our People Key Performance Indicators
 - a. Figures under all tables (except Board diversity) do not include the Board of Directors of the Trustee-Manager of HPH Trust
 - b. Figures under Board diversity relate to the Board of Directors of the Trustee-Manager of HPH Trust
 - c. Functional areas include administration, technical, production, etc.
 - d. The percentage presented under New hires and Turnover represent the number of new hires/employee turnover in each category divided by the total number of employees in the respective categories
- 5. For Safety and Security Key Performance Indicators
 - a. High-consequence work-related injury represents work-related injury arising out of or in the course of work that results in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status with 6 months. This excludes fatalities
 - b. Recordable work-related injury represents work-related injury or ill health arising out of or in the course of work that results in any of the following: death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness; or significant injury or ill health diagnosed by a physician or other licensed healthcare professional, even if it does not result in death, days away from work, restricted work or job transfer, medical treatment beyond first aid, or loss of consciousness

GRI INDEX

General Disclosures

GRI Topic Disclosure	Description	Page, reference or additional comment
GRI 2: GEN	IERAL DISCLOSURES 2021	
The organis	ation and its reporting practices	
2-1	Organisational details	Pages 2 to 7
2-2	Entities included in the organisation's	Page 36 (Reporting Scope)
	sustainability reporting	HIT and YANTIAN are included in HPH Trust's sustainability reporting.
2-3	Reporting period, frequency and contact	Page 36 (About this Report & Contact us)
	point	HPH Trust published its 2022 annual report in April 2023.
		Pages 81 to 88
2-4	Restatements of information	Due to updated guidance and methodology from relevant agencies, some figures from the reporting period ended 31 December 2021 and 31 December 2020 have been restated.
2-5	External assurance	No external assurance was sought for this sustainability report.
Activities ar		
2-6	Activities, value chain and other business relationships	Pages 2 to 7, 44, 53 to 54 (Stakeholder Engagement Channels & Supply Chain And External Contractor Worker Management)
		Pages 82 to 85 (Our People – Key Performance Indicators)
2-7	Employees	In 2022, there were no significant fluctuations in the number of employees compared with the previous year. Similarly, the number of employees remains consistent throughout the year.
2-8	Workers who are not employees	Pages 53 to 54, 82 to 85 (Supply Chain And External Contractor Worker Management & Our People – Key Performance Indicators)
Governance		
2-9	Governance structure and composition	Pages 26 to 30, 37 to 39, 82 to 85 (Sustainability governance & Our People – Key Performance Indicators)
2-10	Nomination and selection of the highest governance body	Pages 106 to 107 (Corporate Governance Report – Board Membership section)
2-11	Chair of the highest governance body	Page 26 (Board of Directors)
2-12	Role of the highest governance body in overseeing the management of impacts	Pages 37 to 39 (Sustainability Governance)
2-13	Delegation of responsibility for managing impacts	Pages 37 to 39 (Sustainability Governance)
2-14	Role of the highest governance body in sustainability reporting	Pages 37 to 39 (Sustainability Governance)
2-15	Conflicts of interest	Pages 122 to 125 (Corporate Governance Report)
2.14	Communication of critical concerns	Pages 48 to 49, 87 (Anti-Fraud and Anti-Bribery & Responsible Business – Key Performance Indicators)
2-16	Communication of critical concerns	In 2022, there were no critical concerns reported through HPH Trust's Whistleblowing mechanism.
2-17	Collective knowledge of the highest governance body	Pages 68, 87 (Sustainability Trainings at HPH Trust & Responsible Business - Key Performance Indicators)
	Evaluation of the performance of the	Pages 106 to 108 (Corporate Governance Report)
2-18	Evaluation of the performance of the highest governance body	Management of HPH Trust's sustainability-related impacts is included as performance criteria in the Board evaluation questionnaires.

GRI INDEX

GRI Topic		Dono volovenos ex addisional comment
Disclosure	Description	Page, reference or additional comment
		Pages 108 to 112 (Corporate Governance Report)
2-19	Remuneration policies	Link to HPH Trust's Renumeration Committee – Terms of Reference:
		https://www.hphtrust.com/corporate_governance.html
		Pages 108 to 112 (Corporate Governance Report)
2-20	Process to determine remuneration	Link to HPH Trust's Renumeration Committee – Terms of Reference:
		https://www.hphtrust.com/corporate_governance.html
2-21	Annual total compensation ratio	Due to confidentiality constraints, HPH Trust is unable to disclose information regarding annual total compensation ratios.
Strategy po	licies and practices	regarding annual total compensation ratios.
2-22	Statement on sustainable development strategy	Page 37 (Board Statement)
2-23	Policy commitments	Pages 39, 48 to 49, 53 to 54, 55, 65, 69, 72, 77 to 78, 79 (Sustainability Governance set of policies & Anti-Fraud and Anti-Bribery & Supply Chain And External Contractor Worker Management & Environment & Our People & Employment Practices And Labour Rights & Occupational Health and Safety & Safety Risk Management & IT System and Data Security) Link to HPH Trust's Sustainability Policies: https://www.hphtrust.com/sustainability_policies.html
		Link to HPH Trust's Corporate Governance Policies: https://www.hphtrust.com/corporate_governance.html
2-24	Embedding policy commitments	Pages 39, 48 to 49, 53 to 54, 55, 65, 69, 72, 77 to 78, 79 (Sustainability Governance set of policies & Anti-Fraud and Anti-Bribery & Supply Chain And External Contractor Worker Management & Environment & Our People & Employment Practices And Labour Rights & Occupational Health and Safety & Safety Risk Management & IT System and Data Security) While the Board has ultimate accountability for the management and implementation of
		policy commitments, HPH Trust emphasises that everyone has a duty to contribute to its sustainability performance. Heads of business units and departments are responsible to ensure that all day-to-day actions are consistent with HPH Trust's policies, while function employees are accountable to uphold HPH Trust's commitments.
2-25	Processes to remediate negative impacts	Page 49
2-26	Mechanisms for seeking advice and raising concerns	Pages 48 to 49 (Anti-Fraud and Anti-Bribery) For details regarding the HPH Trust Whistleblowing Policy, please refer to https://www.hphtrust.com/corporate_governance.html
		Page 54 (Compliance)
2-27	Compliance with laws and regulations	In 2022, there were no cases of non-compliance with laws or regulations in the environmental, social and economic areas.
2-28	Membership associations	Page 80 (Memberships and Associations)
Stakeholder	r engagement	
2-29	Approach to stakeholder engagement	Page 44 (Stakeholder Engagement Channels)
2-30	Collective bargaining agreements	Page 69 (Employment Practices And Labour Rights) Approximately 63% of total employees (100% of local staff at YANTIAN) are covered by collective negotiation. Collective bargaining agreements are not applicable to HIT as there is no collective negotiation process with staff or union representatives.
GRI 3: MAT	TERIAL TOPICS 2021	
3-1	Process to determine material topics	Pages 44 to 47 (Stakeholder Engagement Channels & Materiality Assessment)
3-2	List of material topics	Pages 45 to 47 (Materiality Assessment)

Specific Disclosures

GRI Topic Disclosure	Description	Page, reference or additional comment			
GRI 201: E	CONOMIC PERFORMANCE 2016				
3-3	Management of material topics	Pages 44, 55 to 57 (Stakeholder Engagement Channels & Environment & Climate Change)			
201-2	Financial Implications and other risks and opportunities due to climate change	Pages 56 to 57 (Climate Change)			
GRI 205: A	NTI-CORRUPTION 2016				
3-3	Management of material topics	Pages 44, 48 to 49 (Stakeholder Engagement Channels & Responsible Business & Anti-Fraud and Anti-Bribery)			
205-2	Communication and training about anti- corruption policies and procedures	Pages 49, 87 (Table in Anti-Fraud and Anti-Bribery section & Responsible Business – Key Performance Indicators)			
205-3	Confirmed incidents of corruption and	Pages 48 to 49 (Anti-Fraud and Anti-Bribery)			
	actions taken	In 2022, there were no reported cases of fraud or bribery.			
GRI 302: E	NERGY 2016				
3-3	Management of material topics	Pages 44, 55, 58 to 60 (Stakeholder Engagement Channels & Environment & Greenhouse Gas Emissions, Energy Consumption, and Ambient Air Quality)			
302-1	Energy consumption within the organisation	Direct GHG emissions from sources controlled by HPH Trust, include			
302-2	Energy consumption outside of the organisation	fuels such as natural gas, liquefied natural gas, petrol, diesel and liquefied petroleum gas used on-site.			
302-3	Energy intensity	Pages 59, 81 to 82 (Data table in Greenhouse Gas Emissions, Energy Consumption, and Ambient Air Quality & Environment – Key Performance Indicators)			
302-4	Reduction of energy consumption	Page 58 (Key initiatives table in Greenhouse Gas Emissions, Energy Consumption, and Ambient Air Quality)			
GRI 303: W	/ATER AND EFFLUENTS 2018				
3-3	Management of material topics	Pages 44, 55, 61 to 62 (Stakeholder Engagement Channels & Environment & Water and Waste Management)			
303-1	Interactions with water as a shared resource	Pages 61 to 62 (Water and Waste Management)			
303-2	Management of water discharge-related impacts	Pages 61 to 62 (Water and Waste Management)			
303-5	Water consumption	Pages 81 to 82 (Environment – Key Performance Indicators)			
GRI 304: B	IODIVERSITY 2016				
3-3	Management of material topics	Pages 44, 55, 63 to 64 (Stakeholder Engagement Channels & Environment & Biodiversity)			
304-2	Significant impacts of activities, products and services on biodiversity	Pages 63 to 64 (Biodiversity)			
GRI 305: E	MISSIONS 2016				
3-3	Management of material topics	Pages 44, 55, 58 to 60 (Stakeholder Engagement Channels & Environment & Greenhouse Gas Emissions, Energy Consumption, and Ambient Air Quality)			
305-1	Direct (Scope 1) GHG emissions	Pages 58 to 60, 81 to 82 (Greenhouse Gas Emissions, Energy Consumption, and			
305-2	Energy indirect (Scope 2) GHG emissions	Ambient Air Quality & Environment - Key Performance Indicators)			
305-4	GHG emissions intensity	Emissions are consolidated based on operational control.			
305-5	Reduction of GHG emissions	Page 58 (Key initiatives table in Greenhouse Gas Emissions, Energy Consumption, and Ambient Air Quality)			

GRI INDEX

GRI Topic Disclosure	Description	Page, reference or additional comment			
GRI 306: WASTE 2020					
3-3	Management of material topics	Pages 44, 55, 61 to 62 (Stakeholder Engagement Channels & Environment & Water and Waste Management)			
306-1	Waste generation and significant waste- related impacts	Pages 61 to 62 (Water and Waste Management)			
306-2	Management of significant waste-related impacts	Pages 53 to 54, 61 to 62 (Supply Chain and External Contractor Worker Management & Table and 3R infographic in Water and Waste Management)			
306-3	Waste generated	Pages 53 to 54, 61 to 62, 81 to 82 (Supply Chain and External Contractor Worker Management & Water and Waste Management & Environment – Key Performance Indicators)			
306-4	Waste diverted from disposal	Pages 53 to 54, 61 to 62, 81 to 82 (Supply Chain and External Contractor Worker			
306-5	Waste directed to disposal	Management & Water and Waste Management & Environment – Key Performance Indicators)			
GRI 308: S	UPPLIER ENVIRONMENTAL ASSESSM				
3-3	Management of material topics	Pages 44, 53 to 54 (Stakeholder Engagement Channels & Supply Chain And External Contractor Worker Management)			
308-1	New suppliers that were screened using environmental criteria	Pages 53 to 54, 87 (Supply Chain And External Contractor Worker Management & Responsible Business – Key Performance Indicators)			
		Pages 53 to 54 (Supply Chain And External Contractor Worker Management)			
308-2	Negative environmental impacts in the supply chain and actions taken	HPH Trust did not identify any new or existing suppliers with significant environmental risks in 2022.			
GRI 401: E	MPLOYMENT 2016				
3-3	Management of material topics	Pages 44, 65, 69 (Stakeholder Engagement Channels & Our People & Employment Practices And Labour Rights)			
401-1	New employee hires and employee turnover	Pages 82 to 85 (Our People – Key Performance Indicators)			
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Pages 65, 69 (Employee Engagement and Well-being & Employment Practices And Labour Rights) Employment benefits standard to YANTIAN full-time employees but are not provided to temporary or part-time employees include: life insurance, medical benefits, disability coverage, parental leave, or retirement provisions.			
		Employment benefits standard to HIT full-time employees but are not provided to temporary or part-time employees include: life insurance, medical benefits, or supplemental leave such as paid parental, marriage, or compassionate leave.			
GRI 403: C	CCUPATIONAL HEALTH AND SAFETY				
3-3	Management of material topics	Pages 44, 71 to 78 (Stakeholder Engagement Channels & Safety and Security & Occupational Health and Safety & Safety Risk Management)			
403-1	Occupational health and safety management system	Pages 72 to 76 (Occupational Health and Safety)			
403-2	Hazard identification, risk assessment, and incident investigation	Pages 71 to 78 (Safety and Security & Occupational Health and Safety & Safety Risk Management)			
403-3	Occupational health services	Pages 72 to 78 (Occupational Health and Safety & Safety Risk Management)			
403-4	Worker participation, consultation, and communication on occupational health and safety	Pages 71 to 78 (Safety and Security & Occupational Health and Safety & Safety Risk Management)			
403-5	Worker training on occupational health and safety	Pages 75, 78 (Key health and safety initiatives table in Occupational Health and Safety & emergency drill case studies in Safety Risk Management)			

GRI Topic Disclosure	Description	Page, reference or additional comment			
403-6	Promotion of worker health	Pages 65 to 66, 75 (Health check programmes in Employee Engagement and Well-being & key health and safety initiatives table in Occupational Health and Safety. Note: mental health)			
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Pages 72 to 78 (Occupational Health and Safety & Safety Risk Management)			
403-9	Work-related injuries	Pages 71 to 78, 86 (Safety and Security & Occupational Health and Safety & Safety Risk Management & Safety and Security – Key Performance Indicators)			
GRI 404: T	RAINING AND EDUCATION 2016				
3-3	Management of material topics	Pages 44, 65 to 68 (Stakeholder Engagement Channels & Our People & Knowledge Empowerment & Sustainability Training at HPH Trust)			
404-1	Average hours of training per year per employee	Pages 82 to 85 (Our People – Key Performance Indicators)			
		Pages 67 to 68 (Knowledge Empowerment)			
404-2	Programmes for upgrading employee skills and transition assistance programmes	HPH Trust provides training to develop the skills and knowledge of our employees which are industry specific and improve the carrying out of their duties. At this time, the Trust does not provide any training specific to transition or pre-retirement assistance.			
404-3	Percentage of employees receiving regular performance and career development reviews	Pages 67 to 68, 82 to 85 (Knowledge Empowerment & Our People – Key Performance Indicators)			
GRI 405: D	DIVERSITY AND EQUAL OPPORTUNIT				
3-3	Management of material topics	Pages 44, 65, 69 to 70 (Stakeholder Engagement Channels & Our People & Employment Practices And Labour Rights & Diversity and Inclusion)			
405-1	Diversity of governance bodies and employees	Pages 82 to 85 (Our People – Key Performance Indicators)			
GRI 406: N	ION-DISCRIMINATION 2016				
3-3	Management of material topics	Pages 44, 65, 70 (Stakeholder Engagement Channels & Our People & Diversity and Inclusion)			
	Incidents of discrimination and corrective actions taken	Pages 65, 70 (Our People & Diversity and Inclusion)			
406-1		There were no reported cases of non-compliance with laws and regulations relating to workplace discrimination in 2022.			
GRI 407: F	REEDOM OF ASSOCIATION AND COL	LECTIVE BARGAINING 2016			
3-3	Management of material topics	Pages 44, 53 to 54, 65, 69 (Stakeholder Engagement Channels & Supply Chain And External Contractor Worker Management & Our People & Employment Practices And Labour Rights)			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Pages 53 to 54, 69 (Supply Chain And External Contractor Worker Management & Employment Practices And Labour Rights)			
		HPH Trust did not identify any new or existing operations and suppliers with significant social risks in 2022.			
GRI 408: C	CHILD LABOR 2016				
3-3	Management of material topics	Pages 44, 53 to 54, 65, 69 (Stakeholder Engagement Channels & Supply Chain And External Contractor Worker Management & Our People & Employment Practices And Labour Rights)			
408-1	Operations and suppliers at significant risk	Pages 53 to 54, 69 (Supply Chain And External Contractor Worker Management & Employment Practices And Labour Rights)			
	for incidents of child labor	HPH Trust did not identify any new or existing operations and suppliers with significant social risks in 2022.			

GRI INDEX

GRI Topic Disclosure	Description	Page, reference or additional comment		
GRI 409: F	ORCED OR COMPULSORY LABOR 20	16		
3-3	Management of material topics	Pages 44, 53 to 54, 65, 69 (Stakeholder Engagement Channels & Supply Cha And External Contractor Worker Management & Our People & Employment Practices And Labour Rights)		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Pages 53 to 54, 69 (Supply Chain And External Contractor Worker Management & Employment Practices And Labour Rights)		
		HPH Trust did not identify any new or existing operations and suppliers with significant social risks in 2022.		
GRI 413: LC	OCAL COMMUNITIES 2016			
3-3	Management of material topics	Pages 44, 48, 52 (Stakeholder Engagement Channels & Responsible Business & Community Engagement)		
		Pages 52, 87 (Community Engagement & Responsible Business – Key Performance Indicators)		
413-1	Operations with local community engagement, impact assessments, and development programmes	100% of our reporting scope of HIT and YANTIAN conducts community engagement initiatives. During 2022, YANTIAN conducted thorough assessments on the impact of developing East Port Phase I on biodiversity and community. The community assessment covered various topics on social, economic and environmental. Public consultation was also conducted during the assessments		
GRI 414: SI	UPPLIER SOCIAL ASSESSMENT 2016			
3-3	Management of material topics	Pages 44, 53 to 54 (Stakeholder Engagement Channels & Supply Chain And External Contractor Worker Management)		
414-1	New suppliers that were screened using social criteria	Pages 53 to 54, 87 (Supply Chain And External Contractor Worker Management & Responsible Business – Key Performance Indicators)		
414-2	Negative social impacts in the supply chain and actions taken	Pages 53 to 54 (Supply Chain And External Contractor Worker Management) HPH Trust did not identify any new or existing suppliers with significant social		
		risks in 2022.		
GRI 416: C	USTOMER HEALTH AND SAFETY 2016			
3-3	Management of material topics	Pages 44, 51, 71, 77 to 78 (Stakeholder Engagement Channels & Customer Service & Safety and Security & Safety Risk Management)		
		Pages 51, 77 to 78 (Customer Service & Safety Risk Management)		
416-1	Assessment of the health and safety impacts of product and service categories	Due to the nature of our port business, all aspects of health and safety within our port premises are monitored and assessed for improvement as per our relevant policies and procedures.		
44.0	Incidents of non-compliance concerning the health and safety impacts of products and services	Pages 51, 77 to 78 (Customer Service & Safety Risk Management)		
416-2		There were no reported incidents of non-compliance of HIT and YANTIAN concerning the health and safety impacts of products and services in 2022.		
GRI 418: C	USTOMER PRIVACY 2016			
3-3	Management of material topics	Pages 44, 71, 79 (Stakeholder Engagement Channels & Safety and Security & IT System and Data Security)		
410.1	Substantiated complaints concerning	Page 79 (IT System and Data Security)		
418-1	breaches of customer privacy and losses of customer data	There was no reported cases of unauthorised data leakage or compromised IT infrastructure in 2022.		

INVESTOR RELATIONS



HPH Trust is committed to engaging with its investors by delivering open, accurate and up-to-date communications. This is the cornerstone of the Trust's investor relations philosophy. Notwithstanding the physical distancing measures brought by the COVID-19 pandemic, HPH Trust strives to provide unitholders, potential investors and investment communities with adequate, accurate and timely disclosures on material corporate developments.

FINANCIAL RESULTS AND CORPORATE LITERATURE

HPH Trust recognises the importance of releasing material information in a timely manner. The Investor Relations team ensures all announcements relating to financial performance and strategic corporate developments are promptly disseminated via multiple channels, including hphtrust.com and the SGX online portal, SGXNet.

HPH Trust published its 2022 annual report in April 2023. Besides posting it on SGXNet and our corporate website, hphtrust.com, the Trust also provided printed copies on request.

Investors and stakeholders are encouraged to refer to HPH Trust's corporate website, hphtrust.com, as their first point of reference. HPH Trust regularly updates the Investor Centre section of the website. It is an online repository for a wide range of information such as news releases, SGXNet announcements, financial results, presentation materials, annual report (including sustainability report), annual general meeting materials (including notices and minutes), historical unit prices and related charts, and other relevant corporate information. Interested parties can register for email alerts, so they receive newly posted announcements. In addition, unitholders can direct their enquiries and concerns to the HPH Trust Investor Relations team via the contact methods listed on hphtrust.com, especially the dedicated investor relations email or telephone line.

The Trustee-Manager periodically organises briefings for analysts, fund managers, equity stakeholder representatives and various other investor groups. The management team holds its Annual General Meeting following the release of its full-year results. In 2022, as a result of the physical distancing measures due to COVID-19, briefings and meetings were mostly conducted via electronic means.

The Annual General Meeting held on 26 April 2022 ("AGM") was conducted via "live" audio-visual webcast and "live" audio feed. The management team addressed all substantial and relevant questions received from unitholders prior to the meeting both directly at the AGM via SGXNet announcement one week before the AGM.

Management believes that annual general meetings and other general meetings provide an excellent opportunity to interact with unitholders to share in-depth business developments and prospects. Unitholders are encouraged to join these meetings. To enhance communication and transparency, HPH Trust also posted the AGM materials on the corporate website, including AGM notices, responses to substantial and relevant questions received from unitholders, CFO presentation, poll results and minutes in a timely fashion.

CONFERENCES, BRIEFINGS AND ROADSHOWS

Nurturing and sustaining strong, long-term relationships with investors is central to the corporate strategy of HPH Trust. Members of the management team regularly participate in investor conferences, small-group and one-on-one meetings, conference calls and non-deal roadshows, to cultivate and maintain an open dialogue with global investor and financial analyst communities.

In 2022, notwithstanding the COVID-19 pandemic, the management team continued to engage with different stakeholders, and there were around 160 engagements from analysts and investors around the world in individual discussions and larger group events such as investor conferences. Most roadshows and key investor conferences were conducted online during the year, and the management team participated in events such as the UBS Virtual Asia Industrials and Infrastructure Day, the Goldman Sachs China Conference, the HSBC 16th Annual Transport and Logistics Conference and SGX Corporate Days.

RESEARCH COVERAGE

As part of its ongoing efforts to maintain a high level of investor engagement, the Trustee-Manager proactively engages analysts to extend its research coverage, intensifying its communications with analysts and cementing its relationships with investors. Investors can use regular research and analysts' reports to remain up to date on the Trust's operational progress and financial position.

During the financial year, five research houses covered HPH Trust, including DBS, Goldman Sachs, HSBC, OCBC and UBS.

HPH Trust is a business trust constituted under the Business Trusts Act 2004 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 and as amended and supplemented by the first supplemental deed dated 28 April 2014 and the second supplemental deed dated 8 June 2020 (collectively, "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 of companies ("Group") as it believes that an effective corporate governance framework is fundamental to promoting and safeguarding interests of unitholders and other stakeholders and enhancing unitholder value. Accordingly, the Trustee-Manager has adopted and applied corporate governance principles and practices that emphasise a quality Board of Directors ("Board"), effective risk management and internal control systems, stringent disclosure practices, transparency and accountability as well as effective communication and engagement with unitholders and other stakeholders. It is, in addition, committed to continuously enhancing these standards and practices and inculcating a robust culture of compliance and ethical governance underlying the business operations and practices across the Group.

The Board sets out in this report the corporate governance principles and practices put in place for the financial year ended 31 December 2022 with reference to the BTA, the Business Trusts Regulations ("BTR"), the Code of Corporate Governance 2018 ("Code") and the Listing Manual of Singapore Exchange Securities Trading Limited ("SGX-ST Listing Manual").

HPH Trust has complied throughout the financial year ended 31 December 2022 with all the principles and provisions of the Code, where applicable. The reasons for deviations from the provisions of the Code are explained in this report.

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1

Principal duties of the Board

The Board, which is accountable to unitholders for the long-term sustainable success of HPH Trust, is responsible for shaping and overseeing the corporate culture, setting and guiding the long-term strategic objectives of HPH Trust with appropriate focus on value creation and risk management, directing, supervising and monitoring the managerial performance and operating practices of the Group to ensure they align with the desired culture. It also ensures ongoing effective communication with unitholders and engagement with key stakeholders as it develops the purpose and values of HPH Trust. Directors are fiduciaries and are charged with the task of promoting the long term sustainable success of HPH Trust and making decisions in the best interests of HPH Trust with due regard to sustainability considerations. The Board has established a framework for the management of HPH Trust, putting in place all relevant risk management and internal control systems review assessment and reporting processes.

The Board, led by the Chairman and Non-executive Director, Mr. Fok Kin Ning, Canning, fosters and oversees the culture, 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. Ivor Chow, the Chief Executive Officer ("CEO"), and putting in place mechanisms for ensuring that the desired culture of HPH Trust is understood and shared at all levels of the Group.

HPH Trust has in place, among others, an Internal Control Manual which includes a code of conduct that sets the tone for the Group in respect of ethics, values, the desired organisational culture and the proper accountability with the Group, the Finance Manual and the Legal and Regulatory Compliance Manual.

To enable Directors to fully discharge their duties and obligations, each Director has been furnished with the Legal and Regulatory Compliance Manual, the Internal Control Manual and Finance Manual setting forth comprehensive internal guidelines on matters relating to internal control and finance.

Procedures are instituted to deal with conflicts of interest issues. Except for those circumstances permitted by the constitution of the Trustee-Manager, the Trust Deed and the SGX-ST Listing Manual, a Director would abstain from voting on resolutions approving any contract, transaction, arrangement or any other kind of proposal put forward to the Board in which he/she or any of his/her close associates is materially interested, and such Director is not counted for quorum determination purposes.

The Board is supported by four board committees: Audit Committee ("AC"), Nominating Committee ("NC"), Remuneration Committee ("RC") and Sustainability Committee ("SC"), details of which are described later in this report. The terms of reference for these committees, which have been adopted by the Board, are available on the websites of the Group. Other board committees are established by the Board as and when warranted to take charge of specific tasks.

The Board meets at least four times a year at approximately quarterly intervals, 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 half-yearly and full year financial results for release to Singapore Exchange Securities Trading Limited ("SGX-ST") and material transactions requiring announcements under the SGX-ST Listing Manual and notes perceptions of the key stakeholder groups on HPH Trust. Whenever warranted, additional meetings are held. Board meetings are also supplemented by resolutions circulated to Directors for decisions as and when necessary.

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, material transactions and transactions not in the ordinary course of business;
- (e) transactions between the Trustee-Manager for and on behalf of HPH 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.

In 2022, the Board held four Board meetings with 100% Director attendance. The Company Secretary and the Deputy Company Secretary attended all Board meetings held in 2022.

NAME OF DIRECTOR Chairman and Non-executive Director Mr. Fok Kin Ning, Canning 4/4 Executive Director Mr. Ip Sing Chi Non-executive Directors Ms. Edith Shih 4/4 Ms. Lee Tung Wan, Diana ATTENDED / ELIGIBLE TO ATTEND

NAME OF DIRECTOR

ATTENDED / ELIGIBLE TO ATTEND

Independent Non-executive Directors	
Mr. Chan Tze Leung, Robert	4/4
Dr. Fong Chi Wai, Alex	4/4
Mr. Graeme Allan Jack	4/4
Mrs. Sng Sow-Mei (alias Poon Sow Mei)	4/4
Mr. Wong Kwai Lam	4/4

The constitution of the Trustee-Manager allows directors to participate in the Board and board committee meeting by telephone conference or video-conference whereby all persons participating in the meeting are able to communicate as a group.

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 or she has provided sufficient time and attention to the affairs of HPH Trust. In addition, Directors disclose to the Trustee-Manager in a timely manner their other principal commitments, such as directorships in other public listed companies and major appointments as well as update the Trustee-Manager on any subsequent changes. The Board and the NC, on the basis of the foregoing, is satisfied that the Directors have given sufficient time and attention to the affairs of the Trustee-Manager and HPH Trust. Further details on the basis of such determination are set out under the section "Board Membership" below.

Access to information

Management recognises the importance of complete, adequate and timely information flow to the Board. With respect to regular meetings of the Board, Directors receive written notice of the meeting generally about a month in advance and an agenda with supporting Board papers no less than three days prior to the meeting. For other meetings, Directors are given as much notice as is reasonable and practicable in the circumstances.

At every AC meeting, the Chief Financial Officer ("CFO") briefs the AC members on developments in accounting and governance standards.

At every quarterly Board meeting, the CEO and/or CFO provide 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.

Between scheduled meetings of the Board, Management provides to Directors, on a regular basis, financial performance reports of key operating entities of the Group and other relevant information with respect to the performance, business activities and development of the Group. Throughout the year, in addition to the Board meetings, Directors participate in the deliberation and approval of routine and operational matters of the Trustee-Manager, on behalf of HPH Trust, by way of written resolutions with supporting explanatory materials, supplemented by additional verbal and/or written information from the CEO, CFO 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 unrestricted access to Management, the Company Secretary, Deputy Company Secretary and independent professional advisers at the expense of HPH Trust at all times whenever deemed necessary by Directors. They are at liberty to propose appropriate matters for inclusion in Board agendas.

Directors are provided with updates and briefings from time to time by Management, professional advisers and auditors 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.

Directors' induction and training

Upon appointment to the Board, Directors receive a formal letter of appointment setting out directors' duties and a comprehensive and tailored induction to the Group's businesses, strategic direction and governance practice by senior executives. A pack of orientation materials which include detailed information of the Trustee-Manager and the Group, duties as a director and/or board committee member (as the case may be) as well as internal governance and substainability policies of the Group are also provided to the Directors. Every new director is taken through such orientation materials at an induction session, including attending site visits.

The Trustee-Manager arranges and provides continuous professional development ("CPD") training such as seminars, webcasts and relevant reading materials to Directors to help them keep abreast of the current trends and issues facing the Group, including the latest changes in the commercial (including industry-specific and innovative changes), legal and regulatory environment in which the Group conducts its businesses and to refresh their knowledge and skills on the roles, functions and duties of a listed entity director. In addition, CPD may take the form of attendance at external forums or briefing sessions (including delivery of speeches) on relevant topics. CPD training of approximately 34 hours had been provided to the Directors during the year.

The Directors are required to provide the Trustee-Manager 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 2022 is summarised as follows, representing an average of approximately 13 hours undertaken by each Director during the year:

	AREAS			
NAME OF DIRECTOR	LEGAL AND REGULATORY	CORPORATE GOVERNANCE / SUSTAINABILITY PRACTICES	FINANCIAL REPORTING / RISK MANAGEMENT	GROUP'S BUSINESSES / DIRECTORS' DUTIES
Chairman and Non-executive Director				
Mr. Fok Kin Ning, Canning	✓	✓	\checkmark	\checkmark
Executive Director				
Mr. Ip Sing Chi	\checkmark	✓	\checkmark	\checkmark
Non-executive Directors				
Ms. Edith Shih	✓	✓	✓	✓
Ms. Lee Tung Wan, Diana	\checkmark	✓	\checkmark	\checkmark
Independent Non-executive Directors				
Mr. Chan Tze Leung, Robert	✓	✓	✓	✓
Dr. Fong Chi Wai, Alex	✓	✓	✓	✓
Mr. Graeme Allan Jack	✓	✓	✓	✓
Mrs. Sng Sow-Mei (alias Poon Sow Mei)	✓	✓	✓	✓
Mr. Wong Kwai Lam	✓	✓	✓	✓

All the directors of the Trustee-Manager attended the mandatory sustainability training prescribed by SGX-ST in 2022.

The appointment and removal of the Company Secretary is subject to Board approval.

The Company Secretary, Ms. Wong Yoen Har 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 timely preparation and dissemination to Directors comprehensive Board meeting papers. Minutes of all meetings of the Board and Board Committees are prepared and maintained by the Company Secretary or Deputy Company Secretary to record in sufficient details the matters considered and decisions reached by the Board or board committees, including any concerns raised or dissenting views voiced by any Director. All draft and final minutes of the Board meetings and meetings of board committees are sent to Directors or board committee members as appropriate for comments, approval and records. Board records are available for inspection by any Director upon request.

Board Composition and Guidance

Principle 2

The Trustee-Manager recognises that Board independence and diversity of thoughts and background would enable the Board to make decisions in the Group's best interest.

The current composition of the Board (comprising a majority of independent and non-executive directors) and the AC (comprising all Independent Non-executive Directors) comply with the requirements of the Code. Board appointment has been, and will continue to be, made based on merit and the contribution such appointment can bring to 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) 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; and
- (d) 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.

The Board and the NC considered the structure, size and composition as appropriate for the current scope and nature of the Group's operations, requirement of the business and facilitates effective decision making. Throughout the year, the number of Independent Non-executive Directors on the Board fulfilled the minimum requirement of the BTA. 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.

The Board and the NC have set qualitative and quantitative targets (where appropriate) for achieving board diversity, which are explained in further detail below. In particular, the Board and the NC seeks to have Directors selected based on the merit and the contribution such Director can bring to the Board to complement and expand the competencies, experience and perspective of the Board as a whole, taking into account the corporate strategy of the Group and the benefits of various aspects of diversity, including gender, age, culture, ethnicity, educational background, professional experience and other factors that the NC may consider relevant from time to time towards achieving a diversified board.

As shown in the Board Skills Matrix on page 101 of this Report, (i) all Directors have experience in business management, strategic planning and risk management and are able to apply their expertise and experience to further the interests of HPH Trust, (ii) more than half of the Directors have financial reporting, banking, related industry knowledge and experience, and (iii) one-third of the Directors have other experience in legal/regulatory/ sustainability. These are in line with the targets set by the Board and the NC in relation to the skills, experience, values and background necessary to support the long-term strategic objectives of the Trust.

Additionally, the Directors come from diverse backgrounds with various expertise in the container terminal industry and finance, business, legal and management fields, which are the targets set by the Board and the NC in relation to the professional experience required.

As such, the qualitative board diversity targets relating to the experience, skills, expertise, values and background required of the Board have been met.

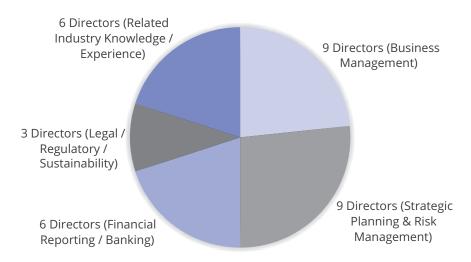
For gender diversity, the target is to have the Board comprise at least 30% female directors, which has been achieved by HPH Trust. Out of the nine Directors, three are female, which also exceeds the target to be met by 2030 recommended by the Council for Board Diversity of Singapore. Female representation at the Board stands at a relatively high level (33%, three out of nine Directors) amongst companies listed on the SGX-ST.¹ In 2022, Ms. Lee Tung Wan, Diana, previously, the CFO of the Trustee-Manager was elevated to become a Non-executive Director. HPH Trust targets the Board to have at least 30% female Directors in the coming years. For other diversity criteria based on ethnicity and age, please refer to the diversity profile chart set out on page 102 of this Report.

The Board has long viewed diversity as a core consideration for Board composition to strengthen the versatility and resilience of the Trust. To incorporate diversity aspects into its decision-making and strategy formulation, the Board has adopted the Board Diversity Policy in 2019 followed by the set-up of the NC in April 2022. During the year, the Board has revised the Board Diversity Policy upon the recommendation of the NC to encapsulate the additional disclosure requirements under the SGX-ST Listing Manual and any other relevant aspects of diversity. The revised Board Diversity Policy, which addresses gender, skills and experience, and any other relevant aspects of diversity, recognises the benefits of a Board that possesses a balance of skill set, experience, expertise and diversity of perspectives appropriate for the strategies of HPH Trust. The Board Diversity Policy is available on HPH Trust's corporate website (https://www.hphtrust.com/corporate_governance.html).

The Trustee-Manager believes that board diversity enhances decision-making capability and thus the overall effectiveness of the Board in achieving sustainable business operation and enhancing shareholder value. HPH Trust will continue to assess the Trustee-Manager's Board Diversity Policy on an annual basis to see if the existing policy remains relevant to the diversity strategies of the Trustee-Manager using a holistic approach and taking into consideration the evolving changes to the environment, society and the business needs of HPH Trust. If the need arises, the NC will come up with relevant measurable targets and objectives, the accompanying plans and timelines for achieving the targets for consideration and approval by the Board.

The following Board Skills Matrix shows a breakdown of the diverse skills set of Directors:

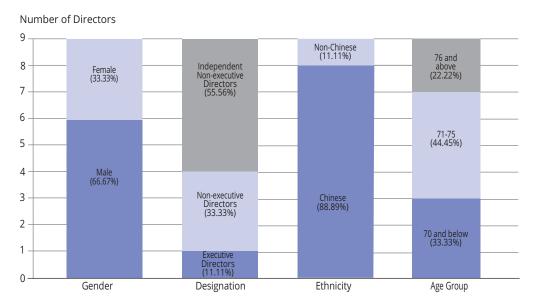
BOARD SKILLS MATRIX



Note: The Board comprises 9 Directors.

¹ The Diversity Action Committee (now known as the Council for Board Diversity of Singapore) set a triple tier target of 20% by 2020, 25% by 2025 and 30% by 2030 for the largest 100 primary-listed companies on SGX. PwC's study suggests that there has been a 57% increase in women board directors between 2015 to 2020, with 14.17% of board directors being females.

The following chart shows the diversity profile of the Board as at 31 December 2022:



Mrs. Sng Sow-Mei (alias Poon Sow Mei) is appointed as the Lead Independent Director. The Lead Independent Director provides feedback to the Chairman as appropriate should there be any issue coming to her attention from the periodic meetings among the Independent Non-executive Directors without the presence of the other Directors or Management.

Directors' Independence

HPH Trust recognises that Board independence is key to good corporate governance. As part of the established governance framework, the Group has in place effective mechanisms that underpin a strong independent Board and that independent views and input from Directors are conveyed to the Board. The governance framework and mechanisms are kept under regular review to align with international best practice, ensuring their effectiveness.

The Board and the NC have assessed the independence of all the Independent Non-executive Directors having regard to the independence criteria as set out in the SGX-ST Listing Manual, the BTR and the Code. Declarations of independence were provided by the Directors.

The Board considers all of them to be independent in accordance with Rule 210(5) of the SGX-ST Listing Manual because none of them (i) have been employed by the Trustee-Manager or any of its related corporations for the current financial year or any of the past three financial years of the Trustee-Manager, and (ii) have an immediate family member who is or has been in any of the past three financial years, employed by the Trustee-Manager or any of its related corporations and whose remuneration is determined by the Board.

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.

Construed within the context of the BTR, Mr. Chan Tze Leung, Robert, Dr. Fong Chi Wai, Alex, Mr. Graeme Allan Jack, Mrs. Sng Sow-Mei (alias Poon Sow Mei) and Mr. Wong Kwai Lam 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 Mr. Chan, Dr. Fong, Mr. Jack, Mrs. Sng and Mr. Wong, the Board has in its review taken the following into consideration:

In the case of Mrs. Sng, notwithstanding that she is currently an independent non-executive director and a member of the audit committee of CK Infrastructure Holdings Limited ("CKI"), the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited ("HKEx"), 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 officer, members of the management team, board of directors or substantial shareholder(s) of CKI;
- (ii) she is not involved in the day-to-day management and operation of CKI;
- (iii) she does not own any shares in CKI;
- (iv) she exercises independent judgment as an independent non-executive director of CKI, in particular on interested person transactions and on internal audit control and management; and
- (v) CKI is in different businesses from HPH Trust.

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

In the case of Mr. Jack, notwithstanding that he is currently an independent non-executive director, chairman of the audit committee and a member of the remuneration committee and the nomination committee of HUTCHMED (China) Limited ("HUTCHMED"), the shares of which are listed on the Main Board of HKEx and traded on the AIM, a market regulated by the London Stock Exchange, and in the form of American Depositary Shares on the NASDAQ Global Select Market, the Directors noted that these roles should not interfere with his ability to exercise independent judgment in the interests of the unitholders of HPH Trust for the following reasons:

- (i) Mr. Jack does not have any relationship with the chief executive officer, members of the management team, board of directors or substantial shareholder(s) of HUTCHMED;
- (ii) he is not involved in the day-to-day management and operation of HUTCHMED;
- (iii) he has an aggregate (direct and indirect) interests in 101,695 ordinary shares in HUTCHMED, representing about 0.01% issued shares of HUTCHMED;
- (iv) he exercises independent judgment as an independent non-executive director of HUTCHMED, in particular on interested person transactions and on internal audit control and management; and
- (v) HUTCHMED is in different businesses from HPH Trust.

As such, given his extensive experience and qualifications, he is able to contribute as an Independent Director on the Board.

In the case of Dr. Fong, notwithstanding that he is currently an independent non-executive director, chairman of the remuneration committee and the audit committee and a member of the sustainability committee of TOM Group Limited ("TOM"), the shares of which are listed on the Main Board of HKEx; an independent non-executive director, a member of the remuneration committee and the sustainability committee of HK Electric Investments Limited; an independent non-executive director of HK Electric Investments Manager Limited (as trustee-manager of HK Electric Investments); a director of The Hongkong Electric Company, Limited (collectively, the "Companies"), the share stapled units jointly issued by HK Electric Investments Limited and HK Electric Investments are listed in Hong Kong, the Directors noted that these roles should not interfere with his ability to exercise independent judgment in the interests of the unitholders of HPH Trust for the following reasons:

(i) Dr. Fong does not have any relationship with the chief executive officer, members of the management team, board of directors or substantial shareholder(s) of the Companies;

- (ii) he is not involved in the day-to-day management and operation of the Companies;
- (iii) he does not own any shares in the Companies;
- (iv) he exercises independent judgment as an independent non-executive director/a director of the Companies, in particular on interested person transactions and on internal audit control and management; and
- (v) the Companies are in different businesses from HPH Trust.

As such, given his extensive experience and qualifications, he is able to contribute as an Independent Director on the Board.

In the case of Mr. Chan, notwithstanding that he is currently an independent non-executive director, a member of the audit committee, the nomination committee and the remuneration committee of TOM, the shares of which are listed on the Main Board of HKEx, the Directors noted that these roles should not interfere with his ability to exercise independent judgment in the interest of the unitholders of HPH Trust for the following reasons:

- (i) Mr. Chan does not have any relationship with the chief executive officer, members of the management team, board of directors or substantial shareholder(s) of TOM;
- (ii) he is not involved in the day-to-day management and operation of TOM;
- (iii) he does not own any shares in TOM;
- (iv) he exercises independent judgment as an independent non-executive director of TOM, in particular on interested person transactions and on internal audit control and management; and
- (v) TOM is in different businesses from HPH Trust.

As such, given his extensive experience and qualifications, he is able to contribute as an Independent Director on the Board.

In the case of Mr. Wong, notwithstanding that he is currently an independent non-executive director, chairman of the audit committee and a member of the remuneration committee of CK Hutchison Holdings Limited ("CKHH"), the shares of which are listed on the Main Board of HKEx, the Directors noted that these roles should not interfere with his ability to exercise independent judgment in the interest of the unitholders of HPH Trust for the following reasons:

- (i) Mr. Wong does not have any relationship with the managing director(s), members of the management team, board of directors or substantial shareholder(s) of CKHH;
- (ii) he is not involved in the day-to-day management and operation of CKHH;
- (iii) he does not own any shares in CKHH;
- (iv) he exercises independent judgment as an independent non-executive director of CKHH, in particular on interested person transactions and on internal audit control and management; and
- (v) Hutchison Port Holdings Limited ("HPH"), a member of CKHH group, has entered into a Non-Compete Agreement with the Trustee-Manager pursuant to which there is a mutual non-compete undertaking between the two entities such that HPH undertakes not to invest in, develop, operate and manage deepwater container ports in the Guangdong Province, Hong Kong and Macau, and HPH Trust undertakes 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.

As such, given his extensive experience and qualifications, he is able to contribute as an Independent Director on the Board.

Having carried out the review, the Board and the NC are satisfied that the relationships described above will not interfere with the independent judgment and ability to act with regard to the interests of all the unitholders of HPH Trust as a whole of Mrs. Sng, Mr. Jack, Dr. Fong, Mr. Chan or Mr. Wong. Accordingly, the Board has, pursuant to Regulation 12(6) of the BTR, determined that Mrs. Sng Sow-Mei (alias Poon Sow Mei), Mr. Graeme Allan Jack, Dr. Fong Chi Wai, Alex, Mr. Chan Tze Leung, Robert and Mr. Wong Kwai Lam are independent.

None of the above independent non-executive directors participates nor will they participate in any discussion of the Board in relation to any transaction with a company of whom he/she is a director thereof or any matters that might give rise to a conflict of interests with such company and they shall abstain from voting on any such proposals at any meeting of the Board.

Under the letter of appointment, the Directors are required to report changes of circumstances at any time which may affect their independence.

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

Chairman and CEO

Principle 3

The role of the Chairman is separate from that of the CEO and they are not immediate family members. The Chairman is a non-executive director and is not part of the management team. Such division of responsibilities reinforces the independence and increases accountability of the Board.

The Chairman, Mr. Fok Kin Ning, Canning 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. He is also responsible for ensuring that Board meetings are planned and conducted effectively, including 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, the Deputy Company Secretary and Management, the Chairman seeks to ensure that all Directors are properly briefed on issues to be deliberated at Board meetings and are 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 promote effective communication and ongoing engagement with unitholders and other stakeholders, as outlined later in this report.

Mrs. Sng, the Lead Independent Director is appointed to provide leadership in situations where the Chairman has a conflict of interests. She is accessible to the unitholders of HPH Trust 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 (https://www.hphtrust.com/corporate governance.html).

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 overseeing and delivering 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 Group. With the assistance of the CFO, the CEO ensures that the funding requirements of the businesses are met and monitors the operating and financial performance of the businesses against plans and budgets. The CEO maintains an ongoing dialogue with the Chairman and all Directors to keep them fully informed of all major business development and issues. In addition, he is also responsible for building and maintaining an effective executive team to support him in his role.

Board Membership

Principle 4

As at 31 December 2022, the Board comprised nine Directors, including the Chairman, one Executive Director, two Non-executive Directors and five Independent Non-executive Directors. Biographical details of the Directors are set out on pages 26 to 30 of the Annual Report and on HPH Trust's corporate website.

The Board, with the support of the NC, has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board. The NC, chaired by Mr. Wong Kwai Lam, an Independent Non-executive Director with Ms. Edith Shih, a Non-executive Director and Mrs. Sng Sow-Mei (alias Poon Sow Mei), an Independent Non-executive Director and the Lead Independent Director as members, meets the requirements of the Code.

The responsibilities of the NC are to review the structure, size, diversity profile and skills set of members of the Board against its needs and make recommendation on the composition of the Board to achieve the Group's corporate strategy as well as promote unitholder value. It identifies suitable candidates and selects or makes recommendation to the Board on the appointment or re-appointment of, as well as succession planning for Directors and key management personnel, in particular the appointment and/or replacement of, without limitation, the Chairman, the CEO and the CFO. The NC also takes the lead on the development of a transparent process for evaluating the performance of the Board and Directors, including assessing whether directors are able to commit enough time to discharge their responsibilities and the maximum number of listed company board representations which a Director may hold. Periodically, the NC reviews the training and professional development programs for the Board including training on sustainability matters as prescribed by SGX-ST, corporate governance, financial reporting, risk management as well as legal and regulatory updates. It also reviews orientation training materials provided to new director(s) to ensure he/she is aware of his/her duties and obligations and has an overview of the Trust and its business. Furthermore, it also assesses the independence of Independent Non-executive Directors having regard to the criteria under the SGX-ST Listing Manual and reviews the Director Nomination Policy and the Board Diversity Policy periodically and makes recommendations on any proposed revisions to the Board.

The NC (established in April 2022) held one meeting in 2022 with 100% attendance:

NAME OF MEMBER ATTENDED / ELIGIBLE TO ATTEND

Mr. Wong Kwai Lam (Chairman)	1/1
Mrs. Sng Sow-Mei (alias Poon Sow Mei)	1/1
Ms. Edith Shih	1/1

Selection, appointment and re-appointment process

From time to time, new Directors may be identified by the NC for appointment or re-appointment, if necessary, by the Board. Under the Board Diversity Policy, Board candidates are selected based on merit and the contribution such candidate can bring to the Board to complement and expand the competencies, experience and perspectives of the Board as a whole, taking into account the corporate strategy of the Group and the benefits of various aspects of diversity, including gender, age, culture, ethnicity, educational background, professional experience and other factors that the NC may consider relevant from time to time towards achieving a diversified Board. In determining suitability of a candidate, the Board will have due regard to the benefits of various aspects of diversity in accordance with the Board Diversity Policy. If the NC determines that an additional or replacement Director is required, it will deploy multiple channels for identifying suitable director candidates, including referral from Directors, shareholders, management, advisors of the Trustee-Manager, unitholders of HPH Trust and external executive search firms.

The nomination process will be conducted in accordance with the Director Nomination Policy and the Board Diversity Policy, which are available on the website of HPH Trust. The Board will from time to time review these policies and monitor their implementation to ensure continued effectiveness and compliance with regulatory requirements and good corporate governance practices.

Pursuant to the Director Nomination Policy, the NC, in determining the suitability of a candidate, will consider the potential contributions a candidate can bring to the Board including the attributes complementary to the Board, the commitment, motivation and integrity of the candidate, having due consideration of the benefits of a diversified Board.

The ultimate responsibility for the selection and appointment of directors rests with the Board as a whole.

No alternate director is appointed to the Board.

During 2022, the NC reviewed the structure, size and composition (in particular with regard to gender diversity) of the Board, ensuring that it has greater diversity and a balanced composition of skills and experience appropriate for the requirements of the businesses of the Group and that appropriate individuals with relevant expertise and leadership qualities are appointed to the Board to complement the capabilities of existing Directors. In addition, the NC also reviewed the Director Nomination Policy, the amendments to the Board Diversity Policy and the process and criteria for evaluation of the performance of the Board, board committee as well as contribution by the Chairman and the Directors for adoption by the Board.

At its meeting in February 2023, the NC reviewed again the structure, skills set, expertise and competencies of members of the Board, affirmed the independence of the Independent Non-executive Directors having regard to their annual independence confirmation and the assessment of their independence with reference to the independence criteria set out in the SGX-ST Listing Manual, the BTR and the Code. In particular, the NC considered that the Independent Non-executive Directors continue to provide a balanced and independent view to the Board and play a leading role in the board committees and bring independent and external dimension as well as constructive and informed comments on issues of the Group's strategy, policy, performance, accountability, resources, key appointments and standards of conduct. The Board endorsed the NC's view on the independence of the Independent Non-executive Directors. Further details on the review of the directors' independence are set out under the section "Directors' Independence" above.

At the same meeting, the NC also reviewed the Board Diversity Policy and Director Nomination Policy as well as their implementation during 2022 and the training and professional development programmes provided to the Board during 2022. These are determined to be effective.

Multiple Directorships

As part of its functions, the NC also reviews the ability of each director to adequately carry out his/her duties as director of the Trustee-Manager taking into consideration all relevant facts, including annual declaration of director's time commitment from each Director to confirm to the Board his/her ability to devote sufficient time and attention to the affairs of the Trust, having regard to his/her directorship and other principal commitments (and related changes in such appointments or commitments during the year) outside the Group, attendance and contributions of the directors at meetings of the Board and/or, if applicable, its committees, level of commitment required of the director's other principal commitments, results of the assessment of the effectiveness of the Board as a whole and its committees, and the respective directors' actual conduct and participation on the Board and its committees.

For the year 2022, the NC was of the view that each director has devoted sufficient time and attention to the affairs of the Trust and has been able to discharge his/her duties as director effectively. The NC noted that based on the attendance at meetings of the Board and its committees during the year, all directors were able to participate in all such meetings to carry out their duties. The NC is satisfied that all directors have been able to and had adequately carried out their duties notwithstanding, their multiple board representations, where applicable and other principal commitments.

Succession planning

As and when required, the NC in consultation with the Chairman (for key management positions only) and/or external advisors, makes recommendations to the Board on the appointment or re-appointment of Directors, the CEO and key management personnel and succession planning for Directors (including Chairman of the Board), the CEO and key management personnel.

Board Performance

Principle 5

The NC implements an annual board evaluation process through the identification of the objective performance criteria and process for evaluation of the effectiveness of the Board as a whole, and that of each of its committees separately, as well as the contributions by the Chairman and each individual director to the Board for the Board's approval.

Evaluation of the performance of the Board as a whole, each board committee, contribution by the Chairman and the Directors to the Board was conducted by evaluation questionnaires. The findings of the questionnaires were evaluated and discussed by the Directors. The objective of such evaluation is to ensure that the Board, each board committee and the Directors continue to act effectively in fulfilling the duties and responsibilities expected of them. The performance criteria included amongst others, the composition, expertise, leadership and processes of the Board and its committees. The contribution and performance of the Chairman and individual directors are taken into account in their re-appointment. The Directors' attendance, participation in and out of meetings, his or her special skills and contributions are taken into consideration. The Trustee-Manager believes that the effectiveness of the Directors' individual performance is best assessed by a qualitative assessment of a Director's contribution instead of focusing on the time committed to the Group. The Trustee-Manager considers that the existing practice is effective.

The Board has reviewed and is satisfied that it has met its performance objectives and each Director has contributed positively to the overall effectiveness of the Board.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6

The RC was set up to oversee the design and implementation of a formal and transparent procedure for developing policies on remuneration for all Directors and key management personnel. It reviews the remuneration policy from time to time, considers all aspects of remuneration, including termination terms, to ensure they are fair, and has the power to determine the framework for the remuneration and specific remuneration packages of individual Directors and key management personnel including the CEO. The RC, where necessary, has access to independent professional advice on remuneration matters.

The RC comprises three members. During the year, Mr. Fok Kin Ning, Canning resigned as a member of the RC and Ms. Lee Tung Wan, Diana was appointed as a member of the RC. It is currently chaired by Mr. Chan Tze Leung, Robert, an Independent Non-executive Director, with Ms. Lee Tung Wan, Diana, a Non-executive Director, and Mrs. Sng Sow-Mei (alias Poon Sow Mei), an Independent Non-executive Director, as members. The composition of the RC meets the requirements of chairmanship and independence under the Code.

The RC held one meeting in 2022 with 100% attendance.

NAME OF MEMBER

ATTENDED / ELIGIBLE TO ATTEND

Mr. Chan Tze Leung, Robert (Chairman)	1/1
Mrs. Sng Sow-Mei (alias Poon Sow Mei)	1/1
Mr. Fok Kin Ning, Canning*	1/1
Ms. Lee Tung Wan, Diana#	N.A./N.A.

- * resigned with effect from 15 December 2022
- # appointed with effect from 15 December 2022

The responsibilities of the RC are to assist the Board in achieving its objectives of attracting, retaining and motivating employees of the highest calibre and experience needed to shape and execute strategy across the Group's business operations.

During the year, the RC reviewed background information on market data (including economic indicators, statistics and the remuneration bulletin), the Group's business activities and human resources issues, and headcount and staff cost. It also reviewed and recommended the proposed 2023 directors' fees. The RC reviewed and approved the 2022 year end bonus and 2023 remuneration package of senior executives of the Group. No director or any of his/her associates is involved in deciding his/her own remuneration. No remuneration consultant was engaged during the year.

Level and Mix of Remuneration

Principle 7

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 the long-term interests and risk policies of the Group and comprise both fixed and variable components for the purpose of achieving sustained performance and value creation of the Group, and to achieve its strategic objectives. The key management personnel participate in bonus arrangements which are determined in accordance with the performance of the Group and the individual's performance in order to promote the long-term success of the Group.

The remuneration of the Board is determined by the Trustee-Manager with reference to the contribution, taking into account effort, time spent and responsibilities as well as remuneration benchmarks from other listed business trusts. The Directors are remunerated directly by the Trustee-Manager, not by HPH Trust.

The remuneration of the Trustee-Manager which is paid out of HPH Trust is provided for in the Trust Deed, fees paid to the Trustee-Manager for the financial year ended 31 December 2022 are set out on page 184 of the Annual Report.

Disclosure on Remuneration

Principle 8

Notwithstanding that the Directors are remunerated directly by the Trustee-Manager, and not the Trust, for the benefit of the unitholders, the table below sets out the remuneration of individual directors of the Trustee-Manager for the financial year ended 31 December 2022:

Name of Directors			Directors'	fee (USD)		
	Executive or Non-executive director	Member or chairperson of AC	Member or chairperson of NC	Member or chairperson of RC	Member or chairperson of SC	Total
FOK Kin Ning, Canning (i), (vii), & (xi)	60,000.00			3,813.70*		63,813.70
Edith SHIH (i), (v), (x) & (xi)	60,000.00		2,739.73		4,109.59	66,849.32
IP Sing Chi (ii) & (xii)	60,000.00					60,000.00
LEE Tung Wan, Diana (i), (vii), (ix) & (xii)	60,000.00			186.30#	3,424.66	63,610.96
CHAN Tze Leung, Robert (i), (iii) & (viii)	60,000.00	20,000.00		5,000.00		85,000.00
FONG Chi Wai, Alex (i) & (ix)	60,000.00				3,424.66	63,424.66
Graeme Allan JACK (i), (iv)	60,000.00	30,000.00				90,000.00
SNG Sow-Mei (i), (iii), (v) & (vii)	60,000.00	20,000.00	2,739.73	4,000.00		86,739.73
WONG Kwai Lam (i) & (vi)	60,000.00		3,424.66			63,424.66
Total	540,000.00	70,000.00	8,904.12	13,000.00	10,958.91	642,863.03

Note:

- (i) Non-executive director
- (ii) Executive director
- (iii) Member of Audit Committee
- (iv) Chairperson of Audit Committee
- (v) Member of Nominating Committee
- (vi) Chairperson of Nominating Committee
- (vii) Member of Remuneration Committee
- (viii) Chairperson of Remuneration Committee
- (ix) Member of Sustainability Committee
- (x) Chairperson of Sustainability Committee
- (xi) such Directors' fees were paid to his/her employer, Hutchison International Limited, a subsidiary of CK Hutchison Holdings Limited
- (xii) such Directors' fees were paid to his/her employer, Hutchison Ports Limited, a subsidiary of CK Hutchison Holdings Limited
- * resigned with effect from 15 December 2022
- # appointed with effect from 15 December 2022

The table below disclosed (a) the remuneration of the CEO and (b) in bands of S\$250,000, the remuneration of the key management personnel (other than the CEO) for the financial year ended 31 December 2022:

Key management personnel	Salary (%)	Variable (%)	Benefits (%)	Total (%)
S\$1,000,001 to S\$1,250,000				
Mr. Ivor Chow				
CEO				
Managing Director, HIT	44	52	4	1001
S\$750,001 to S\$1,000,000				
Mr. Lawrence Shum				
Managing Director, YANTIAN	49	46	5	100³
S\$500,001 to S\$750,000				
Mr. Jimmy Ng				
CFO and Investor Relations Officer	58	36	6	100 ²
Ms. Ma Xiaoli				
Managing Director, COSCO-HIT	54	41	5	100 ³
Mr. Raymond Lam				
Chief Operating Officer of Hong Kong Seaport Alliance Director – Operations, HIT	58	36	6	100³
Mr. Raymond Chan				
Director – Operations, YANTIAN	60	35	5	100³
Less than S\$250,000				
Dr. Eric Su Engineering Director Director - Port Development & Engineering, YANTIAN				
(Resigned with effect from 1 April 2022)	76	17	7	100³

Notes:

- 1 The total remuneration paid to Mr. Ivor Chow, the CEO, was S\$1,106,000, most of which was paid by HIT to Mr. Ivor Chow in relation to his role as Managing Director of HIT and the remainder was paid by the Trustee-Manager (out of its own account).
- Most of the total remuneration paid to Mr. Jimmy Ng, the CFO and Investor Relations Officer, was paid by HPHT Limited and the remainder was paid by the Trustee-Manager (out of its own account).
- Most of the aggregate compensation of the relevant key management personnel was paid by the relevant operating subsidiaries of the Group (i.e. YANTIAN to Mr. Lawrence Shum in relation to his role as Managing Director of YANTIAN; Mr. Raymond Chan in relation to his role as Director Operations of YANTIAN; Dr. Eric Su in relation to his role as Director Port Development & Engineering of YANTIAN; HIT to Mr. Raymond Lam in relation to his role as Chief Operating Officer of Hong Kong Seaport Alliance and Director Operations of HIT; and COSCO-HIT to Ms. Ma Xiaoli in relation to her 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 2022, the total remuneration paid to the above key executives (excluding the CEO) was \$\$3,285,000.
- 4 Remuneration of key management personnel are paid in Hong Kong dollar ("HK\$") while the table above reflects the remuneration translated in Singapore dollar ("S\$") based on the 2022 average HK\$/S\$ exchange rate. Therefore, the remuneration set out in the table above are subject to currency exchange rates fluctuations.

The remuneration package of key management personnel comprised base salaries, variable bonus, long-term incentive award and benefits. Base salaries were determined based on the responsibilities of the job function and the market pay level of similar positions. The variable bonus and long-term incentive award were determined based on the Group's performance, the individual's overall work performance and achievement of the agreed performance targets. Long-term incentive awards are vested into cash over the vesting period of 3 years. Benefits mainly refer to the provisions of retirement and medical benefits which are in line with general market practice.

There is no employee of the Trustee-Manager and the Group who is a substantial shareholder of the Trustee-Manager or a substantial unitholder of the Trust, an immediate family member of a Director, the CEO or a substantial shareholder of the Trustee-Manager or a substantial unitholder of the Trust, and whose remuneration exceeded S\$100,000 during the financial year ended 31 December 2022.

The Group currently does not have any compensation plan in the form of unit option scheme or arrangement to enable the key management personnel to acquire units in HPH Trust. There are no existing or proposed service agreements with the CEO and the key management personnel of HPH Trust that provide for benefits upon termination of appointment, retirement or post-employment.

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 2022 are set out on page 184 of the Annual Report.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9

The Board has overall responsibility for the Group's systems of risk management and internal controls and, to safeguard the interests of the Group and the unitholders.

In meeting its responsibilities, the Board seeks to inculcate 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, reporting and management of risks. The Board evaluates and determines the nature and extent of the risks (including environmental, social and governance related risks) that the Trustee-Manager is willing to accept in pursuit of the Group's strategic and business objectives. It also reviews and monitors the effectiveness of the systems of risk management and internal control on an ongoing basis. The reporting and review processes include the review by the Executive Director and Board of the Group's budgets, strategic plans, detailed operational and financial reports, budgets and plans provided by management of the business operations, actual results against the budget, review by the AC of the ongoing work of the Group's internal audit and risk management functions, as well as regular business reviews by the Executive Director, CEO, CFO and the executive management team of each core business division.

On behalf of the Board, the AC regularly reviews 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

Group structures covering all subsidiaries, associated companies and joint ventures are maintained and updated on a timely and regular basis. Managing Directors or General Managers are appointed to the boards of all material operating subsidiaries and associated companies for overseeing and monitoring those companies, including attendance at board meetings, review and approval of budgets and plans, and determination of business strategies with associated risks identified and key business performance targets set. 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 CEO monitors the performance and reviews the risk profiles of the Group companies on an on-going basis.

The internal control procedures of the Group include a comprehensive system for reporting information to the executive management teams of each core business units 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 team and the Executive Director as part of the Group's five-year corporate planning cycle. Reforecasts for the current year are prepared on a quarterly basis, reviewed for variances to the budget and for approval. When setting budgets and reforecasts, management identifies, evaluates and reports on the likelihood and potential financial impact of significant business risks.

The Executive Director reviews monthly management reports on the financial results and key operating statistics of each business and holds monthly meetings with the executive management team and senior management of business operations to review these reports, business performance against budgets, forecasts, significant business risk sensitivities and strategies. In addition, 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. The Group's Finance Department oversees the Group's investment and lending activities and also evaluates and monitors financial and operational risks, and makes recommendations to the Management to mitigate those risks. Treasury reports on the Group's cash and liquid investments, borrowings and movements thereof are distributed weekly.

The Group 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 specifically, material expenditures within the approved budget as well as unbudgeted expenditures are subject to approval by the Executive Director, the CEO or the CFO prior to commitment. Quarterly reports of actual versus budgeted and approved expenditures are also reviewed.

The Group also has established treasury policies covering specific aspects, such as bank account control and procedures, monitoring and compliance control for loan covenants, approval and reporting process for derivatives and hedging transactions.

In terms of formal review of the Group's internal control system, an internal control self-assessment process is in place, requiring the executive management team and senior management of each core business unit to review, evaluate and declare the effectiveness of the controls over the operations and devise action plans to address the issues, if any. These assessment results, together with the Risk Management Report described later in this report and the independent assessments by the auditors, form part of the bases on which the AC formulates its opinion on the effectiveness of the Group's risk management and internal control systems.

HPH Trust is committed to high standards of business integrity. The Group has in place an internal policy on competition law compliance, set out guidelines and conducts trainings for employees to ensure compliance with competition law in all its business dealings and conduct.

Review of Risk Management and Internal Controls Systems

The Trustee-Manager regularly reviews the business and operational activities of HPH Trust to identify areas of significant business risk, assess how the risks are being managed, as well as take appropriate measures to control and mitigate these risks. HPH Trust adopts the Enterprise Risk Management framework which is consistent with the COSO (the Committee of Sponsoring Organizations of the Treadway Commission) framework. The framework facilitates a systematic approach in identifying, assessing and managing risks (including sustainability risks) within the Group, be they of strategic, financial, operational or compliance nature.

Risk management is an integral part of the day-to-day operations and management of the Group and is a continuous process carried out at all levels of the Group. There are ongoing dialogues between the CEO, CFO and the Management about current and emerging risks, their plausible impact and mitigation measures. These measures include instituting additional controls and deploying appropriate insurance instruments to minimise or transfer the impact of risks to the Group's businesses. The latter also includes Directors and Officers Liability Insurance to protect Directors and officers of the Group against potential personal legal liabilities.

In terms of formal risk review and reporting, the Group adopts a "top-down and bottom-up" approach, involving regular input from each core business unit as well as discussions and reviews by the Management, CEO and CFO and the Board, through the AC. More specifically, on a half-yearly basis, each core business unit is required to formally identify and assess the significant risks (including sustainability risks) their business faces, whilst the CEO and CFO provide input after taking a holistic assessment of all the significant risks that the Group faces. In 2022, the Group has levelled up the assessment of material sustainability risks to ensure that the risks are being appropriately managed (please refer to the Sustainability Report section set out on pages 36 to 94 of the Annual Report for more details). Relevant risk information including key mitigation measures and plans are recorded in a risk register to facilitate the ongoing review and tracking of progress.

The composite risk register together with the risk heat map, as confirmed by the CEO and CFO, form part of the risk management report for review and approval by the AC on a half-yearly basis. The AC, on behalf of the Board, reviews the report and provides input as appropriate so as to ensure effective risk management is in place.

The Board has received assurance from (i) the CEO and the CFO that the Group's financial records have been properly maintained and the financial statements give a true and fair view of HPH Trust's operations and finances and (ii) the CEO and other relevant key management personnel that the internal controls (including financial, operational, compliance and information technology controls) and risk management systems in place within the Group are adequate and effective in addressing the material risks in the Group in its current business environment for the financial year ended 31 December 2022.

The Board, through the AC, has conducted a review of the adequacy and effectiveness of the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems for the financial year ended 31 December 2022. Based on such reviews and the work performed by the internal and external auditors, the Board, with the concurrence of the AC, is of the opinion that the Group's risk management and internal control systems addressing material financial, operational, compliance and information technology risks are adequate and effective to meet the needs of the Group in its current business environment as at 31 December 2022. 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 and amended by the respective amendment agreement dated 22 December 2015, entered into between 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 122 to 123 of the Annual Report. The Board notes that the system of risk management and internal controls established by the Management provides reasonable assurance that the Group, as it strives to achieve its business objectives, will not be significantly affected by any event that can be reasonably foreseen or anticipated. However, the Board also notes that no system of risk management and internal controls can provide absolute assurance in this regard, or absolute assurance against poor judgement in decision-making, human error, losses, fraud or other irregularities.

Audit Committee

Principle 10

As at 31 December 2022, the AC comprised three Independent Non-executive Directors who possessed 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 Mrs. Sng Sow-Mei (alias Poon Sow Mei) and Mr. Chan Tze Leung, Robert as members.

The AC held four meetings in 2022 with 100% attendance. All members attended the AC meetings held in 2022.

Mr. Graeme Allan Jack (Chairman) Mr. Chan Tze Leung, Robert Mrs. Sng Sow-Mei (alias Poon Sow Mei) ATTENDED / ELIGIBLE TO ATTEND 4/4 4/4

In 2022, the AC performed the duties and responsibilities under its terms of reference and other duties of the Code.

Acting in accordance with its terms of reference, throughout the year the AC oversees the relationship between the Trustee-Manager and its external auditor and external audit process, reviews the Group's half-yearly and full-year results and financial statements, and formal announcements relating to the Group's financial performance, oversees the Group's internal control and risk management function, monitors compliance with statutory and the SGX-ST Listing Manual requirements, reviews the scope, extent and effectiveness of the activities of the Group's internal audit function, and also oversees interested person transactions of the Group. Under its terms of reference, the AC is also required to 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 AC considers and makes recommendations to the Board on the appointment, re-appointment and removal of the external auditors, their remuneration and terms of engagement.

The AC meets with the CEO and CFO and other senior management of the Group from time to time to review the half-yearly 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 receives, considers and discusses the reports and presentations of the Management, the Group's internal and external auditors, PricewaterhouseCoopers LLP ("PwC"), to ensure that the Group's consolidated financial statements are prepared in accordance with accounting principles generally accepted in Hong Kong and Singapore and comply with the applicable disclosure requirements of the BTA, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. It also meets at least four times a year with PwC to consider their reports on the scope, strategy, progress and outcome of its independent review of the half-yearly financial information, its annual audit of the consolidated financial statements as well as to discuss other matters arising from their audit of the Group. In addition, the AC holds regular private meetings with PwC, the CFO and the internal auditor separately without the presence of the Management. During these meetings, the following key audit matters as reported by the external auditor for the year ended 31 December 2022 were addressed as follows:

Significant Matters	How the AC reviewed these matters
Asset impairment	The AC discussed with the Management on the approach, valuation methodology and key assumptions applied to the asset impairment assessment. The AC also discussed with the external auditor and took into consideration the audit procedures undertaken to address such matter.
Revenue recognition	The AC had discussion with the Management on tariffs applied and the adequacy and appropriateness of the revenue provision. They also discussed with the external auditor on their work performed, including their assessment of the key controls over revenue recognition.

To assist the Board in assessing the overall governance, risk management and internal control framework and maintaining effective risk management and internal control systems, in 2022, the AC also reviewed the process by which the Group evaluated its control environment and managed significant risks (including sustainability risks). It received and considered the risk management report, the composite risk register, risk heat map as well as the Management presentation on their review with respect to the effectiveness of the risk management and internal control systems of the Group.

In addition, the AC reviewed, in conjunction with the Group's Internal Audit, the 2022 work plans and resource requirements, and deliberated on the reports regarding the effectiveness of risk management and internal controls in the business operations of the Group. Further, it also considered the reports from the Legal Department on the Group's material litigation proceedings and compliance status on legal and regulatory requirements. These reviews and reports were taken into consideration by the AC when it made its recommendation to the Board for approval of the consolidated financial statements. During 2022, the AC also received periodic presentations on, and reviewed the compliance status of the Group with respect of the Code as well as other corporate governance topics including the Group's policies and practices on compliance with legal and regulatory requirements, and ensured that any deviation from the Code was properly explained and disclosed in this report. The AC has adequate resources, including access to external consultants and auditors, to enable it to discharge its responsibilities properly.

The AC reviewed the volume and nature of all 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 received and review of the AC, the AC is satisfied that the non-audit services provided by the external auditor will not prejudice the independence and objectivity of the external auditor. Having considered the performance and independence of PwC, the AC recommended to the Board on the re-appointment of PwC as the external auditor which will be considered by the unitholders at the forthcoming annual general meeting.

The total fees paid to the external auditor, PwC, are disclosed in the table below:

External Auditor Fees For FY2022	HK\$'000 % of total		
Total Audit Fees	14,884	93%	
Total Non-Audit Fees	1,183	7%	
Total Fees Paid	16,067	100%	

Based on the Interested Person Transactions Policy, the AC monitored the procedures established by the Trustee-Manager to regulate interested person transactions to ensure timely, complete and accurate reporting of these transactions. The AC also reviewed the volume and nature of interested person transactions. No AC member is a former partner or director of HPH Trust's existing auditing firm or auditing corporation (a) within a period of two years commencing on the date of his/her ceasing to be a partner or director and in any case (b) for as long as he/she has any financial interest in auditing firm or auditing corporation.

Whistleblowing

In line with the commitment to achieve and maintain high standards of openness, probity and accountability, the Trustee-Manager expects and encourages employees of the Group and those who deal with the Group (e.g. customers, suppliers, creditors and debtors) to report to the Trustee-Manager, in confidence, any suspected impropriety, misconduct or malpractice concerning the Group. In this regard, the Trustee-Manager has adopted the Whistleblowing Policy. The procedures aim to provide reporting channels and guidance on reporting possible improprieties and reassurance to whistleblowers of the protection that the Group will extend to them in the formal system, including anonymity and legal protection against detrimental or unfair treatment for any genuine reports made. The Board delegated the authority to the AC, which is responsible for ensuring that proper arrangements are in place for independent investigation of any matters raised in good faith and appropriate follow-up actions are taken.

The AC is responsible for the oversight and monitoring of the matters raised through the whistleblowing channel. Under its terms of reference, the AC may report to the Board the significant matters raised through the whistleblowing channel. The Whistleblowing Policy sets out procedures which seek to ensure the identity of the whistleblower is kept confidential. To this end, the Trustee-Manager has deployed mechanism (such as specific email address and post box) to restrict access to the identity of the whistleblower by the Deputy Company Secretary and the General Manager of Internal Audit of the Trustee-Manager only. To prohibit obstructive or retaliatory actions, the Trustee-Manager may take any disciplinary, administrative and/or other action against any person or entity who engages in obstructive or retaliatory action against the whistleblower. The Whistleblowing Policy is available on HPH Trust's corporate website (https://www.hphtrust.com/corporate_governance.html).

Internal Audit

The Group's internal audit function is performed by the internal audit staff of the controlling unitholder and does not administratively report to the CEO.

The General Manager of the Group's internal audit function, reporting directly to the chairman of the AC, provides independent assurance as to the existence and effectiveness of the risk management activities and controls in the Group's business operations worldwide. It has wide authority to access documents, records, properties and personnel of the Group. By applying risk assessment methodology and considering the dynamics of the Group's activities, internal audit function devises its three-year risk-based audit plan for review by the AC. The audit plan is subject to continuous reassessment taking into account external and internal factors such as macroeconomic and regulatory changes, business and operational changes, emerging risks and opportunities (including sustainability-related ones), as well as audit and fraud findings which may affect the risk profile of the Group during the year.

Internal audit is responsible for assessing the Group's risk management and internal control systems, including reviewing the interested person transactions of HPH Trust, formulating an impartial opinion on the systems, and reporting its findings to the AC, the CEO, the CFO and the senior management concerned as well as following up on the issues to ensure that they are satisfactorily resolved within the agreed timeline. In addition, internal audit maintains a regular dialogue with the Group's external auditor so that the parties 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, IT, operations, business ethics, governance policy and regulatory compliance reviews, recurring and surprise audits, as well as productivity efficiency reviews.

The Internal Audit team including the Head of Internal Audit attained a combination of one or more professional qualifications in accountancy, internal audit, information systems audit, fraud examination, and also has specialised knowledge in relevant areas like engineering. In addition, all the managerial grade staff have an average of over 20 years of experience in audit. The internal auditor carried out their audit work based on the Code of Ethics and International Standards for the Professional Practices for Internal Auditing issued by The Institute of Internal Auditors, which provide guidance for the professional conduct of internal auditing. 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, business ethics, the reviews of compliance and information technology controls as well as risk management system, recurring and surprise audits, fraud investigations and productivity efficiency reviews. The internal Audit team also incorporates the sustainability reporting processes into its internal audit plan, taking into consideration the expectations of the Board, Management and other stakeholders as part of HPH Trust's prioritisation of material ESG factors. During the course of their work, the internal audit function is given full access to any documents, records or personnel including access to the AC.

The internal audit function is also responsible for periodic fraud analyses and independent investigations. In accordance with the Group's Code of Conduct and Anti-Fraud and Anti-Bribery Policy, each business unit follows the stated escalation procedures to report to the CFO and the General Manager of Internal Audit of the Trustee-Manager any actual or suspected fraudulent activities within one working day should the amount involved exceed the de minimis threshold as agreed between the CFO and the CEO or the head of finance of each business unit. In addition, each business unit submits a summary of fraud incidents statistics to the CFO who reports the statistics to the General Manager of Internal Audit of the Trustee-Manager's centralised fraud incidents register under the custody of the General Manager of Internal Audit of the Trustee-Manager, and are independently assessed and investigated as appropriate. The General Manager of Internal Audit of the Trustee-Manager would promptly escalate any incidents of a material nature to the Chairman of the AC for his direction. Also, a summary of the fraud incidents and relevant statistics (including results of independent investigations and actions taken) is presented to the AC on a quarterly basis.

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.

The AC reviews the adequacy and effectiveness of the internal audit function annually. The review covers an assessment on the adequacy, qualifications and experience of its staff.

Based on the reporting structure, the methodology and standard used, the above-mentioned reviews and the work performed by the internal auditor, the AC is satisfied that the internal audit function is independent, effective and adequately resourced.

SUSTAINABILITY

Sustainability Governance

The Group's sustainability governance structure provides a solid foundation for developing and delivering its commitment to sustainability, which is embedded at all levels of the Group, including the Board, the SC, the AC, the Sustainability Working Group as well as sustainability functions embedded across all core businesses.

The SC, elevated as a Board level committee on 26 April 2022, is chaired by Ms. Edith Shih with Dr. Fong Chi Wai, Alex and Ms. Lee Tung Wan, Diana as members.

The responsibilities of the SC are to propose and recommend to the Board on the Group's corporate social responsibility and sustainability objectives, strategies, priorities, initiatives and goals. It oversees, reviews and evaluates actions taken by the Group in furtherance of the corporate social responsibility and sustainability priorities and goals, including coordinating with business divisions of the Group and ensuring that their operations and practices adhere to the relevant priorities and goals. The SC also reviews and reports to the Board on sustainability risks and opportunities as well as the sustainability reporting process, monitors and assesses emerging corporate social responsibility and sustainability issues and trends that could impact the business operations and performance of the Group. Moreover, it considers the impact of the Trustee-Manager's corporate social responsibility and sustainability on its stakeholders, including employees, shareholders, local communities and the environment and reviews and advises the Board on the Trustee-Manager's public communication, disclosure and publications as regards to its corporate social responsibility and sustainability performance.

The SC (established in April 2022) held one meeting in 2022 with 100% attendance.

NAME OF MEMBER

ATTENDED / ELIGIBLE TO ATTEND

Ms. Edith Shih (Chairperson)	1/1
Dr. Fong Chi Wai, Alex	1/1
Ms. Lee Tung Wan, Diana	1/1

During 2022, the SC reviewed the 2022 plan on sustainability for the Group, including the following high-level priorities: (i) developing a group-level strategy and set of targets, built on the foundation of business division-level strategies and supported by the Sustainability Working Group; (ii) continuing to engage investors and respond to their feedback, as well as to improve sustainability ratings; (iii) increasing external communications to further elevate the sustainability profile of HPH Trust with all stakeholders; (iv) continuing to integrate sustainability into core business processes; and (v) continuing to build employee engagement.

In addition, the SC also reviewed the sustainability KPIs and related activities, framework of the 2022 sustainability report and 2022 sustainability initiatives of HPH Trust.

Supporting the SC is the Sustainability Working Group, comprising the CEO and the CFO, as well as other senior executives from key business units and departments that impact the material sustainability issues of the Group.

Sustainability is embedded in the risk management approach of the Group, through the bi-annual formal examination of all business divisions as to their material sustainability risks and presentations to senior management their plans on how these risks are managed as part of the bi-annual review of risk management and internal control systems. As an integral part of sustainability governance, these self-assessment results are subject to internal audits.

For other sustainability aspects of the Group, please refer to the Sustainability Report set out on pages 36 to 94 of the Annual Report, which had been reviewed and approved by the SC at its meeting on 7 February 2023.

Legal and Regulatory

The Group is committed to ensuring its businesses are operated in compliance with local and international laws, rules and regulations. The Legal Department has the responsibility for safeguarding the legal interests of the Group. It is responsible for monitoring the day-to-day legal affairs of the Group, including preparing, reviewing and approving all legal 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 the Management on 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 frameworks within which the Group operates, including reviewing applicable laws and regulations and preparing and submitting responses or filings to relevant regulatory and/ or government authorities on regulatory issues and consultations. The department also determines and approves the engagement of external legal advisers, ensuring the requisite professional standards are adhered to as well as most cost effective services are rendered.

UNITHOLDER RIGHTS AND ENGAGEMENT

Unitholder Rights and Conduct of General Meetings

Principle 11

The Trustee-Manager treats all unitholders fairly and equitably in order to enable them to exercise unitholders' rights and have the opportunity to communicate their views on matters affecting HPH Trust. The Trustee-Manager gives unitholders a balanced and understandable assessment of the performance, position and prospects of HPH Trust.

All unitholders are entitled to attend the general meeting(s) of unitholders and are given the opportunity to participate effectively in the meeting(s). In accordance with the Trust Deed, individual or corporate unitholder (other than a unitholder who is a Relevant Intermediary with such meaning ascribed to it in the Companies Act 1967 of Singapore and applied with such modification and qualifications as may be necessary, to the units of HPH Trust) is allowed to appoint up to two proxies to attend and vote at the general meeting(s) on his or her behalf through proxy forms sent in advance. Unitholders who hold units through nominees such as 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 general meeting(s) as observers, subject to availability of seats. However, the Trust Deed does not allow for absentee voting at general meeting of unitholders. Since the authentication of unitholder identity information and other related security issues still remain a concern and given that the existing measures in place as outlined above would sufficiently enable unitholders to exercise their rights as unitholders and provide them the opportunity to communicate their views on matters affecting HPH Trust even when they are not in attendance at general meetings, the Trustee-Manager has decided, for the time being, not to implement voting in absentia by mail, email or fax.

Each item of special business included in the notice of the general meetings is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meetings and not bundled together unless the resolutions are interdependent and form one significant proposal.

Due to the outbreak of the COVID-19, the Annual General Meeting of the unitholders of HPH Trust ("Annual General Meeting") held on 26 April 2022 was convened and held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (as amended) ("COVID-19 Order"). The 2022 Annual General Meeting was attended by all Directors and the external auditors. Unitholders' queries were addressed in advance before the 2022 Annual General Meeting.

Voting at all general meetings are conducted by way of poll. Voting by proxy was used for the Annual General Meeting held on 26 April 2022 pursuant to the COVID-19 Order. Unitholders are informed of the rules of the Annual General Meeting and voting procedures under the Notice of Annual General Meeting dated 4 April 2022. Detailed results of the outcome are announced after the meeting via SGXNet.

The Company Secretary prepares minutes of unitholders' meetings. The minutes of the Annual General Meeting held on 26 April 2022 are announced via SGXNet and are available on HPH Trust's corporate website (https://www.hphtrust.com/download.html).

HPH Trust's distribution policy is to distribute 100% of its Distributable Income. HPH Trust will make distributions on a semi-annual basis, with the amount calculated as at 30 June and 31 December each year for the six-month period ending on each of the said dates.

Engagement with Unitholders

Principle 12

The Group actively promotes investor relations and communication with the investment community throughout the year. An Investor Relations Policy, which is available on HPH Trust's corporate website, was adopted by the Board and is subject to regular review to ensure its effectiveness and compliance with the prevailing regulatory and other requirements. 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. In addition, based on the Trust's Investor Relations Policy, unitholders may, at any time, direct questions, request for publicly available information and provide comments and suggestions to Directors or Management of HPH Trust via HPH Trust's Investor Relations team, whose contact details are available from HPH Trust's corporate website.

The Board is committed to providing clear and full information on the Group to unitholders through the publication of notices, announcements, circulars, half-yearly 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 SGX-ST Listing Manual, 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. Notices of all general meetings of the unitholders will also be advertised in a major newspaper in Singapore and will be made available on the SGX-ST's website.

The Annual General Meeting and other general meetings of HPH Trust provide one of the primary forums for communication with Unitholders and for Unitholders' participation. Such meetings provide Unitholders with the opportunity to share their views and to meet the Board, and certain members of senior management. At the Annual General Meeting, HPH Trust's financial performance and business for the preceding year is presented to Unitholders, followed by a question and answer session which fosters a constructive dialogue between Unitholders, Board members and Management. The Board members and senior management also engage with Unitholders before and after the Annual General Meeting and address their concerns as and when appropriate. These exchanges provide a forum for management to explain HPH Trust's strategy and financial performance.

In respect of the Annual General Meeting held on 26 April 2022, HPH Trust adopted alternative arrangements pursuant to the COVID-19 Order.

Further information concerning the Group and its business can be located on corporate 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.

MANAGING STAKEHOLDERS RELATIONSHIPS Engagement with Stakeholders

Principle 13

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Group are served. For details, please refer to the Sustainability Report and Investor Relations section set out on pages 36 to 94 and page 95 of the Annual Report respectively. Information on the Group is also available at its corporate website (https://www.hphtrust.com).

DEALING IN SECURITIES

The Trustee-Manager has adopted its own internal compliance code to provide guidance to all officers of the Trustee-Manager with regard to dealings in units of HPH Trust ("Policies on Dealing in Securities") in compliance with Rule 1207(19) of the SGX-ST Listing Manual. Pursuant to the Policies on Dealing in Securities effective for the year 2022, the Directors and officers of the Trustee-Manager and the Group are prohibited from dealing in the Units:

- (a) in the period commencing one month before the public announcement of HPH Trust's half-year and full-year results, and expiring on the date of announcement of the relevant results; and
- (b) at any time while in possession of price sensitive information.

The Directors and officers of the Group are also expected not to deal in the units of HPH Trust on short-term considerations and 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 relevant Policies on Dealing in Securities in their securities transactions throughout 2022. 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 relevant Policies on Dealing in Securities.

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 the 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 AC about potential projects that it is looking into on behalf of HPH Trust and the Board and the AC 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 AC and/ or the Management will have careful regard to the provisions of the Trust Deed and when in doubt seek advice from professional advisers.

- The Trustee-Manager is not involved in any other businesses other than managing HPH Trust. All potential (c) conflicts, if they arise, will be identified and reviewed by the Board and the Management. 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 a port development project or a 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 a port development project or a 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 AC reviews the internal audit reports at least twice a year to ascertain that the terms of the Non-Compete Agreement and the ROFR Agreement have been complied with.
- (d) The Management identifies interested person transactions in relation to HPH Trust. The Trustee-Manager maintains a register to record all interested person transactions which are entered into by HPH Trust and the bases, including any quotations from unrelated parties obtained to support such bases, on which they are entered into. The Trustee-Manager incorporates into its internal audit plan a review of all interested person transactions entered into by HPH Trust. The AC 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 an 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 SGX-ST Listing Manual 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 2022 are disclosed in note 29(i)(f) to the financial statements, on page 185 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 SGX-ST Listing Manual.

INTERESTED PERSON TRANSACTIONS

The aggregate of transactions entered into with interested persons of HPH Trust during the financial year ended 31 December 2022 pursuant to Rule 907 of the SGX-ST Listing Manual are as follows:

		Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$\$100,000 and transactions conducted under unitholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under unitholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	Nature of	2022	2021	2022 and 2021
Name of Interested Person	Relationship	HK\$'000	HK\$'000	HK\$'000
(a) Sales of Goods and Services CKHH and its subsidiaries and its associates - A. S. Watson Group (HK) Limited		4,081	3,768	
- A. S. Watson Retail (HK) Limited		77,817	99,225	
- Hong Kong Air Cargo Terminals Limited		3,985	6,125	
- Hutchison Logistics Limited - F.Z.E.		2,709	-	
- Hutchison Logistics (UK) Limited		7,000	7,725	NIL
- Hutchison Port Holdings Limited		43,498	41,666	
- Hutchison Telephone Company Limited		654	2,071	
 Jiangmen International Container Terminals Limited 		-	1,095	
- PARKnSHOP (HK) Limited	CKHH is the	10,167	8,730	
- Watson's Water (HK) Limited	controlling	1,255	1,209	
(b) Purchases CKHH and its subsidiaries and its associates	unitholder of HPH Trust and controlling shareholder			
- Bigboxx.com Limited	of the Trustee-	638	735	
- HPH Corporate Services Limited	Manager	9,216	910	
 HUD General Engineering Services Ltd Hutchison International Limited 		5,337 9,198	579 8,764	
- Hutchison Logistics (Shanghai) Limited		3,727	1,584	
- Hutchison Logistics (UK) Limited		5,727	740	NIL
 Hutchison Logistics Centre Management Limited 		5,529	5,374	
 Hutchison Port Holdings Limited 		146,041	156,913	
- Hutchison Ports nGen Services Limited		13,256	13,659	
 Hutchison Telecommunications (Hong Kong) Limited 		2,395	2,203	
- South Asia Pakistan Terminals Ltd		3,203	4,021	
- Whampoa Property Management Limited		1,102	1,102	

		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)		Aggregate value of all interested person transactions conducted under unitholders' mandate pursuant to Rule 920 (excluding transactions less than \$\$100,000)
Name of Interested Person	Nature of Relationship	2022 HK\$'000	2021 HK\$'000	2022 and 2021 HK\$'000
(c) Management Fee Expenses CKHH and its subsidiaries and its associates - Hutchison Port Holdings Management Pte. Limited	CKHH is the controlling unitholder of HPH Trust and controlling shareholder of the Trustee-Manager	30,967	25,060	NIL
Total		381,775	393,258	

MATERIAL CONTRACTS

There are no material contracts between HPH Trust and its subsidiaries involving the interests of the CEO, each Director or controlling unitholder¹ of HPH Trust, either still subsisting at the end of the financial year ended 31 December 2022, or if not then subsisting, entered into since the end of the previous financial year, other than, where applicable:

- (a) as disclosed on pages 305 to 330 of the IPO Prospectus²;
- (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.
- "Controlling unitholder" refers to a person with an interest in the units of HPH Trust consisting not less than 15% of all outstanding units
- ² The Prospectus dated 7 March 2011 and registered with the Monetary Authority of Singapore on 7 March 2011

SUMMARY OF DISCLOSURES

Summary of Disclosures of Code of Corporate Governance 2018 ("Code")

Rule 710 of the SGX-ST Listing Manual requires Singapore listed companies to describe their corporate governance practices with specific reference to the Code in their annual reports for financial years commencing on or after 1 January 2019. This summary of disclosures describes our corporate governance practices with specific reference to the disclosure requirements in the principles and provisions of the Code.

Board Matters

The Board's Conduct of Affairs Principle 1

Provision 1.1 Pages 96 and 97 Provision 1.2 Pages 96, 98 and 99

Provision 1.3 Page 97

Provision 1.4 Pages 97, 106, 107,

108, 109, 115, 116, 118 and 119

Provision 1.5 Pages 97, 98, 106, 107, 108, 115 and 119

Provision 1.6 Page 98

Provision 1.7 Pages 98 and 99

Board Composition and Guidance Principle 2

Provision 2.1 Pages 102 to 105
Provision 2.2 Pages 100 and 106
Provision 2.3 Pages 100 and 106
Provision 2.4 Pages 100 and 102

Provision 2.5 Page 102

Chairman and Chief Executive Officer

Principle 3

Provision 3.1 Page 105 Provision 3.2 Page 105 Provision 3.3 Page 105

Board Membership Principle 4

Provision 4.1 Page 106
Provision 4.2 Page 106
Provision 4.3 Page 106
Provision 4.4 Pages 102 to 105
Provision 4.5 Pages 26 to 30, 98 and 106

Board Performance Principle 5

Provision 5.1 Page 108 Provision 5.2 Page 108

Remuneration Matters

Procedures for Developing Remuneration Policies Principle 6

Provision 6.1 Page 108
Provision 6.2 Page 108
Provision 6.3 Page 108
Provision 6.4 Page 109

Level and Mix of Remuneration Principle 7

Provision 7.1 Page 109
Provision 7.2 Pages 108 and 109
Provision 7.3 Pages 108, 109 and 112

Disclosure on Remuneration Principle 8

Provision 8.1 Pages 108 to 111
Provision 8.2 Page 112
Provision 8.3 Page 112

Accountability and Audit

Risk Management and Internal Controls

Principle 9

Provision 9.1 Page 112 Provision 9.2 Page 114

Audit Committee

Principle 10

Provision 10.1 Pages 115 to 117
Provision 10.2 Page 115
Provision 10.3 Page 116
Provision 10.4 Pages 117 to 118
Provision 10.5 Page 115

Unitholder Rights and Engagement

Unitholder Rights and Conduct of General Meetings

Principle 11

Provision 11.1 Page 120
Provision 11.2 Page 120
Provision 11.3 Page 120
Provision 11.4 Page 120
Provision 11.5 Page 120
Provision 11.6 Page 120

Engagement with Unitholders Principle 12

Provision 12.1 Page 121 Provision 12.2 Page 121 Provision 12.3 Page 121

Managing Stakeholders Relationships

Engagement with Stakeholders Principle 13

Provision 13.1 Pages 36 to 94, 95, and 122

Provision 13.2 Pages 36 to 94, 95, and 122

Provision 13.3 Pages 36 to 94, 95,

and 122

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REPORT OF THE TRUSTEE-MANAGER

The directors of Hutchison Port Holdings Management Pte. Limited, the trustee-manager of Hutchison Port Holdings Trust ("HPH Trust" or the "Trust" and the trustee-manager of HPH Trust, the "Trustee-Manager") present their report to the unitholders of the Trust together with the audited financial statements of the Trust and its subsidiaries (collectively the "Group") for the year ended 31 December 2022.

Directors

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

Mr. Fok Kin Ning, Canning (Chairman)

Ms. Edith Shih

Mr. Ip Sing Chi

Ms. Lee Tung Wan, Diana

Mr. Chan Tze Leung, Robert

Dr. Fong Chi Wai, Alex

Mr. Graeme Allan Jack

Mrs. Sng Sow-Mei (alias Poon Sow Mei)

Mr. Wong Kwai Lam

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 the Trustee-Manager for the purposes of Sections 13 and 76 of the Business Trusts Act 2004 of Singapore, particulars of the interests of directors who held office at the end of the year or during the year in units in, or debentures of, the Trust are as follows:

		Holdings registered in name of director		h a director is e an interest
	At 31.12.2022	At 1.1.2022	At 31.12.2022	At 1.1.2022
Number of units held by:				
Mr. Fok Kin Ning, Canning	-	_	676,000	676,000
Ms. Edith Shih	-	-	626,440	626,440
Mr. Ip Sing Chi	-	-	-	-
Ms. Lee Tung Wan, Diana	-	-	-	-
Mr. Chan Tze Leung, Robert	400,000	400,000	-	-
Dr. Fong Chi Wai, Alex	-	-	-	-
Mr. Graeme Allan Jack	-	-	-	-
Mrs. Sng Sow-Mei (alias Poon Sow Mei)	-	-	1,000,000	1,000,000
Mr. Wong Kwai Lam		_	_	

There were no changes in any of the above mentioned interests in the Trust between the end of the financial year and 21 January 2023.

REPORT OF THE TRUSTEE-MANAGER

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.

Audit Committee

The members of the audit committee of the Trustee-Manager (the "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) Mr. Chan Tze Leung, Robert Mrs. Sng Sow-Mei (alias Poon Sow Mei)

The existing members of the Audit Committee are independent and are non-executive directors.

The Audit Committee carried out its functions in accordance with its terms of reference and the relevant regulations including Regulation 13(6) of the Business Trusts Regulations. During the year ended 31 December 2022, the Audit Committee has, among others, 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 financial statements of the Group for the year ended 31 December 2022 before their submission to the Board of Directors of the Trustee-Manager (the "Board"), as well as the independent auditor's report on the statement of financial position and statement of changes in equity of the Trust and the consolidated financial statements 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 adequacy and effectiveness of the Group's systems of internal controls (including financial, operational, compliance and information technology controls) and risk management systems for the year ended 31 December 2022, and is of the opinion that the Group's internal control and risk management systems addressing material financial, operational, compliance and information technology risks are adequate and effective to meet the needs of the Group in its current business environment as at 31 December 2022. The Board notes that the system of risk management and internal controls established by Management provides reasonable assurance that the Group, as it strives to achieve its business objectives, will not be significantly affected by any event that can be reasonably foreseen or anticipated. However, the Board also notes that no system of risk management and internal controls can provide absolute assurance in this regard, or absolute assurance against poor judgement in decision-making, human error, losses, fraud or other irregularities.

REPORT OF THE TRUSTEE-MANAGER

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

Ip Sing Chi Director **Lee Tung Wan, Diana** Director

7 February 2023

STATEMENT BY THE TRUSTEE-MANAGER

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

- (a) the financial records of the Group for the financial year have been properly maintained and the financial statements give a true and fair view of the operations and finances of the Group for the year ended 31 December 2022;
- (b) the consolidated income statement and consolidated statement of comprehensive income set out in the financial statements on pages 138 and 139 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 2022;
- (c) the statements of financial position set out on pages 140 and 141 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 2022;
- (d) the statements of changes in equity set out on pages 143 to 145 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 2022;
- (e) the consolidated statement of cash flows set out on page 142 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 2022; and
- (f) 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 2004 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 (as amended and supplemented by the first supplemental deed dated 28 April 2014 and the second supplemental deed dated 8 June 2020) 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 financial statements of the Group as at and for the year ended 31 December 2022 for issue.

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

Ip Sing Chi Director

Lee Tung Wan, Diana Director

7 February 2023

STATEMENT BY THE CHIEF EXECUTIVE OFFICER

In accordance with Section 86(3) of the Business Trusts Act 2004 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.

Ivor ChowChief Executive Officer

7 February 2023

To the Unitholders of Hutchison Port Holdings Trust

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying consolidated financial statements of Hutchison Port Holdings Trust ("the Trust") and its subsidiaries ("the Group") and the statement of financial position of the Trust are properly drawn up in accordance with the provisions of the Singapore Business Trusts Act 2004 ("the Act") and Hong Kong Financial Reporting Standards ("HKFRS") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Trust as at 31 December 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Trust for the financial year ended on that date.

What we have audited

The financial statements of the Trust and the Group comprise:

- the consolidated income statement of the Group for the year ended 31 December 2022;
- the consolidated statement of comprehensive income of the Group for the year then ended;
- the consolidated statement of financial position of the Group as at 31 December 2022;
- the statement of financial position of the Trust as at 31 December 2022;
- the consolidated statement of cash flows of the Group for the year then ended;
- the consolidated statement of changes in equity of the Group for the year then ended;
- the statement of changes in equity of the Trust for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

To the Unitholders of Hutchison Port Holdings Trust

Our Audit Approach (Continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter

Goodwill and other operating assets

Refer to notes 3(a), 3(b), 3(c) and 14(b) to the financial statements

The Group has a significant amount of goodwill and other operating assets arising primarily from the acquisition of deep-water container ports in Shenzhen and Hong Kong in 2011.

Goodwill is subject to impairment tests annually and whenever there is an indication of impairment, while other operating assets are subject to impairment tests when there is an indication of impairment.

For the purpose of the Group's impairment assessments, impairment was assessed using value-in-use models for deep water container ports in Shenzhen and Hong Kong, which are the cash generating units ("CGUs") of the Group.

In carrying out the impairment assessments, significant judgements are required to determine the assumptions. The most significant assumptions relate to discount rates and growth rates in revenue and cost of services rendered.

Based on the results of these impairment assessments conducted by the Group, the Group determined that there is no impairment of goodwill and other operating assets. This conclusion was based on recoverable amounts, calculated under the value-in-use models, which exceeded the carrying values of CGUs as at 31 December 2022.

The significant assumptions are disclosed in note 14(b) to the financial statements.

How our audit addressed the Key Audit Matter

We have performed the following procedures to evaluate the Group's impairment assessments:

- Assessed the appropriateness of the valuation methodology used;
- Assessed the reasonableness of key assumptions based on our knowledge of the business and industry and with the involvement of our valuation specialists;
- Considered the potential impact of reasonably possible changes on the key assumptions; and
- Tested source data to supporting evidence on a sample basis, such as approved budgets and available market data and considered the reasonableness of these budgets.

We found the assumptions adopted in relation to these impairment assessments to be supportable and reasonable based on available evidence.

To the Unitholders of Hutchison Port Holdings Trust

Our Audit Approach (Continued)

Key Audit Matters (Continued)

Key Audit Matter

Revenue recognition

Refer to notes 3(e) and 4 to the financial statements

Revenue from rendering of container handling services is recognised and accrued with reference to the throughput handled and the terms of agreements for such service.

For the year ended 31 December 2022, revenue from container handling services amounting to HK\$11,688 million is recognised based on the containers handled as well as the tariff applied. The tariff applied is the rate agreed with customers or estimated by management based on the latest terms of the agreement or latest negotiation with customers and other industry considerations as appropriate.

Due to the large variety and complexity of contractual terms, as well as ongoing negotiations with customers, significant judgements are required to estimate the tariff rate applied. If the actual rate differs from the estimated rate applied, this will have an impact on the accuracy of revenue recognised in the current year and accrued as at year end.

How our audit addressed the Key Audit Matter

We have performed the following procedures in relation to the accuracy of net revenue recognised and accrued:

- Understood, evaluated and tested the key controls over the tariff applied in container handling services.
- We selected a sample of transactions and:
 - Agreed the applied tariff to the respective terms in the contracts or latest correspondence with customers where the tariff has been estimated by management.
 - Agreed throughput handled, used in the calculation of tariffs, to the operating system recording throughput.
 - Tested revenue calculations and agreed the revenue recognised to the underlying accounting records.
- Checked to bank advices or credit notes on a sample basis for the net settlement and reviewed aged items for any disputed amounts.

We found the judgement made by management in estimating tariff in the revenue recognised and accrued to be supportable and reasonable based on available evidence.

Other Information

Hutchison Port Holdings Management Pte. Limited (the "Trustee-Manager") is responsible for the Other Information. The Other Information refers to the information in the annual report which does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the information on statistics of unitholdings, which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information identified above and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the Other Information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

To the Unitholders of Hutchison Port Holdings Trust

Other Information (Continued)

When we read the information on statistics of unitholdings, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with ISAs.

Responsibilities of Trustee-Manager for the Financial Statements

The Trustee-Manager is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and HKFRS, 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 financial statements and to maintain accountability of assets.

In preparing the financial statements, the Trustee-Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Trustee-Manager's responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud
 or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is
 sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement
 resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery,
 intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

To the Unitholders of Hutchison Port Holdings Trust

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

• Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Trustee-Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Trustee-Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Trustee-Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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.

The engagement partner on the audit resulting in this independent auditor's report is Soh Kok Leong.

PricewaterhouseCoopers LLP Public Accountants and Chartered Accountants Singapore, 7 February 2023

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2022

		2022	2021
	Note	HK\$'000	HK\$'000
Revenue and other income	4(a)	12,166,251	13,244,074
Cost of services rendered		(4,174,560)	(4,474,689)
Staff costs		(265,661)	(257,204)
Depreciation and amortisation		(3,003,976)	(3,050,872)
Other operating income		146,167	417,901
Other operating expenses		(587,283)	(500,424)
Total operating expenses		(7,885,313)	(7,865,288)
Operating profit	5	4,280,938	5,378,786
Interest and other finance costs	6	(673,345)	(616,466)
Share of profits less losses after tax of associated companies		(81,423)	(81,530)
Share of profits less losses after tax of joint ventures		74,730	115,580
Profit before tax		3,600,900	4,796,370
Tax	7	(1,081,199)	(1,269,217)
Profit for the year		2,519,701	3,527,153
Allocated as: Profit attributable to non-controlling interests		(1,420,667)	(1,780,002)
Profit attributable to unitholders of HPH Trust	9	1,099,034	1,747,151
		,	
		HK cents	HK cents
Earnings per unit attributable to unitholders of HPH Trust	9	12.62	20.06

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	2022	2021
	HK\$'000	HK\$'000
Profit for the year	2,519,701	3,527,153
Other comprehensive (loss)/income:		
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit plans	(138,037)	240,146
Investments		
Valuation (losses)/gains taken to reserves	(12,341)	5,088
Items that may be reclassified subsequently to profit or loss:		
Cash flow hedges arising from cross currency interest rate swap contracts and interest rate swap contracts		
Fair value gains recognised directly in reserves	339,490	253,664
Costs of hedging		
Changes in fair value of currency basis spread	774	15,783
Share of other comprehensive loss of associated companies	(25,488)	(604)
Share of other comprehensive (loss)/income of joint ventures	(65,875)	1,813
Currency translation differences	(473,051)	139,745
Total other comprehensive (loss)/income for the year	(374,528)	655,635
Total comprehensive income for the year	2,145,173	4,182,788
Allocated as: Attributable to non-controlling interests	(1,181,801)	(1,841,740)
Attributable to unitholders of HPH Trust	963,372	2,341,048

Note:

Items shown within other comprehensive (loss)/income have no tax effect.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

		2022	2021
	Note	HK\$'000	HK\$'000
ASSETS			
Non-current assets			
Fixed assets	10	20,357,742	21,646,925
Projects under development	11	762,911	654,524
Leasehold land and land use rights	12	33,178,968	34,579,438
Railway usage rights	13	9,400	10,787
Customer relationships	14(a)	4,499,154	4,833,360
Goodwill	14(b)	11,270,044	11,270,044
Associated companies	15	204,026	957,537
Joint ventures	16	3,957,599	3,018,035
Other non-current assets	17	685,042	509,667
Pension assets	23	123,213	303,782
Deferred tax assets	18	5,059	11,978
		75,053,158	77,796,077
Current assets			
Cash and bank balances	19	10,395,168	11,048,007
Trade and other receivables	20	3,118,233	4,033,078
Inventories		79,609	86,564
		13,593,010	15,167,649
Current liabilities			
Trade and other payables	21	6,014,844	6,713,045
Bank and other debts	22	5,067,659	7,190,345
Current tax liabilities		308,015	421,976
		11,390,518	14,325,366
Net current assets		2,202,492	842,283
Total assets less current liabilities		77,255,650	78,638,360
Non-current liabilities			
Bank and other debts	22	21,971,912	21,729,962
Deferred tax liabilities	18	8,883,533	9,268,299
Other non-current liabilities	24	123,459	240,976
		30,978,904	31,239,237
Net assets		46,276,746	47,399,123
EQUITY			
Units in issue	25	68,553,839	68,553,839
Reserves	23	(41,746,767)	(41,447,029)
Net assets attributable to unitholders of HPH Trust		26,807,072	27,106,810
Non-controlling interests		19,469,674	20,292,313
Total equity		46,276,746	47,399,123
Total equity		70,270,770	77,000,120

STATEMENT OF FINANCIAL POSITION OF HUTCHISON PORT HOLDINGS TRUST

At 31 December 2022

		2022	2021
	Note	HK\$'000	HK\$'000
ASSETS			
Non-current asset			
Investment in a subsidiary company	26	21,666,672	22,969,782
Current assets			
Cash and bank balances	19	5,049	4,868
Trade and other receivables 20	20	1,014	1,080
		6,063	5,948
Current liability			
Trade and other payables	21	41,153	23,353
Net current liabilities		(35,090)	(17,405)
Total assets less current liabilities		21,631,582	22,952,377
EQUITY			
Units in issue	25	68,553,839	68,553,839
Reserves		(46,922,257)	(45,601,462)
Total equity		21,631,582	22,952,377

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

		2022	2021
	Note	HK\$'000	HK\$'000
Operating activities			
Cash generated from operations	27(a)	8,067,306	8,624,092
Interest and other finance costs paid		(644,959)	(500,516)
Tax paid		(1,572,662)	(1,388,674)
Net cash from operating activities		5,849,685	6,734,902
Investing activities			
Investment in a joint venture		(1,170,853)	(422,659)
Loan to an associated company		(407,400)	(408,300)
Purchase of fixed assets and projects under development		(511,344)	(232,267)
Proceeds on disposal of fixed assets		978	13,482
Dividends received from investments		19,034	28,854
Dividends received from an associated company and joint ventures		114,423	147,223
Interest received		136,781	58,983
Repayment of loans by an associated company and a joint venture		524,800	276,650
Net cash used in investing activities		(1,293,581)	(538,034)
Financing activities			
New borrowings		5,273,500	7,800,000
Repayment of borrowings		(7,198,000)	(8,182,000)
Upfront debt transaction costs and facilities fees of borrowings		_	(64,414)
Principal elements of lease payments		(14,381)	(12,747)
Repayment of loan to non-controlling interests		_	(10,476)
Distributions to unitholders of HPH Trust		(1,263,110)	(1,236,976)
Dividends to non-controlling interests		(2,006,952)	(1,208,836)
Net cash used in financing activities		(5,208,943)	(2,915,449)
Net changes in cash and cash equivalents		(652,839)	3,281,419
Cash and cash equivalents at beginning of the year		11,048,007	7,766,588
Cash and cash equivalents at end of the year	19	10,395,168	11,048,007

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

		Exchange			Costs of			Attributable	Non	
	Units in issue	and other reserves	Revaluation reserve	Hedging reserve	Costs of hedging reserve	Pension reserve	Accumulated losses	to unitholders	Non- controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Group										
At 1 January 2022	68,553,839	69,619	(297,461)	(24,808)	(3,269)	596,658	(41,787,768)	27,106,810	20,292,313	47,399,123
Profit for the year	-	-	-	-	-	-	1,099,034	1,099,034	1,420,667	2,519,701
Other comprehensive (loss)/income:										
Remeasurement of defined benefit plans	-	-	-	-	-	(138,037)	-	(138,037)	-	(138,037)
Investments:										
Valuation losses taken to reserves	-	-	(12,341)	_	-	_	_	(12,341)	-	(12,341)
Cash flow hedges arising from cross currency interest rate swap contracts and interest rate swap contracts:										
Fair value gains recognised directly in reserves	-	-	-	339,490	-	-	-	339,490	-	339,490
Costs of hedging:										
Changes in fair value of currency basis spread	-	-	-	-	774	_	-	774	-	774
Share of other comprehensive loss of associated companies	-	(17,001)	-	-	-	-	-	(17,001)	(8,487)	(25,488)
Share of other comprehensive loss of joint ventures	-	(53,047)	395	_	_	_	-	(52,652)	(13,223)	(65,875)
Currency translation differences	_	(255,895)	_	_	_	_	-	(255,895)	(217,156)	(473,051)
Total other comprehensive loss	_	(325,943)	(11,946)	339,490	774	(138,037)	-	(135,662)	(238,866)	(374,528)
Total comprehensive income	_	(325,943)	(11,946)	339,490	774	(138,037)	1,099,034	963,372	1,181,801	2,145,173
Transferred (from)/to reserve	-	(581)	-	-	-	-	581	-	-	-
Transactions with owners:										
Distributions	-	-	-	-	-	-	(1,263,110)	(1,263,110)	-	(1,263,110)
Dividends	-	-	-	-	-	-	-	-	(2,004,440)	(2,004,440)
At 31 December 2022	68,553,839	(256,905)	(309,407)	314,682	(2,495)	458,621	(41,951,263)	26,807,072	19,469,674	46,276,746

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Units in issue HK\$'000	Exchange and other reserves HK\$'000	Revaluation reserve HK\$'000	Hedging reserve HK\$'000	Costs of hedging reserve HK\$'000	Pension reserve HK\$'000	Accumulated losses HK\$'000	Attributable to unitholders HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
Group										
At 1 January 2021	68,553,839	(9,390)	(303,452)	(278,472)	(19,052)	356,512	(42,297,943)	26,002,042	19,601,893	45,603,935
Profit for the year	-	-	-	-	-	-	1,747,151	1,747,151	1,780,002	3,527,153
Other comprehensive income/(loss):										
Remeasurement of defined benefit plans	_	-	-	_	-	240,146	-	240,146	-	240,146
Investments:										
Valuation gains taken to reserves	_	-	5,088	_	-	_	-	5,088	-	5,088
Cash flow hedges arising from cross currency interest rate swap contracts and interest rate swap contracts:										
Fair value gains recognised directly in reserves	_	-	_	253,664	-	_	_	253,664	-	253,664
Costs of hedging:										
Changes in fair value of currency basis spread	-	-	-	_	15,783	_	-	15,783	-	15,783
Share of other comprehensive loss of associated companies	-	(1,975)	-	-	-	-	-	(1,975)	1,371	(604)
Share of other comprehensive income of joint ventures	-	910	903	-	-	_	-	1,813	-	1,813
Currency translation differences	-	79,378	_	_	-	_	-	79,378	60,367	139,745
Total other comprehensive income	-	78,313	5,991	253,664	15,783	240,146	-	593,897	61,738	655,635
Total comprehensive income	_	78,313	5,991	253,664	15,783	240,146	1,747,151	2,341,048	1,841,740	4,182,788
Transactions with owners:										
Relating to purchase of non-controlling interests	-	696	-	-	-	-	-	696	54,226	54,922
Distributions	-	-	-	-	-	-	(1,236,976)	(1,236,976)	-	(1,236,976)
Dividends		-	-	-	-	-	-	-	(1,205,546)	(1,205,546)
At 31 December 2021	68,553,839	69,619	(297,461)	(24,808)	(3,269)	596,658	(41,787,768)	27,106,810	20,292,313	47,399,123

STATEMENT OF CHANGES IN EQUITY OF HUTCHISON PORT HOLDINGS TRUST

For the year ended 31 December 2022

	Units in issue	Accumulated losses	Attributable to unitholders
	HK\$'000	HK\$'000	HK\$'000
Trust			
At 1 January 2022	68,553,839	(45,601,462)	22,952,377
Loss and total comprehensive loss for the year	_	(57,685)	(57,685)
Transactions with owners:			
Distributions	_	(1,263,110)	(1,263,110)
At 31 December 2022	68,553,839	(46,922,257)	21,631,582
At 1 January 2021	68,553,839	(44,324,508)	24,229,331
Loss and total comprehensive loss for the year	-	(39,978)	(39,978)
Transactions with owners:			
Distributions	_	(1,236,976)	(1,236,976)
At 31 December 2021	68,553,839	(45,601,462)	22,952,377

1 General information

Hutchison Port Holdings Trust ("Trust" or "HPH Trust") is a business trust constituted by a deed of trust dated 25 February 2011 (as amended) (the "Trust Deed") and registered with the Monetary Authority of Singapore. HPH Trust is principally regulated by the Business Trusts Act 2004 of Singapore and Securities and Futures Act 2001 of Singapore. Under the Trust Deed, Hutchison Port Holdings Management Pte. Limited (the "Trustee-Manager"), has declared that it will hold all its assets (including businesses) acquired on trust for the unitholders as the Trustee-Manager of HPH Trust. The registered address of the Trustee-Manager is at 1 Harbourfront Avenue, #14-07, Keppel Bay Tower, Singapore 098632. HPH Trust was listed on the Main Board of Singapore Exchange Securities Trading Limited (the "SGX-ST") on 18 March 2011.

HPH Trust is established with the principal investment mandate of investing in, developing, operating and managing deep-water container ports in the Guangdong Province of China, 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 consolidated financial statements of HPH Trust and its subsidiaries (together the "Group"), have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The financial statements have been prepared under the historical cost convention except for investments and derivative financial instruments which are stated at fair value, as explained in the significant accounting policies set out in Note 2.

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

The preparation of financial statements in conformity with HKFRS requires management to exercise its judgements 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 judgements or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Adoption of standards and amendments to existing standards

The Group has adopted all of the new and revised standards and amendments issued by the HKICPA that are relevant to the Group's operations and mandatory for annual period beginning 1 January 2022. The effect of the adoption of these new and revised standards and amendments was not material to the Group's results or financial position.

2 Basis of preparation and significant accounting policies (Continued)

Standards and amendments which are not yet effective

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

Amendments to HKAS 1⁽¹⁾ Classification of Liabilities as Current or Non-current and Classification

of Liabilities as Current or Non-current – Deferral of Effective Date

Amendments to HKAS 1 (Revised)⁽¹⁾ Presentation of Financial Statements

Amendments to HKFRS Practice Making Materiality Judgements

Statement 2⁽¹⁾

Amendments to HKAS 8⁽¹⁾ Accounting Policies, Changes in Accounting Estimates and Errors

Amendments to HKAS 12⁽¹⁾ Income Taxes

Amendments to HKFRS 16⁽²⁾ Lease Liability in a Sale and Leaseback

Amendments to HKAS 1⁽²⁾ Non-current Liabilities with Covenants

Amendments to HKFRS 10 and

HKAS 28⁽³⁾

Sale or Contribution of Assets between an Investor and its Associate or

Joint Venture

(1) Effective for annual periods beginning 1 January 2023(2) Effective for annual periods beginning 1 January 2024

(3) New effective date to be determined

The Group is assessing the full impact of these new or revised HKFRS. Certain of them may give rise to change in presentation, disclosure and measurements of certain items in the financial statements. They are not expected to have material impact to the Group.

(a) Basis of consolidation

The consolidated financial statements of the Group for the year ended 31 December 2022 include all its direct and indirect subsidiary companies and also incorporate the interest in associated companies, joint operations 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 2022 or up to the dates of disposal as the case may be. The acquisition of subsidiary companies is accounted for using the acquisition method.

(b) Subsidiary companies

A subsidiary company is an entity over 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 financial statements of the holding company, investments in subsidiary companies are carried at cost less provision for impairment in value.

2 Basis of preparation and significant accounting policies (Continued)

(b) Subsidiary companies (Continued)

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 also 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 associated company 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 associated companies are incorporated in these financial statements 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 arrangements

A joint arrangement is an arrangement of which two or more parties have joint control and over which none of the participating parties has unilateral control.

Investments in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations each investor has. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement.

The results and net assets of joint ventures are incorporated in these financial statements 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.

(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.

2 Basis of preparation and significant accounting policies (Continued)

(e) Fixed assets (Continued)

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 handling equipment 10 - 30 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. The prepaid lease payments are right-of-use assets. The balance are 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, ranging from approximately 23 to 33 years.

(i) Goodwill

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

Goodwill is 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.

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

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

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

2 Basis of preparation and significant accounting policies (Continued)

(i) Goodwill (Continued)

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

The profit or loss on disposal 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 financial statements. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(I) Investments

Investments (other than investments in subsidiary companies, associated companies or joint ventures) are non-derivative equity financial investments which are measured at fair value. Management is eligible to make an irrevocable election, on an instrument-by-instrument basis, on equity investments other than those held for trading, to present changes in fair value through profit or loss or fair value through other comprehensive income ("FVOCI"). The Group has elected to measure as FVOCI, to which any fair value gains or losses accumulated in the revaluation reserve account will no longer be reclassified to profit or loss following the derecognition of such investment. Dividends from investments continued to be recognised as other operating income in the income statement when the right to receive payment is established. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value.

(m) Financial assets at amortised cost

Financial assets at amortised cost are debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets at amortised cost and are subsequently measured at amortised cost less impairment. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement based on expected credit loss ("ECL") model. Interest income using the effective interest method is recognised in the income statement.

2 Basis of preparation and significant accounting policies (Continued)

(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 based on lifetime ECL.

(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, if any.

(q) Borrowings and borrowing costs

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

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

(r) Trade and other payables

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

(s) Provisions

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

(t) Asset impairment

Impairment of financial assets

The Group applies the ECL model to assess impairment of financial assets classified at amortised cost and debt instruments measured at FVOCI. The impairment methodology to be applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires lifetime expected losses for amounts due from customers to be recognised from initial recognition of the trade receivables.

As debt instruments at amortised cost are considered to have low credit risk, the impairment provision applied is to recognise 12-month ECL.

2 Basis of preparation and significant accounting policies (Continued)

(t) Asset impairment (Continued)

Impairment of other assets

Assets that have an indefinite useful life are tested for impairment annually and when there is indication that they may be impaired. 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 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.

(u) Derivative financial instruments and hedging activities

Derivative financial instruments are utilised by the Group in the management of its foreign currency and interest rate exposures. The Group's policy is not to utilise derivative financial instruments for trading or speculative purposes. Derivative financial instruments are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates. Changes in fair value are recognised based on whether certain qualifying criteria under HKFRS 9 are satisfied in order to apply hedge accounting, and if so, the nature of the items being hedged.

The Group documents at the inception of the hedging transaction the economic relationship between hedging instruments and hedged items including whether the hedging instrument is expected to offset changes in cash flows of hedged items. The group documents its risk management objective and strategy for undertaking various hedge transactions at the inception of each hedge relationship.

Derivatives designated as hedging instruments to hedge the fair value of recognised assets or liabilities may qualify as fair value hedges. The Group mainly enters into interest rate swap contracts to swap certain fixed interest rate borrowings into floating interest rate borrowings. Changes in the fair value of these derivative contracts, together with the changes in the fair value of the hedged assets or liabilities attributable to the hedged risk are recognised in the income statement. At the same time, the carrying amount of the hedged asset or liability in the statement of financial position is adjusted for the changes in fair value.

Derivatives designated as hedging instruments to hedge against the cash flows attributable to recognised assets or liabilities may qualify as cash flow hedges. The Group mainly enters into (i) cross currency interest rate swap contracts to swap certain fixed interest rate United States dollar debts to fixed interest rate Hong Kong dollar debts; (ii) cross currency interest rate swap contracts to swap certain floating interest rate United States dollar debts to fixed interest rate Hong Kong dollar debts; and (iii) interest rate swap contracts to swap certain floating interest rate United States dollar debts to fixed interest rate United States dollar debts to hedge against the foreign currency and interest rate risk. The Group excludes foreign currency basis spread of these cross currency swaps in the hedge designation. The change in fair value of the foreign currency basis spread (to the extent it relates to the hedged item) is recognised in other comprehensive income and is accumulated in a separate costs of hedging reserve under equity. Changes in the fair value relating to the effective portion of derivative contracts designated as hedging instruments qualifying as cash flow hedges are recognised in other comprehensive income and accumulated under the heading of hedging reserve. The gain or loss relating to the ineffective portion is recognised in the income statement. Amounts accumulated are removed from hedging reserve and costs of hedging reserve and recognised in the income statement in the periods when the hedged derivative contract matures.

Derivatives that do not qualify for hedge accounting under HKFRS 9 will be accounted for with the changes in fair value being recognised in the income statement.

2 Basis of preparation and significant accounting policies (Continued)

(v) 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.

Remeasurements arising from defined benefit plans are recognised in other comprehensive income in the year in which they occur and reflected immediately in pension reserve. Remeasurements comprise actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability/asset) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability/asset).

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.

(w) Foreign exchange

The consolidated financial statements 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 financial statements 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.

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 associated company 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 associated companies 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.

2 Basis of preparation and significant accounting policies (Continued)

(x) 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.

(y) Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Such determination is made on an evaluation of the substance of the arrangement, regardless of whether the arrangements take the legal form of a lease.

(i) Assets leased to the Group

Leases are initially recognised as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets leased to the Group and the corresponding liabilities are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate; and
- payments of penalties for terminating the lease, if the lease term reflects the Group, as a lessee, exercising an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the incremental borrowing rate of the respective entities. Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date, less any lease incentive received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise equipment and small items of office furniture.

(ii) Assets leased out by the Group

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. Income received under operating leases net of any incentives provided to the leasing company are credited to the income statement on a straight-line basis over the lease periods.

2 Basis of preparation and significant accounting policies (Continued)

(z) Revenue and other income recognition

Revenues are recognised when or as the control of the good or service is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the good or service may be transferred over time or at a point in time.

Control of the good or service is transferred over time if the Group's performance provides all of the benefits received and consumed simultaneously by the customer.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on direct measurements of the value transferred by the Group to the customer.

Transaction price of a contract shall be allocated to individual performance obligation (or distinct good or service). The objective when allocating the transaction price is for an entity to allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the entity expects to be entitled in exchange for transferring the promised goods or services to the customer.

Revenue is recognised over time:

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

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

(aa) Government Grant

Subsidy from the government is recognised at their fair values where there is a reasonable assurance that the subsidy will be received and the Group will comply with all attached conditions. The amounts are recognised within "other operating income" in the income statement.

3 Critical accounting estimates and judgements

Note 2 includes a summary of the significant accounting policies used in the preparation of the financial statements. The preparation of financial statements 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 financial statements. 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 financial statements.

3 Critical accounting estimates and judgements (Continued)

(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 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 judgements are 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.

(b) Goodwill

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 projections approved by management. There are a number of assumptions and estimates involved for the preparation of cash flow projections. The key assumptions adopted in the value-in-use calculations are based on management's best estimates and past experience. Changes to key assumptions can affect significantly the results of the impairment tests.

Key assumptions are made with respect to the expected growth in revenues and cost of services rendered, timing of future capital expenditures, terminal growth rates and selection of discount rate, which approximately reflect the risks involved. The growth in revenues will be affected by the growth in both the volume of containers handled and tariff. The volume of containers handled will be impacted by economic and global market conditions, structural changes within the shipping line industry and influenced by the performance and growth of regional and international trading economies. If key export markets for local exporters experience an economic downturn or recession, export volumes may decrease. The growth of tariff depends on the Group's overall competitiveness, which is determined by a number of factors, such as geographical reach and connectivity, operating efficiency, berth availability, mega vessel handling capability, technology offerings, transportation and logistics network and ancillary services and facilities.

A significant portion of cost of services rendered is labour cost which will be impacted by labour supply and inflation. In addition, the introduction of ever larger vessels by shipping lines will require upgrading of equipment and new work practices to increase productivity so as to remain competitive.

3 Critical accounting estimates and judgements (Continued)

(c) Customer relationships

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

The Group considers its impairment accounting policy to be a policy that requires one of the most extensive applications of judgements and estimates by management. Intangible assets with definite useful lives 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 judgements are required in the area of intangible asset impairment, particularly in assessing: (1) whether an event has occurred that may indicate that the related asset values may not be recoverable; and (2) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell or net present value of future cash flows which are estimated based upon the continued use of the asset in the Group.

(d) Depreciation

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

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

(e) Accrual of net revenue

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 HKAS 19 (2011), Employee Benefits. Under this method, the cost of providing pensions is charged to the 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 assets/obligations are measured at the present values 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 currencies and terms similar to the estimated terms of benefit obligations.

3 Critical accounting estimates and judgements (Continued)

(f) Pension costs (Continued)

Remeasurements arising from defined benefit plans are recognised in other comprehensive income in the year in which they occur and reflected immediately in pension reserve. Remeasurements comprise actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability/asset) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability/asset).

Management appointed actuaries to carry out a full valuation of these pension plans to determine the pension assets/obligations that are required to be disclosed and accounted for in the financial statements 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. Judgements are 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 judgements are 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 financial statements. 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 judgements 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 income statement.

4 Revenue and other income and segment information

(a) Revenue and other income

	2022	2021
	HK\$'000	HK\$'000
Revenue		
Rendering of port and related services	11,687,782	12,734,118
Rendering of transportation and logistics solutions	261,648	402,551
Management and service fee income	35,743	35,107
System development and support fees	6,953	7,002
Others	1,683	1,619
	11,993,809	13,180,397
Other income		
Interest income	172,442	63,677
	12,166,251	13,244,074

(b) Segment information

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

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

Revenue is recognised over time and disclosures by geographical location are shown below:

	Revenue and	Revenue and other income		ent assets								
	2022	2022 2021	2022 2021 2022	2022 2021	2022 2021	2022 2021 2022	2022 2021 2	2022 2021	2022 2021 2022	2022 2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000								
Hong Kong	3,266,293	3,715,152	20,140,660	21,213,393								
Mainland China	8,899,958	9,528,922	54,912,498	56,582,684								
	12,166,251	13,244,074	75,053,158	77,796,077								

5 Operating profit

Operating profit is stated after crediting and charging the following:

	2022 HK\$'000	2021 HK\$'000
Crediting		
Dividend income from River Ports Economic Benefits (Note 17)	16,239	25,462
Net gain on disposal of fixed assets	140	10,493
Wage, salary and other subsidies (Note)	30,647	418
	30,047	
Net exchange gain		17,697
Charging		
Auditor's remuneration		
- audit services	14,884	13,983
- non-audit services	1,183	2,676
Amortisation		
- leasehold land and land use rights	1,295,000	1,294,106
- railway usage rights	524	542
- customer relationships	334,206	334,206
Depreciation of fixed assets	1,362,530	1,410,335
Depreciation of right-of-use assets within fixed assets	11,716	11,683
Short-term lease costs for		
- office premises and port facilities	62,787	64,413
Staff costs (including amount charged within cost of services rendered)	•	,
- Wages, salaries and other benefits	1,348,464	1,359,949
- Pension costs	120,855	128,429
Net exchange loss	53,457	-

Note:

Mainly benefits received from government under COVID-19 related employment support scheme recognised in other operating income for the year ended 31 December 2022.

6 Interest and other finance costs

	2022	
	HK\$'000	HK\$'000
Bank loans and overdrafts	309,844	275,488
Guaranteed notes	317,210	288,590
Loans from non-controlling interests	1,631	3,139
Lease liabilities	722	989
Other finance costs	43,938	48,260
	673,345	616,466

7 Tax

	2022	2021
	HK\$'000	HK\$'000
Current tax	1,458,883	1,529,039
Deferred tax (Note 18)	(377,684)	(259,822)
	1,081,199	1,269,217

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:

	2022	2021
	HK\$'000	HK\$'000
Profit before tax excluding share of profits less losses after tax of joint ventures and associated companies	3,607,593	4,762,320
Tax calculated at weighted average tax rate of 26.2% (2021: 25.6%)	945,970	1,217,811
Tax exemption in China	(55,663)	(170,860)
Income not subject to tax	(17,778)	(8,281)
Expenses not deductible for tax purposes	99,803	93,561
Withholding tax on unremitted earnings	128,831	155,674
Utilisation of previously unrecognised tax losses	(4,534)	(4,403)
Overprovision in prior year	(16,378)	(14,430)
Tax losses not recognised	977	37
Others	(29)	108
Total tax	1,081,199	1,269,217

8 Distributions

	2022	2021
	HK\$'000	HK\$'000
For the period from 1 July 2020 to 31 December 2020		
Distribution of 7.70 HK cents per unit	-	670,755
For the period from 1 January 2021 to 30 June 2021 Distribution of 6.50 HK cents per unit	_	566,221
For the period from 1 July 2021 to 31 December 2021 Distribution of 8.00 HK cents per unit	696,888	-
For the period from 1 January 2022 to 30 June 2022 Distribution of 6.50 HK cents per unit	566,222	_
	1,263,110	1,236,976

On 7 February 2023, the Board of Directors of the Trustee-Manager approved the distribution of 8.00 HK cents per unit for the financial result from 1 July 2022 to 31 December 2022 (2021: 8.00 HK cents per unit) amounting to HK\$696.9 million (2021: HK\$696.9 million) and payable on 24 March 2023. This distribution is not reflected in these financial statements and will be recognised in equity in the financial year ending 31 December 2023.

9 Earnings per unit

The calculation of earnings per unit is based on profit attributable to unitholders of HPH Trust of HK\$1,099,034,000 for the year ended 31 December 2022 (2021: HK\$1,747,151,000) and on 8,711,101,022 units in issue (2021: 8,711,101,022 units in issue).

Diluted earnings per unit is the same as the basic earnings per unit for the years ended 31 December 2022 and 2021.

10 Fixed assets

Group	Properties HK\$'000	Container handling equipment HK\$'000	Barges HK\$'000	Other fixed assets HK\$'000	Total HK\$'000
2022				<u> </u>	<u> </u>
Opening net book amount	15,065,231	6,152,202	1,098	428,394	21,646,925
Additions	29,840	35,583	_	1,038	66,461
Transfer from projects under development (Note 11)	34,797	187,735	_	25,215	247,747
Depreciation	(625,007)	(681,429)	(95)	(67,715)	(1,374,246)
Disposals	_	(771)	_	(67)	(838)
Currency translation differences	(178,732)	(41,116)	_	(8,459)	(228,307)
Closing net book amount	14,326,129	5,652,204	1,003	378,406	20,357,742
At 31 December 2022 Cost Accumulated depreciation Net book amount	21,159,889 (6,833,760) 14,326,129	13,521,297 (7,869,093) 5,652,204	9,484 (8,481) 1,003	1,071,442 (693,036) 378,406	35,762,112 (15,404,370) 20,357,742
2021					
Opening net book amount	15,616,352	6,743,300	2,503	476,799	22,838,954
Additions	962	11,299	-	-	12,261
Transfer from projects under development (Note 11)	17,533	111,160	-	21,308	150,001
Depreciation	(627,390)	(720,927)	(592)	(73,109)	(1,422,018)
Disposals	(162)	(5,658)	(813)	-	(6,633)
Currency translation differences	57,936	13,028	_	3,396	74,360
Closing net book amount	15,065,231	6,152,202	1,098	428,394	21,646,925
At 31 December 2021					
Cost	21,338,353	13,328,113	9,484	1,070,764	35,746,714
Accumulated depreciation	(6,273,122)	(7,175,911)	(8,386)	(642,370)	(14,099,789)
Net book amount	15,065,231	6,152,202	1,098	428,394	21,646,925

10 Fixed assets (Continued)

Note:

The Group has the right to control the use of certain assets included in properties, container handling equipment and other fixed assets for a period of time through lease arrangements. Lease arrangements with terms of 1 to 3 years are negotiated on an individual basis and contain a wide range of terms and conditions. During the year ended 31 December 2022, additions to the right-of-use assets under properties and other fixed assets were HK\$24,218,000 (2021: nil) and no disposals to the right-of-use assets under container handling equipment due to termination of lease terms for the year end 31 December 2022 (2021: HK\$3,275,000).

The carrying amounts of right-of-use assets included in fixed assets are as follows:

	2022	2021
	HK\$'000	HK\$'000
Properties	26,449	14,912
Other fixed assets	692	126
	27,141	15,038

Depreciation charge for right-of-use assets recognised in the consolidated income statement is as follows:

	2022	2021
	HK\$'000	HK\$'000
Properties	11,415	10,890
Other fixed assets	301	793
	11,716	11,683

11 Projects under development

Group	2022	2021
	HK\$'000	HK\$'000
At beginning of the year	654,524	478,216
Additions	361,361	324,582
Transfer to fixed assets (Note 10)	(247,747)	(150,001)
Currency translation differences	(5,227)	1,727
At end of the year	762,911	654,524

Projects under development mainly represent the cost of construction of port facilities in Hong Kong and Mainland China.

12 Leasehold land and land use rights

Group	2022	2021
	HK\$'000	HK\$'000
Net book value		
At beginning of the year	34,579,438	35,843,729
Amortisation	(1,295,000)	(1,294,106)
Currency translation differences	(105,470)	29,815
At end of the year	33,178,968	34,579,438
Cost	48,220,758	48,357,185
Accumulated amortisation	(15,041,790)	(13,777,747)
	33,178,968	34,579,438

The net book value of land use rights, which are accounted for as right-of-use assets, was HK\$7,082,083,000 at 31 December 2022 (2021: HK\$7,194,832,000). The corresponding amortisation charge for the year was HK\$284,834,000 (2021: HK\$283,118,000).

13 Railway usage rights

Group	2022	2021
	HK\$'000	HK\$'000
Net book value		
At beginning of the year	10,787	11,056
Amortisation	(524)	(542)
Currency translation differences	(863)	273
At end of the year	9,400	10,787
Cost	14,939	16,966
Accumulated amortisation	(5,539)	(6,179)
	9,400	10,787

14 Intangible assets

(a) Customer relationships

Group	2022	2021
	HK\$'000	HK\$'000
Net book value		
At beginning of the year	4,833,360	5,167,566
Amortisation	(334,206)	(334,206)
At end of the year	4,499,154	4,833,360
Cost	8,440,000	8,440,000
Accumulated amortisation	(3,940,846)	(3,606,640)
At end of the year	4,499,154	4,833,360

14 Intangible assets (Continued)

(b) Goodwill

The Group has one business segment and two geographical CGU to which goodwill is allocated as follows:

Group	2022	2021
	HK\$'000	HK\$'000
Hong Kong	_	_
Mainland China	11,270,044	11,270,044
	11,270,044	11,270,044
	2022	2021
	HK\$'000	HK\$'000
At beginning of the year	11,270,044	11,270,044
Impairment of goodwill (accumulated: HK\$30.4 billion)	-	_
At end of the year	11,270,044	11,270,044

As in the prior year, management performed an impairment assessment based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a 5-year period and a further outlook for 5 years, which is considered appropriate in view of the long-term nature of the terminal business. Management determined that no further impairment of goodwill is required in 2022. The impairment methodology assumed terminal values and discount rates of 2%-3% (2021: 2%-3%) and 10%-11% (2021: 8%-10%) per annum, respectively. Terminal values are determined by considering both internal and external factors relating to the port operation and discount rates reflect specific risks relating to the relevant business.

The assumptions regarding the growth rates in revenue and cost of services rendered used in the current year's assessments were comparable to last year. For illustration purposes, a hypothetical 0.5% decrease in the revenue growth rate, a 0.5% increase in costs of services rendered and a 0.5% increase in the discount rate, with all other variables and assumptions held constant, would decrease the recoverable amount of the Hong Kong CGU, by HK\$1.9 billion, HK\$0.9 billion and HK\$1.4 billion respectively and of the Mainland China CGU, by HK\$2.0 billion, HK\$0.6 billion and HK\$2.1 billion, respectively.

Actual results in the future may differ materially from the sensitivity analysis due to developments in the global markets and changes in economic conditions which may cause fluctuations in growth and market interest rates to vary and therefore it is important to note that the hypothetical amounts so generated do not represent a projection of likely future events and profits or losses.

15 Associated companies

Group	2022 HK\$'000	2021 HK\$'000
Share of net assets	204,026	310,937
Loan to an associated company – non-current		646,600
	204,026	957,537

A 5-year loan of RMB530,000,000, approximate to HK\$593,600,000 (2021: RMB530,000,000, approximate to HK\$646,600,000) provided to an associated company is unsecured, interest bearing at a fixed rate of 4.0% per annum and repayable in August 2023. The carrying amount of the loan to an associated company approximates its fair value. The loan is current in nature as at 31 December 2022 and disclosed in Note 20.

Details of the principal associated companies at 31 December 2022 and 2021 are as follows:

Name	Place of establishment	Principal activities	Effective interest held
Shenzhen Huazhou Ocean Development Co., Ltd. (formerly known as "Shenzhen Yantian Tugboat Company Ltd.")	China	Provision of tugboat services in China	23.84%
Huizhou International Container Terminals Limited ⁽¹⁾	China	Development and operation of a container terminal	41.31%

(1) Audited by PricewaterhouseCoopers network firms

There is no associated company as at 31 December 2022, which in the opinion of the directors of the Trustee-Manager, is individually material to the Group.

There are no material contingent liabilities relating to the Group's interests in the associated companies.

Set out below is the Group's share of the year's total comprehensive loss from its associated companies:

	2022	2021
	HK\$'000	HK\$'000
Profits less losses after tax	(81,423)	(81,530)
Other comprehensive loss	(25,488)	(604)
Total comprehensive loss	(106,911)	(82,134)

16 Joint ventures

Group	2022	2021
	HK\$'000	HK\$'000
Share of net assets	4,887,599	3,825,835
Loans to joint ventures – non-current	-	122,200
Less: accumulated impairment	(930,000)	(930,000)
	3,957,599	3,018,035

Note:

A loan of HK\$120,000,000 (2021: HK\$120,000,000) provided to a joint venture is unsecured, interest bearing at Hong Kong Interbank Offered Rate ("HIBOR") plus 2.1% per annum and repayable in March 2023. As at 31 December 2021, another loan provided to a joint venture of HK\$2,200,000 was unsecured, interest free and was settled during the year ended 31 December 2022. The carrying amounts of the loans to joint ventures approximate their fair values. The remaining loan is current in nature as at 31 December 2022 and disclosed in Note 20.

Details of principal joint ventures at 31 December 2022 and 2021 are as follows:

Name	Place of incorporation/ establishment	Principal activities	Effective interest held
COSCO-HIT Terminals (Hong Kong) Limited ⁽¹⁾	Hong Kong	Development and operation of a container terminal	50.00%
Asia Container Terminals Limited ⁽¹⁾	Hong Kong	Development and operation of a container terminal	40.00%
Beijing Leading Edge Container Services Company Limited	China	Provision of logistics services	50.00%
Mercury Sky Group Limited ⁽²⁾	British Virgin Islands	Investment holding	50.00%
Shenzhen Leading Edge Port Services Co. Ltd. ⁽¹⁾	China	Provision of port agency services	49.00%
Yantian East Port International Container Terminals Limited ("YEPICT") ⁽¹⁾	China	Development and operation of a container terminal	39.73%
Yantian Port International Information Company Limited	China	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

There is no joint venture as at 31 December 2022, which in the opinion of the directors of the Trustee-Manager, is individually material to the Group.

There are no material contingent liabilities relating to the Group's interests in the joint ventures.

16 Joint ventures (Continued)

Set out below is the Group's share of the year's total comprehensive income from its joint ventures:

	2022	2021
	HK\$'000	HK\$'000
Profits less losses after tax	74,730	115,580
Other comprehensive (loss)/income	(65,875)	1,813
Total comprehensive income	8,855	117,393

17 Other non-current assets

Group	2022 HK\$'000	2021 HK\$'000
	HK\$ 000	
Investments		
Listed equity security	29,701	39,151
River Ports Economic Benefits (Note)	280,109	283,000
Prepayment for fixed assets	50,198	45,759
Other receivables and prepayments	-	56,190
Derivative financial instruments		
Interest rate swaps under cash flow hedges	325,034	85,567
	685,042	509,667

Note:

The River Ports Economic Benefits represent the economic interest and benefits of the river ports in Nanhai and Jiangmen, China (together the "River Ports"), including all dividends and any other distributions or other monies payable to a related company or any of its subsidiary companies 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 subsidiary companies. The movement is due to change in fair value.

18 Deferred tax

Group	2022	2021
	HK\$'000	HK\$'000
Deferred tax assets	(5,059)	(11,978)
Deferred tax liabilities	8,883,533	9,268,299
Net deferred tax liabilities	8,878,474	9,256,321

18 Deferred tax (Continued)

The movements in deferred tax (assets)/liabilities during the year are as follows:

	Unused tax	Accelerated depreciation	Fair value adjustments arising from	Withholding tax on unremitted	Others	T
	losses	allowances	acquisitions	earnings	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
2022						
At 1 January 2022	(12,353)	519,730	8,294,176	460,431	(5,663)	9,256,321
Tax charged/(credited) to income statement	6,615	(21,781)	(355,578)	(7,164)	224	(377,684)
Other temporary differences	-	28	_	_	(191)	(163)
At 31 December 2022	(5,738)	497,977	7,938,598	453,267	(5,630)	8,878,474
2021						
At 1 January 2021	(19,449)	547,006	8,652,669	343,323	(6,893)	9,516,656
Tax charged/(credited) to income statement	7,108	(27,250)	(358,493)	117,577	1,236	(259,822)
Other temporary differences	(12)	(26)	_	(469)	(6)	(513)
At 31 December 2021	(12,353)	519,730	8,294,176	460,431	(5,663)	9,256,321

Notes:

- (a) The deferred tax assets and liabilities are offset when there is a legally enforceable right to set off and when the deferred 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\$87,642,000 at 31 December 2022 (31 December 2021: HK\$115,381,000) to carry forward against future taxable income. Of these, HK\$63,225,000 can be carried forward indefinitely (31 December 2021: HK\$90,532,000). The remaining HK\$24,417,000 (31 December 2021: HK\$24,849,000) expires in the following years:

	2022	
	HK\$'000	
In the first year	1,007	223
In the second year	10,245	3,017
In the third year	9,215	11,364
In the fourth year	11	10,197
In the fifth year	3,939	48
	24,417	24,849

- (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.
- (d) Deferred tax assets and liabilities are expected to be recovered or settled mostly after more than twelve months.

19 Cash and bank balances

Group	2022 HK\$'000	2021 HK\$'000
Cash and cash equivalents		
Cash at bank and on hand	1,614,255	1,620,219
Short-term bank deposits	8,780,913	9,427,788
Cash and bank balances	10,395,168	11,048,007
Trust	2022	2021
	HK\$'000	HK\$'000
Cash and cash equivalents		
Cash at bank and on hand	5,049	4,868
Cash and bank balances are denominated in the following currencies:		
Group	2022	2021
	Percentage	Percentage
Hong Kong dollar	34%	43%
Renminbi	10%	10%
United States dollar	56%	47%
	100%	100%
Turnet	2022	2024
Trust	2022 Percentage	2021 Percentage
Hong Kong dollar	48%	76%
United States dollar	5%	3%
Singapore dollar	47%	21%
	100%	100%

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

20 Trade and other receivables

Group	2022	2021
	HK\$'000	HK\$'000
Trade receivables	1,897,009	3,464,903
Less: loss allowance provision (Note d)	(47,339)	(50,786)
	1,849,670	3,414,117
Other receivables and prepayments	393,935	341,978
Amounts due from associated companies (Note a)	11,805	17,955
Amounts due from joint ventures (Note a)	149,223	147,218
Loan to an associated company (Note b)	593,600	109,800
Loan to a joint venture (Note c)	120,000	_
Derivative financial instruments		
Cross currency interest rate swaps under cash flow hedge		2,010
	3,118,233	4,033,078
Trust	2022	2021
	HK\$'000	HK\$'000
Other receivables and prepayments	356	366
Amounts due from subsidiary companies (Note a)	658	714
	1,014	1,080
Trade and other receivables are denominated in the following currencies:		
Group	2022	2021
	Percentage	Percentage
Hong Kong dollar	47%	48%
Renminbi	39%	41%
United States dollar	14%	11%
	100%	100%

Trade receivables are stated at the expected recoverable amount, net of any provision for estimated impairment losses where it is deemed that a receivable may not be fully recoverable. The carrying amounts of these assets approximate their fair values.

Notes:

Trust

Singapore dollar

- (a) The amounts due from associated companies and joint ventures of the Group; and amounts due from subsidiary companies of the Trust are unsecured, interest free and have no fixed terms of repayment.
- (b) The loan to an associated company is unsecured, interest bearing at a fixed rate of 4.0% per annum and repayable in one year. As at 31 December 2021, another loan to an associated company is unsecured, interest bearing at a fixed rate of 2.3% per annum.

2021

100%

Percentage

2022

100%

Percentage

20 Trade and other receivables (Continued)

Notes (Continued):

- (c) The loan to a joint venture is unsecured, interest bearing at HIBOR plus 2.1% per annum and repayable in one year.
- (d) At 31 December 2022, trade receivables of the Group amounting to HK\$47,339,000 (2021: HK\$50,786,000) were impaired and provided for. The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables.

Movements on the loss allowance provision for trade receivables are as follows:

	2022	2021
	HK\$'000	HK\$'000
At beginning of the year	50,786	51,043
Additions	12	650
Write back	(3,116)	(251)
Written off	(335)	(563)
Currency translation differences	(8)	(93)
At end of the year	47,339	50,786

The additions to and write back of loss allowance provision for trade receivables have been included in the income statement.

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	2022	2021
	HK\$'000	HK\$'000
Trade payables, other payables and accruals	5,706,185	6,403,773
Loans from non-controlling interests (Note a)	108,756	115,756
Lease liabilities	12,391	12,100
Derivative financial instruments Cross currency interest rate swaps under cash flow hedge (Note 24)	12,847	_
Amounts due to related companies (Note b)	107,473	100,958
Amounts due to associated companies (Note b)	3,016	2,898
Amounts due to joint ventures (Note b)	64,176	77,560
	6,014,844	6,713,045

21 Trade and other payables (Continued)

Trust	2022 HK\$'000	2021 HK\$'000
Trade payables, other payables and accruals Amounts due to:	6,456	5,642
- a related company (Note b)	32,851	16,477
- subsidiary companies (Note b)	1,846	1,234
	41,153	23,353

Trade and other payables are denominated in the following currencies:

Group	2022	2021
	Percentage	Percentage
Hong Kong dollar	87%	83%
Renminbi	10%	15%
United States dollar	3%	2%
	100%	100%
Trust	2022	2021
	Percentage	Percentage
Hong Kong dollar	4%	5%
United States dollar	80%	71%
Singapore dollar	16%	24%
	100%	100%

At 31 December 2022, 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 the amount of RMB70,000,000, approximate to HK\$78,400,000 (2021: approximate to HK\$85,400,000) which bears interest at fixed rate of 2.0% per annum and repayable in one year.
- (b) Amounts due to related companies, associated companies and joint ventures of the Group; and amounts due to a related company and subsidiary companies of the Trust are unsecured, interest free and have no fixed terms of repayment.

22 Bank and other debts

Group	Current portion	Non-current portion	Total
	HK\$'000	HK\$'000	HK\$'000
Unsecured bank loans	5,070,000	10,370,000	15,440,000
Guaranteed notes	-	11,700,000	11,700,000
Total principal amount of bank and other debts	5,070,000	22,070,000	27,140,000
Unamortised loan facility fees and discounts related			
to debts	(2,341)	(98,088)	(100,429)
At 31 December 2022	5,067,659	21,971,912	27,039,571
Unsecured bank loans	3,298,000	10,140,000	13,438,000
Guaranteed notes	3,900,000	11,700,000	15,600,000
Total principal amount of bank and other debts	7,198,000	21,840,000	29,038,000
Unamortised loan facility fees and discounts related			
to debts	(7,655)	(110,038)	(117,693)
At 31 December 2021	7,190,345	21,729,962	28,920,307

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 one month at the prevailing market interest rates. The bank loans will be fully repayable from March 2023 to August 2027 (2021: repayable from September 2022 to September 2026).

In November 2019, the Group issued a 5-year US\$500 million 2.875% guaranteed note due 2024.

In March and September 2021, the Group issued a 5-year US\$500 million 2.00% guaranteed note due 2026 and a 5-year US\$500 million 1.50% guaranteed note due 2026, respectively.

The effective interest rate of the Group's bank and other debts at 31 December 2022 is 3.1% per annum (2021: 2.3% per annum).

Bank and other debts are denominated in the following currencies:

Group	2022	2021
	Percentage	Percentage
Hong Kong dollar	20%	11%
United States dollar	80%	89%
	100%	100%

23 Pension assets

Group	2022	2021
	HK\$'000	HK\$'000
Defined benefit plans		
Pension assets	123,213	303,782

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 2022 and 31 December 2021 using the projected unit credit method to account for the pension accounting costs in accordance with HKAS 19 (2011) "Employee Benefits".

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

	2022	2021
	Percentage	Percentage
Discount rate	3.70-3.80%	1.20-1.50%
Future salary increases	3.50%	3.50%
Interest credited on plan accounts	5.00-6.00%	5.00-6.00%

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

	2022	2021
	HK\$'000	HK\$'000
Fair value of plan assets	1,291,827	1,699,440
Present value of defined benefit obligations	(1,168,614)	(1,395,658)
Net defined benefit assets	123,213	303,782

23 Pension assets (Continued)

(a) Defined benefit plans (Continued)

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

	Defined benefits obligations HK\$'000	Fair value of plan assets HK\$'000	Net defined benefit assets HK\$'000
2022			
At 1 January	(1,395,658)	1,699,440	303,782
Net (charge)/credit to the income statement			
Current service cost	(46,377)	(619)	(46,996)
Interest (cost)/income	(17,373)	21,545	4,172
	(63,750)	20,926	(42,824)
Net credit/(charge) to other comprehensive income Remeasurements gain/(loss): Actuarial gain/(loss) arising from:			
Experience adjustment	4,607	_	4,607
Financial assumptions	158,689	_	158,689
Demographic assumption	(136)	_	(136)
Return on plan assets excluding interest income	_	(301,197)	(301,197)
	163,160	(301,197)	(138,037)
Other			
Contributions paid by the employer	_	292	292
Contributions paid by the employee	(6,172)	6,172	_
Benefits paid	118,617	(118,617)	_
Net transfer	15,189	(15,189)	_
At 31 December	(1,168,614)	1,291,827	123,213

23 Pension assets (Continued)

(a) Defined benefit plans (Continued)

	Defined benefits obligations HK\$'000	Fair value of plan assets HK\$'000	Net defined benefit assets HK\$'000
2021			
At 1 January	(1,513,663)	1,599,377	85,714
Net (charge)/credit to the income statement			
Current service cost	(52,446)	(383)	(52,829)
Interest (cost)/income	(5,744)	5,579	(165)
	(58,190)	5,196	(52,994)
Net credit to other comprehensive income Remeasurements gain: Actuarial gain arising from:			
Experience adjustment	5,473	_	5,473
Financial assumptions	77,582	_	77,582
Demographic assumption	121	_	121
Return on plan assets excluding interest income		156,970	156,970
	83,176	156,970	240,146
Other			
Contributions paid by the employer	-	30,916	30,916
Contributions paid by the employee	(6,711)	6,711	_
Benefits paid	98,565	(98,565)	_
Net transfer	1,165	(1,165)	_
At 31 December	(1,395,658)	1,699,440	303,782

23 Pension assets (Continued)

(a) Defined benefit plans (Continued)

Fair value of the plan assets is analysed as follows:

	2022	2021
	Percentage	Percentage
Equity Instruments		
Conglomerates and manufacturing	2%	2%
Consumer markets	2%	2%
Energy and utilities	1%	1%
Financial institutions and units trust	43%	55%
Health and care	3%	3%
Insurance	1%	1%
Real estate	0%	0%
Information technology	7%	7%
Others	1%	1%
	60%	72%
Debt instruments		
Government (other than US)	7%	5%
Financial institutions	9%	4%
US Treasury	7%	5%
Others	11%	8%
	34%	22%
Cash and others	6%	6%
	100%	100%

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

	2022	2021
	Percentage	Percentage
Aaa/AAA	16%	17%
Aa1/AA+	21%	15%
Aa2/AA	4%	6%
Aa3/AA-	3%	8%
A1/A+	15%	14%
A2/A	5%	9%
A3/A-	11%	9%
Baa1/BBB+	7%	9%
Baa2/BBB	4%	3%
Other lower grade	2%	2%
No investment grade	12%	8%
	100%	100%

23 Pension assets (Continued)

(a) Defined benefit plans (Continued)

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

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 pension plans in Hong Kong. One plan, which has been closed to new entrants since 1994, provides pension 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 pension benefits derived by a formula based on the final salary and years of service. An independent actuarial valuation, undertaken for funding purposes under the provision of Hong Kong's Occupational Retirement Schemes Ordinance ("ORSO"), at 1 January 2022 reported a funding level of 164% 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 4% per annum, salary increases of 3.5% per annum and interest credited to balances of 6% per annum. The valuation was prepared by Tian Keat Aun, a Fellow of The Institute and Faculty of Actuaries, and Stewart Chan, a Fellow of the Society of Actuaries, of Towers Watson Hong Kong Limited. The second plan provides benefits equal to the employer vested contributions plus a minimum interest thereon of 5% per annum. As at 31 December 2022, vested benefits under this plan are fully funded in accordance with the ORSO funding requirements. During the year ended 31 December 2022, forfeited contributions totalling HK\$1,127,000 (2021: HK\$981,000) were used to reduce the level of contributions of the year ended 31 December 2022 and no forfeited contribution was available at 31 December 2022 (2021: nil) to reduce future year's contributions.

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

		Impact on defined	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption		
Discount rate	0.25%	Decrease by 1.3%	Increase by 1.3%		
Salary increase	0.25%	Increase by 0.2%	Decrease by 0.2%		

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. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous year.

The Group expects to make contributions of HK\$18,401,000 (2021: HK\$32,000,000) to the defined benefit plans during the next year.

The weighted average duration of the defined benefit obligation is 5.0 years as at 31 December 2022 (2021: 6.0 years).

(b) Defined contribution plans

The Group's cost in respect of defined contribution plans for the year amounted to HK\$78,031,000 (2021: HK\$75,435,000).

24 Other non-current liabilities

Group	2022 HK\$'000	2021 HK\$'000
Derivative financial instruments:		
Cash flow hedges		
Cross currency interest rate swaps	12,847	115,654
Less: current portion of cross currency interest rate swaps (Note 21)	(12,847)	_
Non-current portion of derivative financial instruments		115,654
Lease liabilities	16,674	5,859
Others	106,785	119,463
	123,459	240,976

25 Units in issue

Group and Trust	Number of	
•	units	HK\$'000
At 1 January 2021, 31 December 2021 and 31 December 2022	8,711,101,022	68,553,839
The Figure and Table 2021 and ST December 2022	0,711,101,022	00,555,055

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

26 Investment in a subsidiary company

Trust	2022	2021
	HK\$'000	HK\$'000
Investment cost	10,000	10,000
Capital contribution	45,868,723	47,171,833
Less: accumulated impairment	(24,212,051)	(24,212,051)
	21,666,672	22,969,782

Pursuant to an investment agreement between 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 company.

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

Cross currency

27 Notes to consolidated statement of cash flows

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

	2022	2021
	HK\$'000	HK\$'000
Operating profit	4,280,938	5,378,786
Depreciation and amortisation	3,003,976	3,050,872
Net gain on disposal of fixed assets	(140)	(10,493)
Dividend income	(19,034)	(28,854)
Interest income	(172,442)	(63,677)
Operating profit before working capital changes	7,093,298	8,326,634
Decrease in inventories	6,955	12,784
Decrease/(increase) in trade and other receivables	1,628,943	(882,476)
Movement in balances with associated companies and joint ventures	(9,121)	8,417
(Decrease)/increase in trade and other payables	(695,301)	1,136,655
Decrease in pension assets	42,532	22,078
Cash generated from operations	8,067,306	8,624,092

(b) Reconciliation of liabilities arising from financing activities is as follows:

	Dividend payable to non- controlling interests HK\$'000	Bank loans repayable not exceeding 1 year HK\$'000	Bank loans repayable more than 1 year HK\$'000	Guaranteed notes HK\$'000	interest rate swap contracts and interest rate swap contracts held to hedge against foreign currency risks and fair value risks of bank loans HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
At 1 January 2022	-	3,294,669	10,107,454	15,518,184	28,077	17,959	28,966,343
Cash flows (Note)	(2,006,952)	(3,298,000)	5,273,500	(3,900,000)	-	(14,381)	(3,945,833)
Foreign exchange adjustments	2,512	_	-	-	-	_	2,512
Transfer between categories	_	5,067,659	(5,067,659)	-	-	_	_
Dividends to non- controlling interests	2,004,440	-	-	-	-	-	2,004,440
Increase in lease liabilities	-	-	-	-	-	24,765	24,765
Other non-cash movements		3,331	17,074	23,359	(340,264)	722	(295,778)
At 31 December 2022	-	5,067,659	10,330,369	11,641,543	(312,187)	29,065	26,756,449

Note: The total cash outflow for the leases in 2022 was HK\$53,577,000.

27 Notes to consolidated statement of cash flows (Continued)

(b) Reconciliation of liabilities arising from financing activities is as follows: (Continued)

	Dividend payable to non- controlling interests HK\$'000	Bank loans repayable not exceeding 1 year HK\$'000	Bank loans repayable more than 1 year HK\$'000	Guaranteed notes HK\$'000	Cross currency interest rate swap contracts and interest rate swap contracts held to hedge against foreign currency risks and fair value risks of guaranteed notes and bank loans HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
At 1 January 2021	_	3,990,570	17,563,628	7,764,545	297,524	30,077	29,646,344
Cash flows (Note)	(1,208,836)	(3,992,000)	(4,190,000)	7,735,586	-	(12,747)	(1,667,997)
Foreign exchange adjustments	3,290	_	_	_	-	_	3,290
Transfer between categories	_	3,294,669	(3,294,669)	-	-	_	-
Dividends to non- controlling interests	1,205,546	_	_	_	-	_	1,205,546
Decrease in lease liabilities	_	_	-	-	-	(360)	(360)
Other non-cash movements	_	1,430	28,495	18,053	(269,447)	989	(220,480)
At 31 December 2021	_	3,294,669	10,107,454	15,518,184	28,077	17,959	28,966,343

Note: The total cash outflow for the leases in 2021 was HK\$67,479,000.

28 Commitments

(a) The Group's capital commitments are as follows:

	2022	2021
	HK\$'000	HK\$'000
Fixed assets and projects under development		
Contracted but not provided for	62,064	45,883
Capital contribution to a joint venture		1,241,198

28 Commitments (Continued)

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

	2022	2021
	HK\$'000	HK\$'000
Contracted but not provided for	2,590,767	42,365

(c) The Group leases various offices premises and port facilities under non-cancellable leases expiring within eleven months to twelve months (2021: two months to eleven months). The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

The future minimum lease payments for leases not recognised in the financial statements are as follows:

	2022	2021
	HK\$'000	HK\$'000
Within one year	2,180	1,669

(d) At 31 December 2022, the Group has leased certain office premises and port facilities to third parties under non-cancellable operating leases. Aggregate minimum lease receivables are as follows:

	2022	2022	2021
	HK\$'000	HK\$'000	
Within one year	48,831	66,468	
Between one and two years	28,823	43,527	
Between two and three years	14,690	_	
	92,344	109,995	

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 15, 16, 20 and 21.

(i) Income from and expenses to related parties

	2022 HK\$'000	2021 HK\$'000
Income:		
Container handling fees received from joint ventures, an associated company and related companies (Note a)	12,819	11,554
Management, service and support fee received from related companies (Note b)	43,799	43,029
Transportation management services fee income from related companies (Note c)	101,329	182,376
Interest income from a joint venture and an associated company (Note d)	29,308	28,804
Expenses:		
Container handling charges paid to joint ventures and related companies (Note e)	12,109	11,956
Lease rentals on premises and port facilities paid to a joint venture, an associated company and related companies (Note e)	17,189	10,211
Trustee-Manager management fees (Note f)		
- Base fee	25,809	25,060
- Development fee	21,029	3,552
- Acquisition fee	_	72
Global support services fees to a related company (Note g)	154,856	150,362
Information technology ("IT") support and maintenance service fees paid to a joint venture and related companies (Note h)	48,676	46,712

Notes:

- (a) Container handling fees received from joint ventures, an associated company and related companies were charged at terms pursuant to the relevant agreements.
- (b) Management, service and support fee received from related companies were charged at terms mutually agreed.
- (c) Revenue from related companies for the provision of transportation management services was charged at prices and terms mutually agreed.
- (d) A loan of HK\$120,000,000 provided to a joint venture is interest bearing at HIBOR plus 2.1% per annum (2021: HIBOR plus 2.1% per annum). Another loans of RMB530,000,000, approximate to HK\$593,600,000 (2021: RMB530,000,000, approximate to HK\$646,600,000) provided to an associated company is unsecured and interest bearing at a fixed rate of 4.0% per annum. As at 31 December 2021, another loan of RMB90,000,000, approximate to HK\$109,800,000 provided to an associated company is unsecured and interest bearing at a fixed rate of 2.3% per annum.

29 Related parties transactions (Continued)

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

Notes: (Continued)

- (e) Container handling charges and lease rentals paid to joint ventures, an associated company and related companies were charged at terms pursuant to relevant agreements.
- (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 2022 is payable in cash. As the December 2022 figure for the Hong Kong Composite Consumer Price Index is yet to be published as at the date of preparation of these financial statements, the adjustment to the base fee, if required, will be accounted for in the subsequent financial year.

Development fee relates to the development project by YEPICT, a joint venture of HPH Trust, was charged in accordance with the Trust Deed which states that the development fee is payable in arrears for every six months after the commencement of the development project in respect of project costs incurred over the previous six-month period. Pursuant to the Trust Deed,

- (1) where the total project costs incurred in the development project is less than US\$500 million, the Trustee-Manager is entitled to receive a fee of 2.5% of the total project costs incurred (pro-rated to HPH Trust's 39.73% effective interest in the subject development project); and
- (2) where the total project costs incurred in the development project is US\$500 million or more, the Trustee-Manager is entitled to receive a fee of US\$12.5 million plus 1.5% of the total project costs incurred which exceeds US\$500 million (pro-rated to HPH Trust's 39.73% effective interest in the subject development project).

Total project costs incurred since commencement of the project up to 31 December 2022 were less than US\$500 million. Development fees were calculated based on the 2.5% of the project costs incurred for the years ended 31 December 2022 and 2021.

Acquisition fee relates to the acquisition of equity interest of 49.0% in SupplyLINE Logistics Limited by the subsidiary of HPH Trust in 2021. They were charged in accordance with the Trust Deed where the Sponsor (as defined in the Trust Deed) does not have direct or indirect interests of more than 50.0% in the investment acquired. It was calculated based on 1.0% of the Enterprise Value (as defined in the Trust Deed) of the subject investment.

- (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 a joint venture and related companies were charged at prices and terms mutually agreed.

29 Related parties transactions (Continued)

(ii) Joint Operating Alliance of the Kwai Tsing container terminals

Pursuant to the Hong Kong Seaport Joint Operating Alliance Agreement entered into by Hongkong International Terminals Limited, COSCO-HIT Terminals (Hong Kong) Limited, Asia Container Terminals Limited and Modern Terminals Limited, with effect from 1 April 2019, the parties collaborate with each other for the efficient management and operation of the 23 berths across Terminals 1, 2, 4, 5, 6, 7, 8 and 9 (together the "Combined Terminal Facilities") in Kwai Tsing. The revenue and costs from the management and operation of the facilities of the Combined Terminal Facilities are shared among the parties at a pre-agreed ratio.

(iii) Key management compensation

Key management of the Group includes managing directors and key management of the deep-water container ports of the Group. The compensation paid or payable to key management for employee services is shown below:

	2022	2021
	HK\$'000	HK\$'000
Salaries and employee benefits	25,273	29,094

30 Financial risk and capital management

(a) Cash management and funding

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 financial statements. 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.

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 capital requirements which include a leverage ratio.

At 31 December 2022, total equity amounted to HK\$46,276,746,000 (2021: HK\$47,399,123,000), and consolidated net debt, which represents cash less bank and other debts, of the Group was HK\$16,744,832,000 (2021: HK\$17,989,993,000).

30 Financial risk and capital management (Continued)

(c) Credit exposure

The Group's holdings of cash and cash equivalents, cross currency interest rate swaps contracts and interest rate swaps contracts with financial institutions 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.

The ECL on trade receivables is calculated using a provision matrix where a provision rate applies based on its historical observed default rates, as adjusted by forward-looking information. On that basis, no material additional ECL was recognised as at 31 December 2022 and 2021.

(d) Interest rate exposure

The Group's main interest risk exposures relate to cash and cash equivalents, loans from non-controlling interests, bank and other debts. 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 increase the Group's profit and unitholders' equity by HK\$1,244,000 (2021: HK\$6,776,000).

The Group has entered into cross currency interest rate swap contracts and interest rate swap contracts to achieve an appropriate mix of fixed and floating rate exposure consistent with the Group's policy.

The effects of the interest rate swap contracts and cross currency interest rate swap contracts on the Group's financial position and performance are as follows:

	2022	2021
	HK\$'000	HK\$'000
Carrying amount (assets/(liabilities))	312,187	(30,087)
Notional amount (Note)	7,800,000	7,800,000
Maturity date	March 2023 to March 2025	March 2023 to March 2025
Hedge ratio	1:1	1:1
Change in fair value of outstanding hedging instruments since 1 January	135,819	5,348
Change in value of hedged item used to determine hedge effectiveness	(135,819)	(5,348)
Pay average interest rate	2.15%	2.15%
Receive average interest rate	2.46%	0.84%

Note:

The contractual notional amount of interest rate swaps held for hedging which is based on LIBOR is HK\$7,800,000,000 (2021: HK\$7,800,000,000).

30 Financial risk and capital management (Continued)

(e) Foreign currency exposure

The Group has entered into cross currency interest rate swap contracts to hedge its foreign currency exposure in respect of bank borrowings denominated in United States dollars with principal amount equivalent to HK\$3,900 million (2021: HK\$7,800 million) to HK dollar borrowings.

The effects of the cross currency interest rate swap contracts on the Group's financial position and performance are as follows:

	2022	2021
	HK\$'000	HK\$'000
Carrying amount (liabilities)	(12,847)	(113,644)
Notional amount	3,900,000	7,800,000
Maturity date	March 2023	September 2022 to March 2023
Hedge ratio	1:1	1:1
Change in fair value of outstanding hedging instruments since 1 January	842	5,494
Change in value of hedged item used to determine hedge effectiveness	(842)	(5,494)
Average exchange rate	HK\$7.84/US\$1	HK\$7.83/US\$1

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 flows and debt market and, when appropriate, would expect to refinance these businesses with local currency borrowings.

Currency risk as defined by HKFRS 7 arises on financial instruments denominated in a currency that is not the functional currency and being of a monetary nature except for the currency risk between United States dollar and Hong Kong dollar given the two currencies are under the linked exchange rate system. Differences resulting from the translation of financial statements 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		
	2022	2021 HK\$'000		
	HK\$'000			
Renminbi	36,340	64,134		
Singapore dollar	(184)	(212)		
Others	17	5		
	36,173	63,927		

30 Financial risk and capital management (Continued)

(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 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		Cont	ractual matur	ities	
	Carrying amounts	Total undiscounted cash flows	Within 1 year	Within 2 to 5 years	After 5 years
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
2022					
Trade and other payables	6,014,844	5,978,785	5,978,785	_	_
Bank and other debts	27,039,571	27,140,000	5,070,000	22,070,000	_
Other non-current liabilities	16,674	16,163	-	16,163	_
	33,071,089	33,134,948	11,048,785	22,086,163	_
2021					
Trade and other payables	6,713,045	6,724,228	6,724,228	-	-
Bank and other debts	28,920,307	29,038,000	7,198,000	21,840,000	-
Other non-current liabilities	121,513	144,346	91,394	52,952	
	35,754,865	35,906,574	14,013,622	21,892,952	_

The table for the Group above excludes interest accruing and payable on certain of these liabilities which is estimated to be HK\$696,067,000 (2021: HK\$538,741,000) in "within 1 year" maturity band, HK\$1,494,649,000 (2021: HK\$819,601,000) 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.

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		
2022						
Trade and other payables	41,153	41,153	41,153	_		
2021 Trade and other payables	23,353	23,353	23,353	_		

30 Financial risk and capital management (Continued)

(g) Financial instruments by category

The following table shows the classification category and carrying amount as at 31 December 2022 and 31 December 2021 under HKFRS 9 for the Group's financial assets and financial liabilities:

			2022	2021
	Note	Classification	HK\$'000	HK\$'000
Financial assets				
Listed equity security	17	FVOCI	29,701	39,151
River Ports Economic Benefits	17	FVOCI	280,109	283,000
Interest rate swaps	17	Fair value-hedges	325,034	85,567
Cross currency interest rate swaps	20	Fair value-hedges	-	2,010
Cash and cash equivalents	19	Amortised cost	10,395,168	11,048,007
Trade and other receivables	20	Amortised cost	3,065,567	3,860,157
			14,095,579	15,317,892
Financial liabilities				
Bank and other debts	22	Amortised cost	27,039,571	28,920,307
Trade and other payables	21	Amortised cost	5,989,606	6,700,945
Lease liabilities	21,24	Amortised cost	29,065	17,959
Cross currency interest rate swaps	24	Fair value-hedges	12,847	115,654
			33,071,089	35,754,865
Representing : Financial assets measured at				
FVOCI			309,810	322,151
Amortised cost			13,460,735	14,908,164
Fair value-hedges			325,034	87,577
Financial liabilities measured at				
Amortised cost			33,058,242	35,639,211
Fair value-hedges			12,847	115,654

30 Financial risk and capital management (Continued)

(h) Fair value estimation

The table below analyses recurring fair value measurements for financial assets/(liabilities). These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs).

	Note	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 31 December 2022					
Listed equity security	17	29,701	_	_	29,701
River Ports Economic Benefits	17	-	_	280,109	280,109
Cash flow hedges					
Interest rate swaps	17	-	325,034	_	325,034
Cross currency interest rate swaps	24	_	(12,847)	_	(12,847)
	-	29,701	312,187	280,109	621,997
At 31 December 2021					
Listed equity security	17	39,151	_	_	39,151
River Ports Economic Benefits Cash flow hedges	17	-	-	283,000	283,000
Interest rate swaps	17	_	85,567	_	85,567
Cross currency interest rate swaps	20	_	2,010	_	2,010
Cross currency interest rate swaps	24	_	(115,654)	-	(115,654)
,	-	39,151	(28,077)	283,000	294,074

The fair value of the cross currency interest rate swaps and interest rate swaps included in level 2 category above are estimated using the present value of the estimated future cash flows based on observable yield curves. The fair value of financial instruments that are not traded in active market (level 3) is determined by discounted cash flow analysis with reference to inputs such as dividend stream.

Changing unobservable inputs used in Level 3 valuation to reasonable alternative assumptions would not have significant impact on the Group's profit or loss.

During the years ended 31 December 2022 and 2021, there were no transfers between the Level 1, Level 2 and Level 3 fair value measurements.

At 31 December 2022, the fair value of bank and other debts (Note 22) was HK\$26,084.8 million (31 December 2021: HK\$29,059.4 million). The carrying amounts of the remaining financial assets and financial liabilities approximate their fair values.

31 List of subsidiary companies of the Group

(a) Details of principal subsidiary companies of the Group at 31 December 2022 and 2021 are as follows:

Name	Place of incorporation/ establishment	Principal activities	Particulars of issued share capital/registered capital		ctive st held 2021
HPHT Limited ⁽¹⁾	Hong Kong	Investment holding	HK\$10,000,000	100%	100%
Giantfield Resources Limited ⁽²⁾	British Virgin Islands	Investment holding	2 ordinary shares of US\$1 each	100%	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%	100%
Pearl Spirit Limited ⁽²⁾	British Virgin Islands	Investment holding	1 ordinary share of US\$1	100%	100%
Hongkong International Terminals Limited ⁽¹⁾	Hong Kong	Development and operation of container terminals	HK\$20	100%	100%
Yantian International Container Terminals Limited ⁽¹⁾	China	Development and operation of container terminals	HK\$2,400,000,000	56.41%	56.41%
Yantian International Container Terminals (Phase III) Limited ⁽¹⁾	China	Development and operation of container terminals	HK\$6,056,960,000	51.64%	51.64%
Shenzhen Pingyan Multimodal Company Limited ⁽¹⁾	China	Provision of various transportation services	RMB150,000,000	51.64%	51.64%
Shenzhen Yantian West Port Terminals Limited ⁽¹⁾	China	Development and operation of container terminals	RMB2,343,300,000	51.64%	51.64%
Hutchison Ports Yantian Limited ⁽¹⁾	Hong Kong	Investment holding	HK\$10,000,000	79.45%	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%	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%	79.45%

31 List of subsidiary companies of the Group (Continued)

(a) Details of principal subsidiary companies of the Group at 31 December 2022 and 2021 are as follows: (Continued)

	Place of incorporation/		Particulars of issued share capital/registered	Effec interes	
Name	establishment	Principal activities	capital	2022	2021
Hutchison Ports Yantian Investments Limited ⁽²⁾	British Virgin Islands	Investment holding	200 ordinary shares of US\$1 each	100%	100%
Birrong Limited ⁽²⁾	British Virgin Islands	Investment holding	10,000 ordinary shares of US\$1 each	100%	100%
Hutchison Shenzhen East Investments Limited ⁽²⁾	British Virgin Islands	Investment holding	1 ordinary share of US\$1	100%	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.

(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 is the summarised financial information for these subsidiary companies:

Summarised statement of financial position

	2022	2021
	HK\$'000	HK\$'000
Non-current assets	58,547,303	60,681,858
Current assets	8,550,764	8,988,284
Total assets	67,098,067	69,670,142
Non-current liabilities	6,222,865	6,467,223
Current liabilities	3,613,665	4,366,386
Total liabilities	9,836,530	10,833,609

31 List of subsidiary companies of the Group (Continued)

(b) Material non-controlling interests (Continued)

Summarised income statement

	2022 HK\$'000	2021 HK\$'000
	1114 000	11114 000
Revenue and other income	8,679,362	9,249,513
Net profit for the year	3,162,437	3,938,984
Summarised statement of cash flows		
	2022	2021
	HK\$'000	HK\$'000
Net change in cash and cash equivalents	(153,336)	3,008,205
Dividends paid to non-controlling interests	2,006,952	1,208,836

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

32 Approval of the financial statements

The financial statements set out on pages 138 to 194 were approved by the Board of Directors of the Trustee-Manager for issue on 7 February 2023.

STATISTICS OF UNITHOLDINGS

As at 8 March 2023

DISTRIBUTION OF UNITHOLDINGS

SIZE OF UNITHOLDINGS	NO. OF UNITHOLDERS	%	NO. OF UNITS	%
1 - 99	14	0.04	389	0.00
100 - 1,000	2,922	9.18	2,785,840	0.03
1,001 - 10,000	16,449	51.68	82,770,682	0.95
10,001 - 1,000,000	12,304	38.65	823,834,884	9.46
1,000,001 AND ABOVE	142	0.45	7,801,709,227	89.56
TOTAL	31,831	100.00	8,711,101,022	100.00

SUBSTANTIAL UNITHOLDERS

Based on Register of Substantial Unitholders as at 8 March 2023

		Direct inte	rest	Deemed int	erest
Unit	holders	No. of Units	%	No. of Units	%
1.	CK Hutchison Holdings Limited (1)	-	_	2,619,246,222	30.07
2.	Hutchison Port Group Holdings Limited	2,406,227,022	27.62	-	-
3.	CK Hutchison Global Investments Limited (2)	-	-	2,406,227,022	27.62
4.	PortCapital Limited	905,364,000	10.39	-	_
5.	PSA International Pte Ltd (3)	315,764,400	3.62	905,364,000	10.39
6.	Temasek Holdings (Private) Limited (4)	-	-	1,313,144,754	15.07

Notes:

- (1) CK Hutchison Holdings Limited ("CKHH"), through its wholly-owned subsidiary, CK Hutchison Global Investments Limited ("CKHGI"), is deemed to have the interest held by Hutchison Port Group Holdings Limited ("HPGH") in HPH Trust. CKHH, through its wholly-owned subsidiary, Cheung Kong (Holdings) Limited ("Cheung Kong"), has a deemed interest in 2.45% of the units in HPH Trust held by Cheung Kong's subsidiaries.
- (2) CKHGI, being the immediate holding company of HPGH, is deemed to have the same interest in HPH Trust as HPGH.
- (3) 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.
- (4) 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 Temasek's various other subsidiaries and associated companies.

STATISTICS OF UNITHOLDINGS

As at 8 March 2023

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	1,546,865,810	17.76
3	PORTCAPITAL LIMITED	905,364,000	10.39
4	DBS NOMINEES (PRIVATE) LIMITED	749,201,810	8.60
5	RAFFLES NOMINEES (PTE.) LIMITED	577,367,967	6.63
6	PSA INTERNATIONAL PTE LTD	330,814,600	3.80
7	HSBC (SINGAPORE) NOMINEES PTE LTD	239,162,467	2.75
8	DBSN SERVICES PTE. LTD.	215,283,485	2.47
9	BNP PARIBAS NOMINEES SINGAPORE PTE. LTD.	131,656,849	1.51
10	OCBC SECURITIES PRIVATE LIMITED	78,139,301	0.90
11	DB NOMINEES (SINGAPORE) PTE LTD	47,727,203	0.55
12	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	46,836,380	0.54
13	PHILLIP SECURITIES PTE LTD	43,014,272	0.49
14	UOB KAY HIAN PRIVATE LIMITED	39,505,871	0.45
15	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	36,689,300	0.42
16	BPSS NOMINEES SINGAPORE (PTE.) LTD.	26,574,367	0.31
17	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	16,475,140	0.19
18	ESTATE OF NG AH PEE @ NG TENG FONG, DECEASED	15,185,000	0.17
19	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	13,399,148	0.15
20	NOMURA SINGAPORE LIMITED	13,048,262	0.15
	TOTAL	7,478,538,254	85.85

FREE FLOAT

Based on the information made available to the Trustee-Manager, as at 8 March 2023, approximately 54.83% 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	Highe	st Price	Lowe	st Price
	(′000)	(US\$)	(S\$)	(US\$)	(S\$)
Unit performance in 2022	1,967,593	0.265	0.355	0.156	0.225

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 Suntec Singapore International Convention & Exhibition Centre, Nicoll 2 and 3 Meeting Rooms, Level 3, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Tuesday, 25 April 2023 at 11:00 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 financial statements of HPH Trust for the year ended 31 December 2022 together with the Independent Auditor's Report thereon. (Ordinary 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. (Ordinary 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, the first supplemental deed dated 28 April 2014 and the second supplemental deed dated 8 June 2020 (collectively, "**Trust Deed**"), Section 36 of the Business Trusts Act 2004 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);

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)

- (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 which are issued and outstanding or subsisting at the time of the passing of this Resolution; and
 - (b) any subsequent bonus issue, consolidation or subdivision of Units;
- (3) in exercising the authority conferred by this Resolution, the Trustee-Manager shall comply with the provisions of the Listing Manual of 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.

(Ordinary Resolution 3)

By Order of the Board Hutchison Port Holdings Management Pte. Limited (Incorporated in the Republic of Singapore with limited liability) (as Trustee-Manager of Hutchison Port Holdings Trust) (Company Registration No.: 201100749W)

WONG YOEN HAR

Company Secretary Singapore, 3 April 2023

Explanatory Note:

Ordinary 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 which are issued and outstanding or subsisting at the time the Ordinary Resolution 3 is passed, and 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)

Notes:

Printed copies of the Annual Report, Notice of Annual General Meeting, Proxy Form and Request Form will not be sent to Unitholders.

Unitholders who wish to receive a printed copy of the Annual Report will have to download the Request Form from the HPH Trust's website at https://www.hphtrust.com/agm.html.

Unitholders are able to participate at the Meeting in person in the following manners set out in the paragraphs below:

Submission of Instrument Appointing a Proxy to Vote

- 1. A Unitholder (who is not a relevant intermediary) entitled to attend and vote at the Annual General Meeting of HPH Trust ("**Meeting**"), is entitled to appoint one or two proxies to attend and vote at the Meeting.
- 2. A Unitholder (who is a relevant intermediary) entitled to attend and vote at the Meeting may appoint more than two proxies to exercise all or any of its rights to attend and vote at the Meeting, provided that each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder.
- 3. The accompany proxy form for the meeting may be accessed at HPH Trust's website at https://www.hphtrust.com/agm.html or on the SGX website at https://www.sgx.com/securities/company-announcements and is also made available with this Notice of Meeting.
- 4. Investors who hold their Units through relevant intermediaries (other than SRS investors) and who wish to exercise their votes by appointing a proxy should approach their respective relevant intermediaries as soon as possible in order for the necessary arrangements to be made for their votes to be submitted.
 - SRS investors who wish to appoint proxy should approach their respective SRS Approved Banks to submit their voting instructions by 5:00 p.m. on 13 April 2023 in order to allow sufficient time for their SRS Approved Banks to in turn submit a proxy form to appoint the proxy to vote on their behalf by 11:00 a.m. on 23 April 2023. For the avoidance of doubt, for persons who hold Units through relevant intermediaries (including SRS investors), the proxy form is not valid for use and shall be ineffective for all intents and purposes.
- 5. Where a Unitholder (who is not a relevant intermediary) appoints two proxies, the appointments shall be invalid unless he/she/it specifies the proportion of his/her/its unitholding (expressed as a percentage of the whole) to be represented by each proxy. A proxy need not be a Unitholder.
- 6. The instrument appointing a proxy or proxies must be submitted to Hutchison Port Holdings Management Pte. Limited, the Trustee-Manager of HPH Trust, in the following manner:
 - (a) if submitted by post, be lodged with the registered office of the Trustee-Manager at 1 Harbourfront Avenue, #14-07, Keppel Bay Tower, Singapore 098632; or
 - (b) if submitted electronically, be submitted by email to HPHTAGM2023@boardroomlimited.com

in either case, **by 11:00 a.m. on 23 April 2023** (being at least 48 hours before the time for holding the Meeting).

A unitholder who wishes to submit an instrument of proxy must complete and sign the proxy form, before submitting it by post to the address provided above, or by scanning and sending the scanned PDF copy of the signed proxy form by email to the email address provided above.

7. A depositor shall not be regarded as a Unitholder entitled to attend and vote at the Meeting unless his/her name appears on the Depository Register not less than forty-eight (48) hours before the time of the Meeting.

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)

- 8. The instrument appointing a proxy or proxies, if submitted by post, must be under the hand of the appointor or 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 common 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.
- 9. Where the instrument appointing a proxy or proxies is submitted by email, it must be authorised in the following manner, failing which the instrument may be treated as invalid:
 - (a) by way of affixation of an electronic signature by the appointor or his/her duly authorised signatory or, as the case may be, an officer or duly authorised attorney of a corporation; or
 - (b) by way of the appointor or his/her duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation signing the instrument under hand and submitting a scanned PDF copy of the signed instrument by email.
- 10. The Trustee-Manager shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, 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.

"relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore and apply with such modifications and qualifications as may be necessary to the Units.

Submission of questions prior to the Meeting

- 11. Unitholders may submit questions related to the resolutions to be tabled for approval at the Meeting and questions which are substantial and relevant will be addressed prior to or during the Meeting. All questions must be submitted via any of the following channels:
 - a. by email to agm_enquiry@hphtrust.com; or
 - b. by post to Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07, Keppel Bay Tower, Singapore 098632.

Unitholders are reminded to provide their full names, CDP securities account number (if any), email address and contact number when submitting their questions. Unitholders shall submit their questions related to the resolutions to be tabled at the Meeting by 11:00 a.m. on 11 April 2023.

- 12. HPH Trust will publish the responses to substantial and relevant questions received on or before 11:00 a.m. on 11 April 2023 via SGXNet and HPH Trust's website at https://www.hphtrust.com/agm.html on 21 April 2023. Substantial and relevant questions, or any subsequent clarifications sought or follow-up questions received after 11:00 a.m. on 11 April 2023 may be addressed at the Meeting.
- 13. Only substantial and relevant questions relating to the resolutions to be tabled for approval at the Meeting received prior to the Meeting (as may be determined by HPH Trust in its sole discretion) will be addressed. Where substantially similar questions are received, the Trustee-Manager will consolidate such questions and consequently, not all questions may be individually addressed.

Access to all documents relating to the business of the Meeting

14. All documents and information relating to the business of the Meeting (including the Annual Report, this Notice of Meeting and the instrument appointing a proxy) have been published on SGXNet and HPH Trust's website at https://www.hphtrust.com/agm.html.

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)

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by HPH Trust (or its agents) for the purpose of the processing and administration by HPH Trust, the Trustee-Manager (or its agents) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for HPH Trust (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to HPH Trust (or its agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by HPH Trust, the Trustee-Manager (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify HPH Trust in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

Important Notice from the Trustee-Manager pertaining to the COVID-19 situation

In view of the current COVID-19 situation, Unitholders should note that the manner of conduct of the Meeting may be subject to further changes at short notice. The Trustee-Manager may take any precautionary measures which may be required or recommended by the government agencies to minimise the risk of spread of COVID-19 for conducts of meetings. Unitholders are advised to check SGXNet and HPH Trust's website regularly for updates.



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)

PR			

(Please see notes overleaf before completing this Form)	
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I/We,			
holder of NRIC / Passport Numb	per or Company Registration Number or UE	N Number	
of			
being a unitholder/unitholders	of Hutchison Port Holdings Trust (" HPH Tru	st "), hereby appoint	
Name	NRIC/Passport No.	Proportion of Unitholdin	
		No. of Units	%
Address			
and/or (delete as appropriate)			
Name	NRIC/Passport No.	Proportion of Unithold	
		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 Suntec Singapore International Convention & Exhibition Centre, Nicoll 2 and 3 Meeting Rooms, Level 3, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Tuesday, 25 April 2023 at 11:00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against or abstain from voting on 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**	No. of Votes Abstain**
1	Adoption of the Report of the Trustee-Manager, Statement by the Trustee-Manager and the audited financial statements of HPH Trust for the year ended 31 December 2022 together with the Auditor's Report thereon*			
2	Re-appointment of PricewaterhouseCoopers LLP as the Auditor of HPH Trust*			
3	Grant of a general mandate to Directors to issue additional new units in HPH Trust*			

- * Please refer to the Notice of Annual General Meeting of HPH Trust dated 3 April 2023 for the full text of the resolution.
- ** If you wish to exercise all your votes "For" or "Against" or "Abstain", please tick (v) within the box provided. Alternatively, please indicate the number of votes as appropriate. If you mark the "Abstain" box for a particular resolution, you are directing your proxy/proxies not to vote on that resolution.

Dated this	day of	2023
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Total number of Units in:	No. of Units
(a) CDP Register	
(b) Register of Unitholders	



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 (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of Units. If you have Units registered in your name in the Register of Unitholders of HPH Trust, you should insert that number of Units. If you have Units entered against your name in the said Depository Register and Units registered in your name in the Register of Unitholders, you should insert the aggregate number of Units entered against your name in the Depository Register and registered in your name in the Register of Unitholders. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Units held by you.
- 2. The Meeting is being convened and will be held physically. Please refer to the Notice of the Meeting dated 3 April 2023 for details on submission of questions in advance of the Meeting, addressing of substantial and relevant questions prior to and/or at the Meeting. The Notice of the Meeting can be accessed at HPH Trust's website at https://www.hphtrust.com/agm.html, and on the SGX website at https://www.sgx.com/securities/company-announcements.
- 3. A unitholder of HPH Trust (who is not a relevant intermediary as defined in Section 181 of the Companies Act 1967 of Singapore) 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.
- 4. Where a unitholder of HPH Trust (who is not a relevant intermediary as defined in Section 181 of the Companies Act 1967 of Singapore) 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.
- 5. 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.
- 6. The instrument appointing a proxy or proxies must be submitted either by post and deposited at the registered office of the Trustee-Manager at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632 or by email to HPHTAGM2023@boardroomlimited.com not less than forty-eight (48) hours before the time appointed for holding the Meeting.
- 7. Investors who hold their Units through relevant intermediaries as defined in Section 181 of the Companies Act 1967 of Singapore (other than SRS investors) and who wish to exercise their votes by appointing proxy should approach their respective relevant intermediaries as soon as possible in order for the necessary arrangements to be made for their votes to be submitted. SRS investors who wish to appoint proxy should approach their respective SRS Approved Banks to submit their voting instructions by 5:00 p.m. on 13 April 2023 in order to allow sufficient time for their respective SRS Approved Banks to in turn submit a proxy form to appoint the proxy to vote on their behalf by 11:00 a.m. on 23 April 2023. For the avoidance of doubt, for persons who hold Units through relevant intermediaries (including SRS investors), the proxy form is not valid for use and shall be ineffective for all intents and purposes.
- 8. A Unitholder who wishes to submit an instrument of proxy must **complete and sign the proxy form**, before submitting it by post to the address provided above, or before scanning and sending the scanned PDF copy of the signed proxy form by email to the email address provided above.
- 9. The instrument appointing a proxy or proxies, if submitted by post, 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.
- 10. Where the instrument appointing a proxy or proxies is submitted by email, it must be authorised in the following manner, failing which the instrument may be treated as invalid:
 - (a) by way of affixation of an electronic signature by the appointor or his/her duly authorised signatory or, as the case may be, an officer or duly authorised attorney of a corporation; or
 - (b) by way of the appointor or his/her duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation signing the instrument under hand and submitting a scanned PDF copy of the signed instrument by email.
- 11. 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 1967 of Singapore. The resolution should be sent to the Trustee-Manager by post or by email.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the unitholder accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 3 April 2023.

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 forty-eight (48) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Trustee-Manager.

A	
AC or Audit Committee	Audit Committee of the Trustee-Manager
ACRA Code	Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities
ACT	Asia Container Terminals
AFAB	Anti-fraud and anti-bribery
AFLAS	Asian Freight, Logistics and Supply Chain
AGM	Annual General Meeting
Al	Artificial Intelligence
APS	Asia Port Services Limited
В	
Board	Board of Directors
BTA	Business Trusts Act 2004 of Singapore
BTR	Business Trusts Regulations
С	
Capital Contribution	Pursuant to an investment agreement entered between HPH Trust and a whollyowned subsidiary, HPHT Limited, dated 4 August 2011, HPH Trust made capital contributions of HK\$67,280,000,000 to HPHT Limited
Cenovus Energy	Cenovus Energy Inc.
CEO	Chief Executive Officer of the Trustee-Manager
CFO	Chief Financial Officer of the Trustee-Manager
CGI	The Chartered Governance Institute
CGU	Cash-generating units
СКНН	CK Hutchison Holdings Limited
CKI	CK Infrastructure Holdings Limited
Code	The Code of Corporate Governance 2018
COP 27	27th Conference of the Parties to the United Nations Framework Convention on Climate Change
COSCO-HIT	COSCO-HIT Terminals
COSCO SHIPPING Ports	COSCO SHIPPING Ports Limited
COSO	Committee of Sponsoring Organizations of the Treadway Commission
CPD	Continuous professional development
D	
DCR	Damage container reports
DPU	Distribution per unit

E	
eBCN	Electronic Booking Confirmation Notice
ECL	Expected credit loss
ERM	Enterprise Risk Management
eRO	Electronic Release Order
ESG	Environmental, Social and Governance
F	
FSB	Financial Stability Board
FVOCI	Fair value through other comprehensive income
G	
GBA	Greater Bay Area (comprises the two Special Administrative Regions of Hong Kong and Macau, and the nine municipalities of Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen and Zhaoqing in Guangdong Province)
Group	HPH Trust group of companies / HPH Trust and its subsidiaries
GHG	Greenhouse gas
GRI	Global Reporting Initiative
Н	
HIBOR	Hong Kong Interbank Offered Rate
HICT	Huizhou International Container Terminals
HIT	Hongkong International Terminals
HKAS	Hong Kong Accounting Standards
HKCGI	The Hong Kong Chartered Governance Institute
HKEx	The Stock Exchange of Hong Kong Limited
HKFRS	Hong Kong Financial Reporting Standards
HKICPA	The Hong Kong Institute of Certified Public Accountants
HKSAR	Hong Kong Special Administrative Region
HKSPA	Hong Kong Seaport Alliance
НРН	Hutchison Port Holdings Limited
HPH Trust	Hutchison Port Holdings Trust
hRTGC(s)	Hybrid Rubber-Tyred Gantry Crane(s)
Hutchison Logistics	HPH E.Commerce Limited
HUTCHMED	HUTCHMED (China) Limited

ICAC Independent Commission Against Corruption of HKSAR IEC International Electrotechnical Commission IFRS International Financial Reporting Standards ISAs International Standards on Auditing ISO International Organization for Standardization IT Information technology J
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ISAs International Standards on Auditing ISO International Organization for Standardization IT Information technology
ISO International Organization for Standardization IT Information technology
IT Information technology
7
J
Jiangmen Terminal Jiangmen International Container Terminals
K
Kwai Tsing Terminals HIT, COSCO-HIT and ACT
L Company of the Comp
LNG Liquefied natural gas
LPG Liquefied petroleum gas
M
Management The management of HPH Trust
MPFSA Mandatory Provident Fund Schemes Authority
N .
Nanhai Terminal Nanhai International Container Terminals
NC Nominating Committee of the Trustee-Manager
NPAT Net profit after tax
0
OHSMS Occupational Health and Safety Management System
ORSO Occupational Retirement Schemes Ordinance
P
PV Solar Photovoltaic
PwC PricewaterhouseCoopers LLP
Q
QC-VMT Quay Crane Vehicle Mounted Terminal
QCO Quay Crane Operators
QC(s) Quay crane(s)

R				
RAT	Rapid Antigen Test			
RC	Remuneration Committee of the Trustee-Manager			
River Ports	Jiangmen Terminal and Nanhai Terminal			
RMGC(s)	Rail-mounted gantry crane(s)			
ROFR Agreement	Right of first refusal agreement			
RTGC(s)	Rubber-tyred gantry crane(s)			
S				
SC	Sustainability Committee of the Trustee-Manager			
SDGs	Sustainable Development Goals			
SGX	Singapore Exchange			
SGX-ST	Singapore Exchange Securities Trading Limited			
SGX-ST Listing Manual	The Listing Manual of Singapore Exchange Securities Trading Limited			
SHICD	Shenzhen Hutchison Inland Container Depots Co., Limited			
SZCBEA	Shenzhen Cross-Border E-Commerce Association			
Т				
TCFD	Task Force on Climate-related Financial Disclosures			
TEU(s)	Twenty-foot equivalent unit(s)			
TOM	TOM Group Limited			
Trust	Hutchison Port Holdings Trust			
Trust Deed	The deed of trust dated 25 February 2011 and as amended and supplemented by the first supplemental deed dated 28 April 2014 and the second supplemental deed dated 8 June 2020			
Trustee-Manager	Hutchison Port Holdings Management Pte. Limited			
Υ				
Yantian	Yantian district in Shenzhen			
YANTIAN	Yantian International Container Terminals			



HUTCHISON PORT HOLDINGS TRUST

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