



Hutchison Port Holdings Trust is a business trust constituted on 25 February 2011 under the laws of the Republic of Singapore and managed by Hutchison Port Holdings Management Pte. Limited.

HUTCHISON PORT HOLDINGS TRUST (“HPH Trust”) UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2019

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Footnote:

(a) The listing manual issued by the Singapore Exchange Securities Trading Limited (“Listing Manual”).

1(a)(i) Consolidated income statement for the first quarter ended 31 March 2019

	Group		
	01/01/2019 to 31/03/2019	01/01/2018 to 31/03/2018	Favorable/ (Unfavorable)
	HK\$'M	HK\$'M	%
Revenue and other income	2,675.2	2,667.3	0.3
Cost of services rendered	(948.2)	(992.2)	4.4
Staff costs	(75.5)	(77.1)	2.1
Depreciation and amortisation	(768.5)	(776.3)	1.0
Other operating income ^(a)	9.5	66.9	(85.8)
Other operating expenses	(123.3)	(125.7)	1.9
Total operating expenses	(1,906.0)	(1,904.4)	(0.1)
Operating profit	769.2	762.9	0.8
Interest and other finance costs	(274.4)	(229.0)	(19.8)
Share of profits less losses after tax of associated companies	(20.9)	(33.9)	38.3
Share of profits less losses after tax of joint ventures	10.8	8.5	27.1
Profit before tax	484.7	508.5	(4.7)
Tax ^(b)	(107.1)	(87.2)	(22.8)
Profit for the quarter	377.6	421.3	(10.4)
Allocated as:			
Profit attributable to non-controlling interests	(280.7)	(275.9)	1.7
Profit attributable to unitholders of HPH Trust	96.9	145.4	(33.4)
Earnings per unit attributable to unitholders of HPH Trust	HK cents 1.11	HK cents 1.67	(33.4)

Footnotes:

- (a) Other operating income was HK\$9.5 million for the first quarter ended 31 March 2019 compared to HK\$66.9 million for the first quarter ended 31 March 2018. The decrease was mainly due to the deferral of 2017 dividend income from River Ports Economic Benefits to the first quarter of 2018 and less than last year exchange gain arising on revaluation of YICT's net Renminbi ("RMB") denominated monetary assets.
- (b) Tax was HK\$107.1 million for the first quarter ended 31 March 2019 compared to HK\$87.2 million for the first quarter ended 31 March 2018. The increase was mainly due to the increase of tax rates upon the expiries of "High and New Technology Enterprise" status of YICT Phase I & II and the tax exemption period for YICT's West Port Phase II berth #4 at the year end of 2018.

1(a)(ii) Consolidated statement of comprehensive income for the first quarter ended 31 March 2019

Group		
01/01/2019 to 31/03/2019	01/01/2018 to 31/03/2018	Favorable/ (Unfavorable)
HK\$'M	HK\$'M	%
Profit for the quarter	377.6	421.3 (10.4)
Other comprehensive income^(a):		
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 (Losses)/gains recognised directly in reserves	(54.2)	0.4 N/A
Costs of hedging		
Changes in fair value of currency basis spread	2.5	6.6 (62.1)
Share of other comprehensive income of associated companies	12.8	25.5 (49.8)
Share of other comprehensive income of joint ventures Investments	0.9	2.4 (62.5)
Valuation gains/(losses) taken to reserves	4.7	(0.7) 771.4
Currency translation differences	121.0	180.5 (33.0)
Total other comprehensive income for the quarter	87.7	214.7 (59.2)
Total comprehensive income for the quarter	465.3	636.0 (26.8)
Allocated as:		
Attributable to non-controlling interests	(341.3)	(363.3) (6.1)
Attributable to unitholders of HPH Trust	124.0	272.7 (54.5)

Footnote:

(a) Items shown within other comprehensive income have no tax effect.

1(b)(i) Statement of financial position as at 31 March 2019

	Group	
	31/03/2019	31/12/2018
	HK\$'M	HK\$'M
ASSETS		
Non-current assets		
Fixed assets	24,395.7	24,629.6
Projects under development	947.2	996.4
Leasehold land and land use rights	38,085.0	38,373.3
Railway usage rights	11.8	11.6
Customer relationships	5,752.4	5,836.0
Goodwill	11,270.0	11,270.0
Associated companies	949.5	945.3
Joint ventures	2,675.4	2,683.8
Other non-current assets	579.4	560.9
Deferred tax assets	18.8	18.5
Total non-current assets	84,685.2	85,325.4
Current assets		
Cash and bank balances ^(a)	7,044.4	6,566.4
Trade and other receivables	2,769.7	3,060.9
Inventories	113.0	103.1
Total current assets	9,927.1	9,730.4
Current liabilities		
Trade and other payables	6,063.1	5,928.2
Bank and other debts	6,094.9	2,517.5
Current tax liabilities	188.2	358.2
Total current liabilities	12,346.2	8,803.9
Net current (liabilities)/assets^(b)	(2,419.1)	926.5
Total assets less current liabilities	82,266.1	86,251.9
Non-current liabilities		
Bank and other debts	25,428.0	28,974.2
Pension obligations	60.0	56.6
Deferred tax liabilities	10,222.4	10,290.9
Other non-current liabilities	253.5	262.1
Total non-current liabilities	35,963.9	39,583.8
Net assets	46,302.2	46,668.1
EQUITY		
Units in issue	68,553.8	68,553.8
Reserves	(42,400.8)	(41,786.1)
Net assets attributable to unitholders of HPH Trust	26,153.0	26,767.7
Non-controlling interests	20,149.2	19,900.4
Total equity	46,302.2	46,668.1

Footnotes:

- (a) Cash and bank balances were HK\$7,044.4 million as at 31 March 2019 which consisted of HK\$7,002.4 million cash and cash equivalents and HK\$42.0 million restricted deposit.
- (b) Net current liabilities were HK\$2,419.1 million as at 31 March 2019 which mainly comprises of US\$0.5 billion (equivalent to approximately HK\$3.9 billion) 5-year guaranteed notes, expiring in March 2020 and US\$0.15 billion (equivalent to approximately HK\$1.2 billion) 4-year term loan facility and YICT's bank loan of HK\$0.9 billion, both expiring in April 2019.

1(b)(i) Statement of financial position as at 31 March 2019 (Continued)

	Trust	
	31/03/2019	31/12/2018
	HK\$'M	HK\$'M
ASSETS		
Non-current asset		
Investment in a subsidiary company	25,631.6	26,390.3
Total non-current asset	25,631.6	26,390.3
Current assets		
Cash and bank balances	3.9	4.5
Trade and other receivables	0.8	0.3
Total current assets	4.7	4.8
Current liability		
Trade and other payables	9.9	20.6
Total current liability	9.9	20.6
Net current liabilities	(5.2)	(15.8)
Total assets less current liabilities	25,626.4	26,374.5
Net assets	25,626.4	26,374.5
EQUITY		
Units in issue	68,553.8	68,553.8
Reserves	(42,927.4)	(42,179.3)
Total equity	25,626.4	26,374.5

1(b)(ii) Aggregate amount of the Group's borrowings and debt securities as at 31 March 2019

Group	Current portion HK\$'M	Non-current portion HK\$'M	Total HK\$'M
Unsecured bank loans	2,234.0	21,589.4	23,823.4
Secured bank loan	9.4	56.1	65.5
Guaranteed notes	3,900.0	3,900.0	7,800.0
Total principal amount of bank and other debts	6,143.4	25,545.5	31,688.9
Unamortised loan facilities fees and discounts related to debts	(7.6)	(117.5)	(125.1)
Unrealised loss on bank and other debts pursuant to interest rate swap contracts	(40.9)	-	(40.9)
	6,094.9	25,428.0	31,522.9

Aggregate amount of the Group's borrowings and debt securities as at 31 December 2018

Group	Current portion HK\$'M	Non-current portion HK\$'M	Total HK\$'M
Unsecured bank loans	2,510.0	21,313.4	23,823.4
Secured bank loan	9.1	57.0	66.1
Guaranteed notes	-	7,800.0	7,800.0
Total principal amount of bank and other debts	2,519.1	29,170.4	31,689.5
Unamortised loan facilities fees and discounts related to debts	(1.6)	(135.9)	(137.5)
Unrealised loss on bank and other debts pursuant to interest rate swap contracts	-	(60.3)	(60.3)
	2,517.5	28,974.2	31,491.7

Details of any collateral at HPH Trust

Bank loan of HK\$65.5 million (31 December 2018: HK\$66.1 million) is secured by a charge over certain assets of subsidiary companies.

1(c) Consolidated statement of cash flows for the first quarter ended 31 March 2019

	Group	
	01/01/2019 to 31/03/2019	01/01/2018 to 31/03/2018
	HK\$'M	HK\$'M
Operating activities		
Cash generated from operations	1,997.5	1,561.5
Interest and other finance costs paid	(263.7)	(241.4)
Tax paid ^(a)	(346.5)	(450.8)
Net cash from operating activities	1,387.3	869.3
Investing activities		
Purchase of fixed assets, projects under development, leasehold land and land use rights	(156.9)	(191.8)
Proceeds on disposal of fixed assets	0.3	0.8
Dividends received from associated companies and joint ventures	50.1	32.0
Interest received	30.7	21.5
Repayment of loan by a joint venture	-	100.0
Net cash used in investing activities	(75.8)	(37.5)
Financing activities		
New borrowings ^(b)	-	3,870.8
Repayment of borrowings ^(b)	(2.3)	(3,901.2)
Distributions to unitholders of HPH Trust	(738.7)	(966.9)
Dividends to non-controlling interests	(92.5)	-
Net cash used in financing activities	(833.5)	(997.3)
Net changes in cash and cash equivalents	478.0	(165.5)
Cash and cash equivalents at beginning of the quarter	6,524.4	6,726.1
Cash and cash equivalents at end of the quarter	7,002.4	6,560.6

Footnotes:

(a) Tax paid was HK\$346.5 million for the first quarter ended 31 March 2019 compared to HK\$450.8 million for the first quarter ended 31 March 2018. The decrease was mainly due to the timing difference of YICT's withholding tax payments in 2019.

(b) The Group drew down new bank loan of US\$500 million for the quarter ended 31 March 2018 to redeem US\$500 million guaranteed notes expiring in March 2018.

1(d)(i) Statement of changes in equity for the first quarter ended 31 March 2019

Group

	Units in issue	Exchange and other reserves	Revaluation reserve	Hedging reserve	Costs of hedging reserve	Pension reserve	Accumulated losses	Attributable to unitholders	Non-controlling interests	Total
	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M
At 1 January 2019	68,553.8	(133.8)	(151.5)	(67.1)	(30.1)	182.0	(41,585.6)	26,767.7	19,900.4	46,668.1
Profit for the quarter	-	-	-	-	-	-	96.9	96.9	280.7	377.6
Other comprehensive income/(loss):										
Cash flow hedges arising from cross currency interest rate swap contracts and interest rate swap contracts										
Losses recognised directly in reserves	-	-	-	(54.2)	-	-	-	(54.2)	-	(54.2)
Costs of hedging										
Changes in fair value of currency basis spread	-	-	-	-	2.5	-	-	2.5	-	2.5
Share of other comprehensive income of associated companies	-	8.4	-	-	-	-	-	8.4	4.4	12.8
Share of other comprehensive income of joint ventures	-	0.9	-	-	-	-	-	0.9	-	0.9
Investments:										
Valuation gains taken to reserves	-	-	4.7	-	-	-	-	4.7	-	4.7
Currency translation differences	-	64.8	-	-	-	-	-	64.8	56.2	121.0
Total other comprehensive income/(loss)	-	74.1	4.7	(54.2)	2.5	-	-	27.1	60.6	87.7
Total comprehensive income/(loss)	-	74.1	4.7	(54.2)	2.5	-	96.9	124.0	341.3	465.3
Transaction with owners:										
Distributions	-	-	-	-	-	-	(738.7)	(738.7)	-	(738.7)
Dividends	-	-	-	-	-	-	-	-	(92.5)	(92.5)
At 31 March 2019	68,553.8	(59.7)	(146.8)	(121.3)	(27.6)	182.0	(42,227.4)	26,153.0	20,149.2	46,302.2
At 31 December 2017	68,553.8	(19.6)	(55.5)	(1.2)	-	141.2	(28,325.2)	40,293.5	20,028.4	60,321.9
Adjustment on adoption of HKFRS 9	-	-	-	19.6	(19.6)	-	-	-	-	-
At 1 January 2018	68,553.8	(19.6)	(55.5)	18.4	(19.6)	141.2	(28,325.2)	40,293.5	20,028.4	60,321.9
Profit for the quarter	-	-	-	-	-	-	145.4	145.4	275.9	421.3
Other comprehensive income:										
Cash flow hedges arising from cross currency interest rate swap contracts										
Gains recognised directly in reserves	-	-	-	0.4	-	-	-	0.4	-	0.4
Costs of hedging										
Changes in fair value of currency basis spread	-	-	-	-	6.6	-	-	6.6	-	6.6
Share of other comprehensive income of associated companies	-	16.1	-	-	-	-	-	16.1	9.4	25.5
Share of other comprehensive income of joint ventures	-	1.4	1.0	-	-	-	-	2.4	-	2.4
Investments:										
Valuation losses taken to reserves	-	-	(0.7)	-	-	-	-	(0.7)	-	(0.7)
Currency translation differences	-	102.5	-	-	-	-	-	102.5	78.0	180.5
Total other comprehensive income	-	120.0	0.3	0.4	6.6	-	-	127.3	87.4	214.7
Total comprehensive income	-	120.0	0.3	0.4	6.6	-	145.4	272.7	363.3	636.0
Transaction with owners:										
Distributions	-	-	-	-	-	-	(966.9)	(966.9)	-	(966.9)
Dividends	-	-	-	-	-	-	-	-	(955.8)	(955.8)
At 31 March 2018	68,553.8	100.4	(55.2)	18.8	(13.0)	141.2	(29,146.7)	39,599.3	19,435.9	59,035.2

1(d)(i) Statement of changes in equity for the first quarter ended 31 March 2019 (Continued)

Trust

	Units in issue HK\$'M	Accumulated losses HK\$'M	Attributable to unitholders HK\$'M
At 1 January 2019	68,553.8	(42,179.3)	26,374.5
Loss and total comprehensive loss for the quarter	-	(9.4)	(9.4)
Transaction with owners:			
Distributions	-	(738.7)	(738.7)
At 31 March 2019	<u>68,553.8</u>	<u>(42,927.4)</u>	<u>25,626.4</u>
At 1 January 2018	68,553.8	(16,228.3)	52,325.5
Loss and total comprehensive loss for the quarter	-	(7.7)	(7.7)
Transaction with owners:			
Distributions	-	(966.9)	(966.9)
At 31 March 2018	<u>68,553.8</u>	<u>(17,202.9)</u>	<u>51,350.9</u>

1(d)(ii) Details of any changes in units for the first quarter ended 31 March 2019

	Group	
	01/01/2019 to 31/03/2019	01/01/2018 to 31/03/2018
At beginning and at end of the quarter	8,711,101,022	8,711,101,022

2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.

The financial information set out in Item 1 and 6 of this announcement was extracted from the Condensed Interim Financial Statements which have been reviewed in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by International Auditing and Assurance Standards Board.

3. Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of matter).

The review report on the Condensed Interim Financial Statements dated 26 April 2019 issued by PricewaterhouseCoopers LLP is enclosed in Appendix 1.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The accounting policies and methods of computation used in the preparation of the Condensed Interim Financial Statements for the current period are consistent with those specified in the audited financial statements of HPH Trust and its subsidiary companies (the "Group") for the year ended 31 December 2018 except for the adoption of the standards, amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant to the Group's operations and mandatory for annual accounting periods beginning 1 January 2019. The effects of the adoption of these new standards and amendments are detailed in item 5 below.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

On 1 January 2019, the Group adopted the new standards and amendments issued by the HKICPA that are relevant to the Group's operations and mandatory for annual accounting periods beginning 1 January 2019. The changes in accounting policies and the effects of changes in accounting policies are summarised below.

HKFRS 16 Leases

HKFRS 16 specifies how an entity will recognise, measure, present and disclose leases. The new standard provides a single, on balance sheet lease accounting model for lessees. It will result in almost all leases being recognised by the lessee on the balance sheet, as the distinction between operating and finance leases is removed. Under HKFRS 16, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

Lessors continue to classify leases as operating or finance with HKFRS 16's approach to lessor accounting which is substantially unchanged from its predecessor HKAS 17.

(a) Changes in accounting policies

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 by 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:

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change. (Continued)

HKFRS 16 Leases (Continued)

(a) Changes in accounting policies (Continued)

(i) Assets leased to the Group (Continued)

- 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.

(b) Effect of changes in accounting policies

The Group has elected the modified retrospective approach for transition to the new standard of leases. In accordance with the transition provisions in HKFRS 16, the new rules have been adopted retrospectively with the cumulative effect of initially applying the new standard recognised on 1 January 2019. Comparatives for the 2018 financial year have not been restated. The effect of the adoption of this new standard was not material to the Group's results or financial position.

Except for these changes, the accounting policies and methods of computation used in the preparation of the Condensed Interim Financial Statements for the current period are consistent with those specified in the audited financial statements of HPH Trust and its subsidiary companies for the financial year ended 31 December 2018.

6. Group's earnings per unit ("EPU") and distribution per unit ("DPU") for the first quarter ended 31 March 2019

	01/01/2019 to 31/03/2019	01/01/2018 to 31/03/2018
(i) Weighted average number of units in issue	8,711,101,022	8,711,101,022
(ii) Earnings per unit for the quarter based on the weighted average number of units in issue (HK cents) - Basic and diluted	1.11	1.67
(iii) Number of units issued at end of the quarter	8,711,101,022	8,711,101,022
(iv) Distribution per unit for the quarter (HK cents) ^(a)	-	-

Footnote:

(a) HPH Trust will make distribution to unitholders 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.

7 Net asset value ("NAV") attributable to unitholders per unit based on units issued as at 31 March 2019^(a)

	Group		Trust	
	31/03/2019	31/12/2018	31/03/2019	31/12/2018
Net asset value attributable to unitholders per unit (HK\$) ^(a)	3.00	3.07	2.94	3.03

Footnote:

(a) The number of units used for computation of NAV per unit is 8,711,101,022 which is the number of units in issue as at 31 March 2019 (31 December 2018: 8,711,101,022).

8. Review of performance

Consolidated income statement (01/01/2019-31/03/2019 vs 01/01/2018-31/03/2018)

Revenue and other income for the quarter was HK\$2,675.2 million, HK\$7.9 million or 0.3% above last year. Combined container throughput of HIT^(a), COSCO-HIT^(b) and ACT^(c) (collectively “HPHT Kwai Tsing”) was 9.6% below last year, mainly due to the decrease in transshipment cargoes. The container throughput of YICT^(d) increased by 4.6% as compared to the same quarter in 2018, primarily driven by the growth in the empty and transshipment cargoes. Average revenue per TEU for Hong Kong was above last year, mainly attributed to the increased barge-to-vessel transshipment mix, decreased empty mix and the write-back of agency fee provision following the finalisation of tariff negotiation. For China, it was below last year largely due to RMB depreciation.

Cost of services rendered was HK\$948.2 million, HK\$44.0 million or 4.4% below last year. The decrease were attributed to lower throughput, RMB depreciation and savings arising from cost control initiatives, but partially offset by the general cost inflations, including the increase in external contractors’ costs and higher fuel price. Staff costs were HK\$75.5 million, HK\$1.6 million or 2.1% below last year. Depreciation and amortisation was HK\$768.5 million, HK\$7.8 million or 1.0% below last year. Other operating income was HK\$9.5 million, HK\$57.4 million or 85.8% below last year largely due to the deferral of 2017 dividend income from River Ports Economic Benefits to the first quarter of 2018 and less than last year exchange gain arising on revaluation of YICT’s net-RMB denominated monetary assets.

Other operating expenses were HK\$123.3 million, HK\$2.4 million or 1.9% below last year.

As a result, the operating profit was HK\$769.2 million, HK\$6.3 million or 0.8% above last year.

Interest and other finance costs were HK\$274.4 million, HK\$45.4 million or 19.8% above last year, largely attributed to higher HIBOR/LIBOR applied on the bank loans’ interest rates.

Footnotes:

(a) HIT means Terminals 4, 6, 7 and two berths in Terminal 9, located at Kwai Tsing, Hong Kong.

(b) COSCO-HIT means Terminal 8 East, located at Kwai Tsing, Hong Kong.

(c) ACT means Terminal 8 West, located at Kwai Tsing, Hong Kong.

(d) YICT means Yantian International Container Terminals, located at Yantian, Shenzhen, PRC, which comprises Yantian International Container Terminals Phases I & II, Phase III & Phase III Expansion, and Shenzhen Yantian West Port Terminals Phases I & II.

8. Review of performance (Continued)

Share of profits less losses after tax of associated companies was a loss of HK\$20.9 million, HK\$13.0 million or 38.3% better than last year, primarily due to higher gross profit of HICT.

Share of profits less losses after tax of joint ventures was HK\$10.8 million, HK\$2.3 million or 27.1% higher than last year, mainly due to better combined results of COSCO-HIT and ACT despite HPHT Kwai Tsing throughput was 9.6% lower than last year.

Taxation was HK\$107.1 million, HK\$19.9 million or 22.8% higher than last year, mainly due to the increase of tax rates upon the expiries of “High and New Technology Enterprise” status of YICT Phase I & II and the tax exemption period for YICT’s West Port Phase II berth #4 at the year end of 2018, but partially offset by lower profit.

Overall, profit was HK\$377.6 million, HK\$43.7 million or 10.4% below last year. Profit attributable to unitholders of HPH Trust was HK\$96.9 million, HK\$48.5 million or 33.4% below last year.

Material changes in statement of financial position and consolidated statement of cash flows

Please refer to footnotes of 1(b)(i) and 1(c).

9. Where a forecast, or a prospect statement, has been previously disclosed to unitholders, any variance between it and the actual results.

No forecast statement for the financial year 2019 has been disclosed.

10. Commentary on the significant trends of the competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting quarter and the next 12 months.

In the first quarter of 2019, outbound cargoes to the US were weak, largely resulting from the front-loading of cargoes in the fourth quarter of 2018 in anticipation of the tariff increase by the US on Chinese exports originally scheduled to commence on 1 January 2019. The volume of outbound cargoes to the US is expected to be volatile in 2019 as the US/China trade dispute continues.

Although the threatened tariff increase has been postponed and both the US and China are in negotiation to resolve their trade dispute, management remains cautious on the expected cargo volume for 2019 as the global trade is still susceptible to the macro-economic and political uncertainties. These include the slowing Chinese and EU economies and the yet-to-be-resolved Brexit from the EU. Management will continue to focus on cost discipline and efficiency improvements to better serve its customers.

It is expected that the effects from the consolidation through mergers and acquisitions and global alliance restructuring in the shipping industry will start to stabilise. Further deployment of mega vessels will continue necessitating investment in port equipment and continuous processes improvements by deep water port operators.

Since the formation of the Hong Kong Seaport Alliance (“HKSPA”) in January 2019, HKSPA has finalised its berth and yard planning strategies to provide enhanced services to customers. The Joint Operating Agreement of HKSPA has been progressively implemented from 1 April 2019, bringing efficiency enhancements and cost synergy to shipping lines.

11. Distribution

(a) Current financial quarter

Any distribution recommended for the current financial quarter?

No distribution has been recommended for the current financial quarter.

(b) Corresponding quarter of the immediately preceding financial quarter

Any distribution declared for the previous corresponding quarter? No

(c) Date Payable

Not applicable

(d) Books closure date

Not applicable

12. If no distribution has been declared/recommendeded, a statement to that effect

No distribution has been declared/recommendeded for the current financial quarter.

HPH Trust will make distribution to unitholders 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.

13. General mandate from unitholders for interested person transaction ("IPT")

No IPT general mandate has been obtained.

14. Negative confirmation by the Board

The Board of Directors of Hutchison Port Holdings Management Pte. Limited (as the Trustee-Manager) has confirmed that, to the best of its knowledge, nothing has come to its attention which may render these interim financial results of the Group for the first quarter ended 31 March 2019 to be false or misleading in any material respect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Trustee-Manager confirms that it has procured the undertakings from its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risk, uncertainties and assumptions. Representative examples of these factors included (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies and venues for the sales/distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management of future events.

BY ORDER OF THE BOARD
HUTCHISON PORT HOLDINGS MANAGEMENT PTE. LIMITED
(COMPANY REGISTRATION NO. 201100749W)
AS TRUSTEE-MANAGER OF HPH TRUST

Mr Lai Kuan Loong Victor
Ms Kim Yi Hwa
Joint Company Secretaries
26 April 2019



The Directors
Hutchison Port Holdings Management Pte. Limited
(in its capacity as Trustee-Manager of Hutchison Port Holdings Trust)
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

26 April 2019

Dear Sirs

**REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS
OF HUTCHISON PORT HOLDINGS TRUST**

We have reviewed the accompanying condensed interim financial statements of Hutchison Port Holdings Trust (the "Trust") and its subsidiaries (the "Group") set out on pages 1 to 22, which comprise the condensed consolidated statement of financial position of the Group, the condensed statement of financial position of the Trust as at 31 March 2019, and the related condensed consolidated income statement of the Group, the condensed consolidated statement of comprehensive income of the Group, the condensed consolidated statement of changes in equity of the Group, the condensed statement of changes in equity of the Trust and the condensed consolidated statement of cash flows of the Group for the period from 1 January 2019 to 31 March 2019, and other explanatory notes (collectively the "Condensed Interim Financial Statements"). The management of Hutchison Port Holdings Management Pte. Limited, the Trustee-Manager of the Trust, is responsible for the preparation and presentation of these Condensed Interim Financial Statements in accordance with Hong Kong Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on these Condensed Interim Financial Statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Condensed Interim Financial Statements are not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, "Interim Financial Reporting".

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 26 April 2019

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