



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”) FINANCIAL STATEMENT ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 year ended 31 December 2019

	Group					
	01/10/2019 to 31/12/2019	01/10/2018 to 31/12/2018	Favorable/ (Unfavorable)	01/01/2019 to 31/12/2019	01/01/2018 to 31/12/2018	Favorable/ (Unfavorable)
	HK\$'M	HK\$'M	%	HK\$'M	HK\$'M	%
Revenue and other income	2,668.1	2,999.4	(11.0)	11,120.9	11,482.6	(3.1)
Cost of services rendered	(959.3)	(1,128.0)	15.0	(3,881.6)	(4,143.5)	6.3
Staff costs	(70.7)	(65.2)	(8.4)	(288.0)	(286.5)	(0.5)
Depreciation and amortisation	(767.2)	(768.5)	0.2	(3,079.7)	(3,076.0)	(0.1)
Other operating income ^(a)	17.4	7.6	128.9	96.4	129.1	(25.3)
Other operating expenses	(137.6)	(145.4)	5.4	(537.1)	(553.9)	3.0
Total operating expenses	(1,917.4)	(2,099.5)	8.7	(7,690.0)	(7,930.8)	3.0
Operating profit	750.7	899.9	(16.6)	3,430.9	3,551.8	(3.4)
Interest and other finance costs	(266.3)	(270.4)	1.5	(1,075.2)	(1,021.8)	(5.2)
Share of profits less losses after tax of associated companies	(22.6)	(29.0)	22.1	(92.3)	(106.9)	13.7
Share of profits less losses after tax of joint ventures	8.3	25.4	(67.3)	38.3	54.3	(29.5)
Impairment of goodwill ^(b)	-	(11,359.0)	100.0	-	(11,359.0)	100.0
Impairment of investment in a joint venture ^(b)	-	(930.0)	100.0	-	(930.0)	100.0
Profit/(loss) before tax	470.1	(11,663.1)	104.0	2,301.7	(9,811.6)	123.5
Tax ^(c)	(109.1)	(117.5)	7.1	(480.0)	(434.4)	(10.5)
Profit/(loss) for the quarter/year	361.0	(11,780.6)	103.1	1,821.7	(10,246.0)	117.8
Allocated as:						
Profit attributable to non-controlling interests	(298.7)	(325.6)	(8.3)	(1,293.5)	(1,305.3)	(0.9)
Profit/(loss) attributable to unitholders of HPH Trust	62.3	(12,106.2)	100.5	528.2	(11,551.3)	104.6
Earnings/(loss) per unit attributable to unitholders of HPH Trust	HK cents 0.72	HK cents (138.97)	100.5	HK cents 6.06	HK cents (132.60)	104.6
Excluding impairment impact^(b)						
Profit for the quarter/year	361.0	508.4	(29.0)	1,821.7	2,043.0	(10.8)
Profit attributable to unitholders of HPH Trust	62.3	182.8	(65.9)	528.2	737.7	(28.4)
Earnings per unit attributable to unitholders of HPH Trust	0.72	2.10	(65.9)	6.06	8.47	(28.4)

Footnotes:

(a) Other operating income was HK\$96.4 million for the year ended 31 December 2019 compared to HK\$129.1 million for the year ended 31 December 2018. The decrease was mainly due to the deferral of 2017 dividend income from River Ports Economic Benefits to the first quarter of 2018, YICT's receipt of an award in 2018 and exchange gain in 2018 mainly arising on revaluation of YICT's net Renminbi ("RMB") denominated monetary assets, but partially offset by higher government subsidies received by YICT this year.

(b) In 2018, the Group recognised non-cash impairment losses of HK\$12,289.0 million following the asset impairment assessment.

(c) Tax was HK\$480.0 million for the year ended 31 December 2019 compared to HK\$434.4 million for the year ended 31 December 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 year ended 31 December 2019

	Group					
	01/10/2019 to 31/12/2019	01/10/2018 to 31/12/2018	Favorable/ (Unfavorable)	01/01/2019 to 31/12/2019	01/01/2018 to 31/12/2018	Favorable/ (Unfavorable)
	HK\$'M	HK\$'M	%	HK\$'M	HK\$'M	%
Profit/(loss) for the quarter/year	361.0	(11,780.6)	103.1	1,821.7	(10,246.0)	117.8
Other comprehensive income/(loss)^(a):						
Items that will not be reclassified to profit or loss:						
Remeasurement of defined benefit plans	31.1	40.8	(23.8)	31.1	40.8	(23.8)
Investments						
Valuation losses taken to reserves	(68.7)	-	N/A	(91.6)	-	N/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						
Fair value gains/(losses) recognised directly in reserves	11.2	(141.4)	107.9	(35.6)	(85.5)	58.4
Costs of hedging						
Changes in fair value of currency basis spread	14.6	(0.9)	N/A	(8.3)	(10.5)	21.0
Share of other comprehensive income/(loss) of associated companies	3.8	(0.4)	N/A	(11.3)	(23.2)	51.3
Share of other comprehensive income/(loss) of joint ventures	0.3	-	N/A	(0.9)	(0.6)	(50.0)
Investments						
Valuation losses taken to reserves	-	(66.3)	100.0	-	(97.0)	100.0
Currency translation differences	40.3	0.4	N/A	(115.3)	(193.5)	40.4
Total other comprehensive income/(loss) for the quarter/year	32.6	(167.8)	119.4	(231.9)	(369.5)	37.2
Total comprehensive income/(loss) for the quarter/year	393.6	(11,948.4)	103.3	1,589.8	(10,615.5)	115.0
Allocated as:						
Attributable to non-controlling interests	(318.7)	(325.5)	(2.1)	(1,240.8)	(1,201.2)	3.3
Attributable to unitholders of HPH Trust	74.9	(12,273.9)	100.6	349.0	(11,816.7)	103.0

Footnote:

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

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

	Group	
	31/12/2019	31/12/2018
	HK\$'M	HK\$'M
ASSETS		
Non-current assets		
Fixed assets	23,789.5	24,629.6
Projects under development	648.1	996.4
Leasehold land and land use rights	37,047.0	38,373.3
Railway usage rights	10.8	11.6
Customer relationships	5,501.8	5,836.0
Goodwill	11,270.0	11,270.0
Associated companies	952.5	945.3
Joint ventures	2,656.7	2,683.8
Other non-current assets	560.7	560.9
Deferred tax assets	25.0	18.5
Total non-current assets	82,462.1	85,325.4
Current assets		
Cash and bank balances ^(a)	7,040.2	6,566.4
Trade and other receivables	3,056.0	3,060.9
Inventories	102.4	103.1
Total current assets	10,198.6	9,730.4
Current liabilities		
Trade and other payables	5,783.1	5,928.2
Bank and other debts	4,097.3	2,517.5
Current tax liabilities	473.9	358.2
Total current liabilities	10,354.3	8,803.9
Net current (liabilities)/assets^(b)	(155.7)	926.5
Total assets less current liabilities	82,306.4	86,251.9
Non-current liabilities		
Bank and other debts	26,459.1	28,974.2
Pension obligations	41.7	56.6
Deferred tax liabilities	9,918.2	10,290.9
Other non-current liabilities	324.1	262.1
Total non-current liabilities	36,743.1	39,583.8
Net assets	45,563.3	46,668.1
EQUITY		
Units in issue	68,553.8	68,553.8
Reserves	(42,702.9)	(41,786.1)
Net assets attributable to unitholders of HPH Trust	25,850.9	26,767.7
Non-controlling interests	19,712.4	19,900.4
Total equity	45,563.3	46,668.1

Footnotes:

(a) Cash and bank balances were HK\$7,040.2 million as at 31 December 2019 which consisted of HK\$6,998.2 million cash and cash equivalents and HK\$42.0 million restricted deposit.

(b) Net current liabilities were HK\$155.7 million as at 31 December 2019 which mainly comprises of US\$0.5 billion (equivalent to approximately HK\$3.9 billion) 5-year guaranteed notes, expiring in March 2020.

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

	Trust	
	31/12/2019	31/12/2018
	HK\$'M	HK\$'M
ASSETS		
Non-current asset		
Investment in a subsidiary company	25,088.9	26,390.3
Total non-current asset	25,088.9	26,390.3
Current assets		
Cash and bank balances	2.5	4.5
Trade and other receivables	1.9	0.3
Total current assets	4.4	4.8
Current liability		
Trade and other payables	16.8	20.6
Total current liability	16.8	20.6
Net current liabilities	(12.4)	(15.8)
Total assets less current liabilities	25,076.5	26,374.5
Net assets	25,076.5	26,374.5
EQUITY		
Units in issue	68,553.8	68,553.8
Reserves	(43,477.3)	(42,179.3)
Total equity	25,076.5	26,374.5

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

Group	Current portion HK\$'M	Non-current portion HK\$'M	Total HK\$'M
Unsecured bank loans	192.0	18,731.4	18,923.4
Secured bank loan	10.5	45.0	55.5
Guaranteed notes	3,900.0	7,800.0	11,700.0
Total principal amount of bank and other debts	4,102.5	26,576.4	30,678.9
Unamortised loan facilities fees and discounts related to debts	(1.6)	(117.3)	(118.9)
Unrealised loss on bank and other debts pursuant to interest rate swap contracts	(3.6)	-	(3.6)
	4,097.3	26,459.1	30,556.4

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\$55.5 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 year ended 31 December 2019

	Group			
	01/10/2019 to 31/12/2019	01/10/2018 to 31/12/2018	01/01/2019 to 31/12/2019	01/01/2018 to 31/12/2018
	HK\$'M	HK\$'M	HK\$'M	HK\$'M
Operating activities				
Cash generated from operations	1,519.5	1,824.8	6,369.3	6,055.3
Interest and other finance costs paid	(235.0)	(257.4)	(999.5)	(984.7)
Tax paid ^(a)	(127.8)	(52.6)	(735.2)	(825.5)
Net cash from operating activities	1,156.7	1,514.8	4,634.6	4,245.1
Investing activities				
Loan to an associated company	(133.2)	-	(133.2)	(40.1)
Purchase of fixed assets and projects under development	(180.6)	(180.3)	(581.4)	(743.6)
Proceeds on disposal of fixed assets	11.6	7.1	15.8	22.1
Dividends received from investments	22.6	41.0	25.7	48.8
Dividends received from associated companies and joint ventures	32.4	14.5	102.5	78.5
Interest received	43.6	27.3	147.8	100.0
Repayment of loans by joint ventures	1.6	81.7	1.6	181.7
Net cash used in investing activities	(202.0)	(8.7)	(421.2)	(352.6)
Financing activities				
New borrowings ^(b)	3,900.0	1,170.0	6,210.0	5,040.8
Repayment of borrowings ^(b)	(3,986.2)	(1,342.3)	(7,219.0)	(6,077.0)
Upfront debt transaction costs and facilities fees of borrowings	(32.0)	(8.8)	(40.8)	(8.8)
Principal elements of lease payments	(4.4)	-	(4.4)	-
Distributions to unitholders of HPH Trust	-	-	(1,261.4)	(1,709.1)
Dividends to non-controlling interests	-	-	(1,424.0)	(1,340.1)
Net cash used in financing activities	(122.6)	(181.1)	(3,739.6)	(4,094.2)
Net changes in cash and cash equivalents	832.1	1,325.0	473.8	(201.7)
Cash and cash equivalents at beginning of the quarter/year	6,166.1	5,199.4	6,524.4	6,726.1
Cash and cash equivalents at end of the quarter/year	6,998.2	6,524.4	6,998.2	6,524.4

Footnotes:

(a) Tax paid was HK\$735.2 million for the year ended 31 December 2019 whereas it was HK\$825.5 million for the year ended 31 December 2018. The decrease was mainly due to the timing difference of HIT and YICT profits tax payments in 2019.

(b) The Group issued US\$500 million 2.875% guaranteed notes due in 2024 and drew down new bank loans of US\$150 million and HK\$1.1 billion during the year ended 31 December 2019 to refinance bank borrowings, whereas for the year ended 31 December 2018, the Group drew down new bank loans of US\$500 million and US\$150 million to redeem US\$500 million guaranteed notes and refinance bank borrowings, respectively.

1(d)(i) Statement of changes in equity for the year ended 31 December 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 October 2019	68,553.8	(232.8)	(174.4)	(113.9)	(53.0)	182.0	(42,381.3)	25,780.4	19,389.3	45,169.7
Profit for the quarter	-	-	-	-	-	-	62.3	62.3	298.7	361.0
Other comprehensive income/(loss):										
Remeasurement of defined benefit plans	-	-	-	-	-	31.1	-	31.1	-	31.1
Investments:										
Valuation losses taken to reserves	-	-	(68.7)	-	-	-	-	(68.7)	-	(68.7)
Cash flow hedges arising from cross currency interest rate swap contracts and interest rate swap contracts										
Fair value gain recognised directly in reserves	-	-	-	11.2	-	-	-	11.2	-	11.2
Costs of hedging										
Changes in fair value of currency basis spread	-	-	-	-	14.6	-	-	14.6	-	14.6
Share of other comprehensive income of associated companies	-	2.6	-	-	-	-	-	2.6	1.2	3.8
Share of other comprehensive income of joint ventures	-	0.3	-	-	-	-	-	0.3	-	0.3
Currency translation differences	-	21.5	-	-	-	-	-	21.5	18.8	40.3
Total other comprehensive income/(loss)	-	24.4	(68.7)	11.2	14.6	31.1	-	12.6	20.0	32.6
Total comprehensive income/(loss)	-	24.4	(68.7)	11.2	14.6	31.1	62.3	74.9	318.7	393.6
Transferred (from)/to reserve	-	(4.4)	-	-	-	-	-	(4.4)	4.4	-
At 31 December 2019	68,553.8	(212.8)	(243.1)	(102.7)	(38.4)	213.1	(42,319.0)	25,850.9	19,712.4	45,563.3
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 year	-	-	-	-	-	-	528.2	528.2	1,293.5	1,821.7
Other comprehensive (loss)/income:										
Remeasurement of defined benefit plans	-	-	-	-	-	31.1	-	31.1	-	31.1
Investments:										
Valuation losses taken to reserves	-	-	(91.6)	-	-	-	-	(91.6)	-	(91.6)
Cash flow hedges arising from cross currency interest rate swap contracts and interest rate swap contracts										
Fair value losses recognised directly in reserves	-	-	-	(35.6)	-	-	-	(35.6)	-	(35.6)
Costs of hedging										
Changes in fair value of currency basis spread	-	-	-	-	(8.3)	-	-	(8.3)	-	(8.3)
Share of other comprehensive loss of associated companies	-	(7.8)	-	-	-	-	-	(7.8)	(3.5)	(11.3)
Share of other comprehensive loss of joint ventures	-	(0.9)	-	-	-	-	-	(0.9)	-	(0.9)
Currency translation differences	-	(66.1)	-	-	-	-	-	(66.1)	(49.2)	(115.3)
Total other comprehensive (loss)/income	-	(74.8)	(91.6)	(35.6)	(8.3)	31.1	-	(179.2)	(52.7)	(231.9)
Total comprehensive (loss)/income	-	(74.8)	(91.6)	(35.6)	(8.3)	31.1	528.2	349.0	1,240.8	1,589.8
Transferred (from)/to reserve	-	(4.2)	-	-	-	-	(0.2)	(4.4)	4.4	-
Transactions with owners:										
Distributions	-	-	-	-	-	-	(1,261.4)	(1,261.4)	-	(1,261.4)
Dividends	-	-	-	-	-	-	-	-	(1,433.2)	(1,433.2)
At 31 December 2019	68,553.8	(212.8)	(243.1)	(102.7)	(38.4)	213.1	(42,319.0)	25,850.9	19,712.4	45,563.3

1(d)(i) Statement of changes in equity for the year ended 31 December 2019 (Continued)

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 October 2018	68,553.8	(133.9)	(85.2)	74.3	(29.2)	141.2	(29,479.4)	39,041.6	19,574.9	58,616.5
(Loss)/profit for the quarter	-	-	-	-	-	-	(12,106.2)	(12,106.2)	325.6	(11,780.6)
Other comprehensive income/(loss):										
Remeasurement of defined benefit plans	-	-	-	-	-	40.8	-	40.8	-	40.8
Investments:										
Valuation losses taken to reserves	-	-	(66.3)	-	-	-	-	(66.3)	-	(66.3)
Cash flow hedges arising from cross currency interest rate swap contracts and interest rate swap contracts										
Fair value losses recognised directly in reserves	-	-	-	(141.4)	-	-	-	(141.4)	-	(141.4)
Costs of hedging										
Changes in fair value of currency basis spread	-	-	-	-	(0.9)	-	-	(0.9)	-	(0.9)
Share of other comprehensive loss of associated companies	-	(0.2)	-	-	-	-	-	(0.2)	(0.2)	(0.4)
Currency translation differences	-	0.3	-	-	-	-	-	0.3	0.1	0.4
Total other comprehensive income/(loss)	-	0.1	(66.3)	(141.4)	(0.9)	40.8	-	(167.7)	(0.1)	(167.8)
Total comprehensive income/(loss)	-	0.1	(66.3)	(141.4)	(0.9)	40.8	(12,106.2)	(12,273.9)	325.5	(11,948.4)
At 31 December 2018	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
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
(Loss)/profit for the year	-	-	-	-	-	-	(11,551.3)	(11,551.3)	1,305.3	(10,246.0)
Other comprehensive income/(loss):										
Remeasurement of defined benefit plans	-	-	-	-	-	40.8	-	40.8	-	40.8
Investments:										
Valuation losses taken to reserves	-	-	(97.0)	-	-	-	-	(97.0)	-	(97.0)
Cash flow hedges arising from cross currency interest rate swap contracts and interest rate swap contracts										
Fair value losses recognised directly in reserves	-	-	-	(85.5)	-	-	-	(85.5)	-	(85.5)
Costs of hedging										
Changes in fair value of currency basis spread	-	-	-	-	(10.5)	-	-	(10.5)	-	(10.5)
Share of other comprehensive loss of associated companies	-	(15.2)	-	-	-	-	-	(15.2)	(8.0)	(23.2)
Share of other comprehensive (loss)/income of joint ventures	-	(1.6)	1.0	-	-	-	-	(0.6)	-	(0.6)
Currency translation differences	-	(97.4)	-	-	-	-	-	(97.4)	(96.1)	(193.5)
Total other comprehensive (loss)/income	-	(114.2)	(96.0)	(85.5)	(10.5)	40.8	-	(265.4)	(104.1)	(369.5)
Total comprehensive (loss)/income	-	(114.2)	(96.0)	(85.5)	(10.5)	40.8	(11,551.3)	(11,816.7)	1,201.2	(10,615.5)
Transactions with owners:										
Distributions	-	-	-	-	-	-	(1,709.1)	(1,709.1)	-	(1,709.1)
Dividends	-	-	-	-	-	-	-	-	(1,329.2)	(1,329.2)
At 31 December 2018	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

1(d)(i) Statement of changes in equity for the year ended 31 December 2019 (Continued)

Trust

	Units in issue HK\$'M	Accumulated losses HK\$'M	Attributable to unitholders HK\$'M
At 1 October 2019	68,553.8	(43,468.5)	25,085.3
Loss and total comprehensive loss for the quarter	-	(8.8)	(8.8)
At 31 December 2019	68,553.8	(43,477.3)	25,076.5
At 1 January 2019	68,553.8	(42,179.3)	26,374.5
Loss and total comprehensive loss for the year	-	(36.6)	(36.6)
Transactions with owners:			
Distributions	-	(1,261.4)	(1,261.4)
At 31 December 2019	68,553.8	(43,477.3)	25,076.5
At 1 October 2018	68,553.8	(17,957.8)	50,596.0
Loss and total comprehensive loss for the quarter	-	(24,221.5)	(24,221.5)
At 31 December 2018	68,553.8	(42,179.3)	26,374.5
At 1 January 2018	68,553.8	(16,228.3)	52,325.5
Loss and total comprehensive loss for the year	-	(24,241.9)	(24,241.9)
Transactions with owners:			
Distributions	-	(1,709.1)	(1,709.1)
At 31 December 2018	68,553.8	(42,179.3)	26,374.5

1(d)(ii) Details of any changes in units for the year ended 31 December 2019

	Group			
	01/10/2019 to 31/12/2019	01/10/2018 to 31/12/2018	01/01/2019 to 31/12/2019	01/01/2018 to 31/12/2018
At beginning and at end of the quarter/year	8,711,101,022	8,711,101,022	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 for the year ended 31 December 2019 set out in Item 1 (except the table of excluding impairment impact – see footnote 1(a)(i)(b)) and 6 of this announcement was extracted from the financial statements of HPH Trust and its subsidiary companies for the year ended 31 December 2019 (“Financial Statements”) which have been audited in accordance with International Auditing Standard 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 auditor’s report on the Financial Statements dated 10 February 2020 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 Financial Statements for the current year 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.

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)

Lessors continue to classify leases as operating or finance leases 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 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.

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)

(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 Group applied the following practical expedients on transition to HKFRS 16 for those leases which were previously classified as operating leases under HKAS 17.

- applying the recognition exemption for short-term lease

The Group has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment made previously when applying HKAS 17 and Interpretation 4 Determining whether an Arrangement contains a Lease.

The adoption of HKFRS 16 has not resulted in any material impact to the carrying value of balance sheet as at 1 January 2019.

Except for these changes, the accounting policies and methods of computation used in the preparation of the Financial Statements for the current year 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 year ended 31 December 2019

	01/10/2019 to 31/12/2019	01/10/2018 to 31/12/2018	01/01/2019 to 31/12/2019	01/01/2018 to 31/12/2018
(i) Weighted average number of units in issue	8,711,101,022	8,711,101,022	8,711,101,022	8,711,101,022
(ii) Earnings/(loss) per unit for the quarter/year based on the weighted average number of units in issue (HK cents)				
- Basic and diluted	0.72	(138.97) ^(a)	6.06	(132.60) ^(a)
(iii) Number of units issued at end of the quarter/year	8,711,101,022	8,711,101,022	8,711,101,022	8,711,101,022
(iv) Distribution per unit for the quarter/year (HK cents) ^(b)	5.00	8.48	11.00	17.00

Footnotes:

(a) Excluding the impairment impact, earnings per unit for the quarter and for the year in 2018 were 2.10 HK cents and 8.47 HK cents respectively.

(b) 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(a) Net asset value (“NAV”) attributable to unitholders per unit based on units issued as at 31 December 2019^(a)

	Group		Trust	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Net asset value attributable to unitholders per unit (HK\$) ^(a)	2.97	3.07	2.88	3.03
Net asset value attributable to unitholders per unit before deducting distribution per unit for the financial year ended (HK\$) ^(a)	3.03	3.16	2.94	3.11
Net asset value attributable to unitholders per unit after deducting distribution per unit for the financial year ended (HK\$) ^(a)	2.92	2.99	2.83	2.94

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 December 2019 (31 December 2018: 8,711,101,022).

7(b) Rate of return^(a)

Year	Rate of Return (%)
For the year ended 31 December 2019	1.3

Footnote:

(a) $Rate\ of\ Return\ (\%) = (A - B) / B \times 100$

A = NAV per unit before interim distribution per unit as of the end of the year

B = NAV per unit as of the beginning of the year (after deducting total distribution per unit for the financial period ended 31 December 2018)

8. Value of assets by region as at 31 December 2019

Trust

Kind of assets	Region	Net Asset Value (HK\$'M)	Investment Ratio
Investment in a subsidiary ^(a)	Hong Kong	25,088.9	100.1%
Cash and other assets (after deduction of liabilities)	Singapore	(14.1)	(0.1%)
Other liabilities	Hong Kong	1.7	0.0%
Total net assets		25,076.5	100.0%

Group

Region ^(b)	Net Asset Value (HK\$'M)	Investment Ratio
Singapore	(14.1)	0.0%
Hong Kong ^(c)	(7,796.6)	(17.1%)
Mainland China	53,374.0	117.1%
Total net assets	45,563.3	100.0%

Footnotes:

- (a) It represents investment in HPHT Limited, a wholly owned subsidiary of HPH Trust, which is the holding company of the underlying assets of HPH Trust.
- (b) It represents the net asset value segmented by geographical locations where the operation is performed.
- (c) US\$3.2 billion (equivalent to HK\$25,038 million) and HK\$4.0 billion of bank loans and guaranteed notes are grouped under Hong Kong region.

9. Review of performance

Consolidated income statement (01/10/2019-31/12/2019 vs 01/10/2018-31/12/2018)

Revenue and other income for the quarter was HK\$2,668.1 million, HK\$331.3 million or 11.0% below last year. Combined container throughput of HIT^(a), COSCO-HIT^(b) and ACT^(c) (collectively “HPHT Kwai Tsing”) decreased by 9.3% as compared to the same quarter in 2018, primarily due to the decrease in transshipment cargoes. The container throughput of YICT^(d) was 9.2% below last year, primarily driven by the decrease in US and empty cargoes, as a result of the frontloading of US cargoes in the fourth quarter of 2018. Average revenue per TEU for Hong Kong was below last year, mainly attributed to the increased transshipment mix and agency fee provision adjustment following the latest tariff negotiation. For China, the average revenue per TEU was above last year, primarily attributed to favourable shipping line mix.

Cost of services rendered was HK\$959.3 million, HK\$168.7 million or 15.0% below last year. The decrease was attributed to lower throughput, lower repair and maintenance, savings arising from Hong Kong Seaport Joint Operating Alliance (“SPA”) arrangement and cost control initiatives and RMB depreciation, but were partially offset by general cost inflations, including the increase in external contractors’ costs and higher fuel price. Staff costs were HK\$70.7 million, HK\$5.5 million or 8.4% above last year. The increase was mainly due to general cost inflations and reversal of over-provided cost in the fourth quarter of 2018. Depreciation and amortisation was HK\$767.2 million, comparable to last year. Other operating income was HK\$17.4 million, HK\$9.8 million or 128.9% above last year. The increase was due to the higher government subsidies by YICT.

Other operating expenses were HK\$137.6 million, HK\$7.8 million or 5.4% below last year. The decrease was primarily due to the savings in rent and rates.

As a result, total operating profit was HK\$750.7 million, HK\$149.2 million or 16.6% below last year.

Interest and other finance costs were HK\$266.3 million, HK\$4.1 million or 1.5% below last year, primarily due to lower interest cost after bank loan repayment and lower LIBOR applied on the bank loans’ interest rates.

Share of profits less losses after tax of associated companies was a loss of HK\$22.6 million, HK\$6.4 million or 22.1% better than last year, mainly due to better performance of HICT.

Share of profits less losses after tax of joint ventures was HK\$8.3 million, HK\$17.1 million or 67.3% lower than last year, mainly due to weaker combined results of COSCO-HIT and ACT resulting from 9% lower throughput handled.

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, China, which comprises Yantian International Container Terminals Phases I & II, Phase III & Phase III Expansion, and Shenzhen Yantian West Port Terminals Phases I & II.

9. Review of performance (Continued)

Taxation was HK\$109.1 million, HK\$8.4 million or 7.1% lower than last year, mainly due to lower profit, but partially offset by 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 end of 2018.

Overall profit for the quarter was HK\$361.0 million, HK\$12,141.6 million or 103.1% above last year. Profit attributable to unitholders of HPH Trust was HK\$62.3 million, HK\$12,168.5 million or 100.5% above last year. Excluding the impairment impact in 2018, profit for the quarter was HK\$147.4 million or 29.0% below last year. Profit attributable to unitholders of HPH Trust was HK\$120.5 million or 65.9% below last year.

Consolidated income statement (01/01/2019-31/12/2019 vs 01/01/2018-31/12/2018)

Revenue and other income for the year was HK\$11,120.9 million, HK\$361.7 million or 3.1% below last year. Combined container throughput of HPHT Kwai Tsing decreased by 5.9% as compared to last year, primarily due to decrease in intra-Asia and transshipment cargoes. Container throughput of YICT decreased by 0.7% as compared to 2018, primarily driven by the decrease in US cargoes, but partially offset by the growth in the empty and transshipment cargoes. Average revenue per TEU for Hong Kong was below last year, mainly attributed to the increased transshipment mix. Average revenue per TEU for China was comparable to last year.

Cost of services rendered was HK\$3,881.6 million, HK\$261.9 million or 6.3% below last year. This was attributed to lower throughput, lower repair and maintenance, savings arising from SPA arrangement and cost control initiatives and RMB depreciation, but partially offset by the general cost inflations, including the increase in external contractors’ costs and higher fuel price. Staff costs were HK\$288.0 million, HK\$1.5 million or 0.5% above last year. Depreciation and amortisation was HK\$3,079.7 million, comparable to last year. Other operating income was HK\$96.4 million, HK\$32.7 million or 25.3% below last year. The decrease was largely due to the deferral of 2017 dividend income from River Ports Economic Benefits to the first quarter of 2018, YICT’s receipt of an award in 2018 and exchange gain in 2018 mainly arising on revaluation of YICT’s net-RMB denominated monetary assets, but partially offset by higher government subsidies received by YICT in 2019.

9. Review of performance (Continued)

Other operating expenses were HK\$537.1 million, HK\$16.8 million or 3.0% below last year, primarily due to savings in rent and rates.

As a result, total operating profit was HK\$3,430.9 million, HK\$120.9 million or 3.4% below last year.

Interest and other finance costs were HK\$1,075.2 million, HK\$53.4 million or 5.2% above last year, primarily due to higher HIBOR/LIBOR applied on the bank loans' interest rates.

Share of profits less losses after tax of associated companies was a loss of HK\$92.3 million, HK\$14.6 million or 13.7% better than last year mainly due to better performance of HICT.

Share of profits less losses after tax of joint ventures was HK\$38.3 million, HK\$16.0 million or 29.5% below last year, mainly due to lower dividend income of a joint venture and the recognition of asset disposal loss at COSCO-HIT.

Taxation was HK\$480.0 million, HK\$45.6 million or 10.5% higher than last year, primarily 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, but partially offset by lower profit.

Overall profit was HK\$1,821.7 million, HK\$12,067.7 million or 117.8% above last year. Profit attributable to unitholders of HPH Trust was HK\$528.2 million, HK\$12,079.5 million or 104.6% above last year. Excluding the impairment impact in 2018, profit was HK\$221.3 million or 10.8% below last year. Profit attributable to unitholders of HPH Trust was HK\$209.5 million or 28.4% 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).

10. 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.

11. 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.

Uncertainties subdued the global economy and trade in 2019 and these are expected to persist in 2020 in view of the geopolitical tensions in the Middle East, the yet-to-be-resolved Brexit, US presidential election, the rising trade protectionism and coronavirus outbreak in China.

Outbound cargoes to the US stayed weak and tumbled considerably year-on-year in the fourth quarter of 2019. This was attributed to the volatility of cargoes caused by the trade dispute between the US and China where cargoes were frontloaded in the fourth quarter of 2018, resulting in a high base volume in 2018. Although the US and China have reached agreement on “phase one” trade deal, some of the thorniest issues remain unresolved. It is not expected the trade dispute can be easily and fully settled shortly. The recent coronavirus outbreak in China is halting its business activities and disrupting the supply chain and this may further put pressure on the global trade. Against this backdrop of political and market volatility, HPH Trust management remains cautious about future cargo trends and will continue to exercise cost discipline while pursuing efficiency improvements.

The global trade uncertainties, exacerbated by the rising cost related to the compliance with new low-sulphur fuel regulation with effect from 1 January 2020, create an unfavourable operating environment for shipping lines. While further consolidation of ownership within shipping industry may be limited, increasing coordination among alliance members to optimise fleet and capacity, and on-going deployment of mega vessels to drive cost efficiencies is expected. HPH Trust is committed to serving its customers, supporting and complementing this industry shift through its unparalleled mega-vessel handling capabilities and continuous investment in port facilities and process improvements.

12. Distribution

(a) Current financial period

Any distribution recommended for the current financial period	:	Yes
Amount	:	HK\$435.5 million
Distribution type	:	Cash
Distribution rate	:	5.00 HK cents per unit for the period 1 July 2019 to 31 December 2019
Par value	:	Not applicable
Tax rate	:	Distributions received by either Singapore tax resident Unitholders or non-Singapore tax resident Unitholders are exempted from Singapore income tax and also not subject to Singapore withholding tax. The Unitholders are not entitled to tax credits of any taxes paid by the Trustee-Manager of HPH Trust.

12. Distribution (Continued)

(b) Corresponding period of the immediately preceding financial period

Any distribution recommended for the previous corresponding period	:	Yes
Amount	:	HK\$738.7 million
Distribution type	:	Cash
Distribution rate	:	8.48 HK cents per unit for the period 1 July 2018 to 31 December 2018
Par value	:	Not applicable
Tax rate	:	Distributions received by either Singapore tax resident Unitholders or non-Singapore tax resident Unitholders are exempted from Singapore income tax and also not subject to Singapore withholding tax. The Unitholders are not entitled to tax credits of any taxes paid by the Trustee-Manager of HPH Trust.

12. Distribution (Continued)

(c) Date Payable

27 March 2020

(d) Record date

The Transfer Books and Register of HPH Trust will be closed at 5:00 p.m. on 18 February 2020 for the purposes of determining each unitholder's entitlement to the Distribution. Registered unitholders (other than The Central Depository (Pte) Limited ("CDP")), and unitholders whose securities accounts with CDP are credited with units, at 5:00 p.m. on 18 February 2020 will be entitled to the Distribution to be paid on or about 27 March 2020.

13. If no distribution has been declared/recommended, a statement to that effect

Not applicable.

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

No IPT general mandate has been obtained.

15. Segmented revenue and results for the business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Management considers the business from geographic segment perspective.

	Revenue and other income		Non-current assets	
	01/01/2019 to 31/12/2019	01/01/2018 to 31/12/2018	31/12/2019	31/12/2018
	HK\$'M	HK\$'M	HK\$'M	HK\$'M
Hong Kong	3,521.8	3,883.8	23,065.2	24,050.4
Mainland China	7,599.1	7,598.8	59,396.9	61,275.0
	11,120.9	11,482.6	82,462.1	85,325.4

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to Item 9.

17. A breakdown of Group's revenue and profit after tax before deducting non-controlling interest as follows:-

	01/01/2019 to 31/12/2019 HK\$'M	01/01/2018 to 31/12/2018 HK\$'M	Favorable/ (Unfavorable) %
a) Revenue and other income			
- 1 st half year	5,423.8	5,456.6	(0.6)
- 2 nd half year	5,697.1	6,026.0	(5.5)
	11,120.9	11,482.6	(3.1)
b) Profit/(loss) after tax before deducting non-controlling interest			
- 1 st half year	820.4	894.2	(8.3)
- 2 nd half year ^(a)	1,001.3	(11,140.2)	109.0
	1,821.7	(10,246.0)	117.8

Footnote:

(a) Excluding the impairment impact of HK\$12,289 million, profit after tax before deducting non-controlling interest for the second half year of 2018 was HK\$1,148.8 million.

18. Breakdown of the total distribution for the year ended 31 December 2019

	01/01/2019 to 31/12/2019 HK\$'M	01/01/2018 to 31/12/2018 HK\$'M
Total distribution ^(a)		
- 1 January to 31 March	-	-
- 1 April to 30 June	522.7	742.2
- 1 July to 30 September	-	-
- 1 October to 31 December ^(b)	435.5	738.7
	958.2	1,480.9

Footnotes:

(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.

(b) For the quarter ended 31 December 2019, the Trustee-Manager recommended a distribution per unit of 5.00 HK cents totalling HK\$435.5 million to the unitholders of the Trust.

19. 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).

20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) of the Listing Manual. If there are no such persons, the issuer must make an appropriate negative statement.

Pursuant to Rule 704(13) of the Listing Manual, the Trustee-Manager confirms that there is no person occupying a managerial position in the Company or in any of HPH Trust's principal subsidiaries who is a relative of a director, chief executive officer, substantial shareholder of the Company or substantial unitholder of HPH Trust for the financial year ended 31 December 2019.

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

(INCORPORATED IN THE REPUBLIC OF SINGAPORE WITH LIMITED LIABILITY)

(COMPANY REGISTRATION NO. 201100749W)

AS TRUSTEE-MANAGER OF HPH TRUST

Ms Kim Yi Hwa

Company Secretary

10 February 2020

21. Outline of the Trustee-Manager

(a) Amount of capital

The Trustee-Manager, Hutchison Port Holdings Management Pte. Limited, has an issued and paid-up capital of HK\$100,001.

(b) Description of business and outline of operation

The Trustee-Manager was incorporated in Singapore under the Companies Act, Chapter 50 of Singapore on 7 January 2011. Its registered office is located at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623. The Trustee-Manager is an indirect wholly-owned subsidiary of CK Hutchison Holdings Limited.

The Trustee-Manager manages HPH Trust's business with the key objective of providing Unitholders with stable and regular distributions as well as long-term DPU growth.

(c) Miscellaneous

Not applicable.

22. Financial information of the Trustee-Manager

22(a) Income statement for the year ended 31 December 2019

	01/01/2019 to 31/12/2019	01/01/2018 to 31/12/2018
	HK\$'M	HK\$'M
Revenue and other income	24.8	24.1
Staff costs	(3.3)	(3.3)
Depreciation	(0.1)	-
Other operating expenses	(5.4)	(5.5)
Total operating expenses	(8.8)	(8.8)
Operating profit	16.0	15.3
Finance costs	-	-
Profit before tax	16.0	15.3
Tax	(2.7)	(2.5)
Profit for the year	13.3	12.8

22. Financial information of the Trustee-Manager (Continued)

22(b) Statement of financial position as at 31 December 2019

	31/12/2019	31/12/2018
	HK\$'M	HK\$'M
ASSETS		
Non-current assets		
Fixed assets	-	-
Right-of-use assets	0.4	-
Total non-current assets	0.4	-
Current assets		
Cash and cash equivalents	8.7	10.0
Trade and other receivables	12.8	12.4
Total current assets	21.5	22.4
Current liabilities		
Trade and other payables	4.4	3.7
Lease liabilities	0.2	-
Current tax liabilities	2.6	2.5
Total current liabilities	7.2	6.2
Net current assets	14.3	16.2
Total assets less current liabilities	14.7	16.2
Non-current liability		
Lease liabilities	0.2	-
Total non-current liability	0.2	-
Net assets	14.5	16.2
EQUITY		
Share capital	0.1	0.1
Reserves	14.4	16.1
Total equity	14.5	16.2



INDEPENDENT AUDITOR'S REPORT 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 ("Trust") and its subsidiaries ("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 ("Act") and Hong Kong Financial Reporting Standards ("HKFRSs") 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 2019 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 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 2019;
- 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 2019;
- the statement of financial position of the Trust as at 31 December 2019;
- 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.

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INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF HUTCHISON PORT HOLDINGS TRUST (CONTINUED)

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.

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 year ended 31 December 2019. 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	How our audit addressed the Key Audit Matter
<p>Goodwill and other operating assets</p> <p><i>Refer to notes 3(a), 3(b), 3(c) and 14(b) to the financial statements</i></p> <p>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.</p> <p>Goodwill is subject to impairment tests annually and other operating assets are subject to impairment tests when there is an indication of impairment.</p> <p>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.</p>	<p>We have performed the following procedures to evaluate the Group's impairment assessments:</p> <ul style="list-style-type: none">• 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;• Performed sensitivity analyses on the key assumptions where we adjusted the discount rates and growth rates in revenue and cost of services rendered as these are the key assumptions to which the valuation models are the most sensitive; and



INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF HUTCHISON PORT HOLDINGS TRUST (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p data-bbox="292 674 798 734">Goodwill and other operating assets (Continued)</p> <p data-bbox="292 768 852 947">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.</p> <p data-bbox="292 981 852 1223">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 their carrying values of the CGUs as at 31 December 2019.</p> <p data-bbox="292 1256 852 1312">The significant assumptions are disclosed in note 14(b) to the financial statements.</p>	<p data-bbox="876 674 1481 770">We have performed the following procedures to evaluate the Group's impairment assessments: (Continued)</p> <ul data-bbox="876 837 1481 965" style="list-style-type: none"><li data-bbox="876 837 1481 965">• 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. <p data-bbox="876 999 1481 1093">We found the assumptions adopted in relation to these impairment assessments to be supportable and reasonable based on available evidence.</p>



INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF HUTCHISON PORT HOLDINGS TRUST (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Revenue recognition</p> <p><i>Refer to notes 3(e) and 4 to the financial statements.</i></p> <p>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.</p> <p>For the year ended 31 December 2019, revenue from container handling services amounting to HK\$10,749 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.</p> <p>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 rates 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.</p>	<p>We have performed the following procedures in relation to the accuracy of revenue recognised and accrued:</p> <ul style="list-style-type: none">• Understood, evaluated and tested the key controls over the tariff applied in container handling services.• We selected a sample of transactions and:<ul style="list-style-type: none">○ 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. <p>Checked to bank advices or credit notes on a sample basis for the net settlement and reviewed aged items for any disputed amounts.</p> <p>We found the judgement made by management in estimating tariffs in the revenue recognized and accrued to be supportable and reasonable based on available evidence.</p>



INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF HUTCHISON PORT HOLDINGS TRUST (CONTINUED)

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.

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 HKFRSs, 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.



INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF HUTCHISON PORT HOLDINGS TRUST (CONTINUED)

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.
- 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.



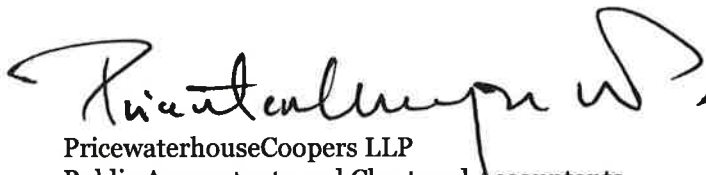
INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF HUTCHISON PORT HOLDINGS TRUST (CONTINUED)

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 Charlotte Hsu Yuh Feng.



PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 10 February 2020