



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 SIX MONTHS ENDED 30 JUNE 2022

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Footnote:

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

1(a)(i) Condensed consolidated income statement for the six months ended 30 June 2022

	01/01/2022 to 30/06/2022 HK\$'000	01/01/2021 to 30/06/2021 HK\$'000	Favourable/ (Unfavourable) %
Revenue and other income	6,471,451	5,992,160	8.0
Cost of services rendered	(2,162,952)	(1,936,899)	(11.7)
Staff costs	(133,033)	(124,763)	(6.6)
Depreciation and amortisation	(1,514,143)	(1,526,028)	0.8
Other operating income	67,831	390,716	(82.6)
Other operating expenses	(279,756)	(234,512)	(19.3)
Total operating expenses	(4,022,053)	(3,431,486)	(17.2)
Operating profit	2,449,398	2,560,674	(4.3)
Interest and other finance costs	(307,791)	(310,879)	1.0
Share of profits less losses after tax of associated companies	(42,130)	(45,851)	8.1
Share of profits less losses after tax of joint ventures	47,215	39,383	19.9
Profit before tax	2,146,692	2,243,327	(4.3)
Tax	(632,499)	(609,601)	(3.8)
Profit for the period	1,514,193	1,633,726	(7.3)
Allocated as: Profit attributable to non-controlling interests	(797,862)	(865,417)	(7.8)
Profit attributable to unitholders of HPH Trust	716,331	768,309	(6.8)
Earnings per unit attributable to unitholders of HPH Trust	HK cents 8.22	HK cents 8.82	(6.8)

1(a)(ii) Condensed consolidated statement of comprehensive income for the six months ended 30 June 2022

	01/01/2022 to 30/06/2022 HK\$'000	01/01/2021 to 30/06/2021 HK\$'000	Favourable/ (Unfavourable) %
Profit for the period	1,514,193	1,633,726	(7.3)
Other comprehensive (loss)/income:			
Items that will not be reclassified to profit or loss:			
Investments			
Valuation losses taken to reserves	(16,051)	(17,700)	9.3
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges arising from cross currency interest rate swap contracts and interest rate swap contracts			
Fair value gains recognised directly in reserves	276,675	116,537	137.4
Costs of hedging			
Changes in fair value of currency basis spread	(4,689)	13,419	(134.9)
Share of other comprehensive (loss)/income of associated companies	(9,519)	2,653	(458.8)
Share of other comprehensive (loss)/income of joint ventures	(19,058)	921	N/A
Currency translation differences	(246,230)	43,802	(662.1)
Total other comprehensive (loss)/income for the period	(18,872)	159,632	(111.8)
Total comprehensive income for the period	1,495,321	1,793,358	(16.6)
Allocated as: Attributable to non-controlling interests	(673,801)	(885,523)	(23.9)
Attributable to unitholders of HPH Trust	821,520	907,835	(9.5)

Note:

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

1(b)(i) Condensed consolidated statement of financial position as at 30 June 2022

	30/06/2022 HK\$'000	31/12/2021 HK\$'000
ASSETS		
Non-current assets		
Fixed assets	20,958,243	21,646,925
Projects under development	569,588	654,524
Leasehold land and land use rights	33,879,420	34,579,438
Railway usage rights	10,082	10,787
Customer relationships	4,666,257	4,833,360
Goodwill	11,270,044	11,270,044
Associated companies	873,756	957,537
Joint ventures	2,885,956	3,018,035
Other non-current assets	607,738	509,667
Pension assets	286,888	303,782
Deferred tax assets	12,480	11,978
	<u>76,020,452</u>	<u>77,796,077</u>
Current assets		
Cash and bank balances	11,436,920	11,048,007
Trade and other receivables	4,245,641	4,033,078
Inventories	84,586	86,564
	<u>15,767,147</u>	<u>15,167,649</u>
Current liabilities		
Trade and other payables	6,690,868	6,713,045
Bank and other debts	9,392,359	7,190,345
Current tax liabilities	477,525	421,976
	<u>16,560,752</u>	<u>14,325,366</u>
Net current (liabilities)/assets	<u>(793,605)</u>	<u>842,283</u>
Total assets less current liabilities	<u>75,226,847</u>	<u>78,638,360</u>
Non-current liabilities		
Bank and other debts	17,850,970	21,729,962
Deferred tax liabilities	9,151,682	9,268,299
Other non-current liabilities	112,942	240,976
	<u>27,115,594</u>	<u>31,239,237</u>
Net assets	<u>48,111,253</u>	<u>47,399,123</u>
EQUITY		
Units in issue	68,553,839	68,553,839
Reserves	(41,322,397)	(41,447,029)
Net assets attributable to unitholders of HPH Trust	<u>27,231,442</u>	<u>27,106,810</u>
Non-controlling interests	20,879,811	20,292,313
Total equity	<u>48,111,253</u>	<u>47,399,123</u>

1(b)(ii) Statement of financial position as at 30 June 2022

	30/06/2022 HK\$'000	31/12/2021 HK\$'000
ASSETS		
Non-current asset		
Investment in a subsidiary company	22,252,894	22,969,782
	-----	-----
Current assets		
Cash and bank balances	2,113	4,868
Trade and other receivables	1,372	1,080
	-----	-----
	3,485	5,948
	-----	-----
Current liability		
Trade and other payables	19,882	23,353
	-----	-----
Net current liabilities	(16,397)	(17,405)
	-----	-----
Total assets less current liabilities	22,236,497	22,952,377
	=====	=====
EQUITY		
Units in issue	68,553,839	68,553,839
Reserves	(46,317,342)	(45,601,462)
	-----	-----
Total equity	22,236,497	22,952,377
	=====	=====

1(c) Condensed consolidated statement of cash flows for the six months ended 30 June 2022

	01/01/2022 to 30/06/2022 HK\$'000	01/01/2021 to 30/06/2021 HK\$'000
Operating activities		
Cash generated from operations	3,827,145	4,624,065
Interest and other finance costs paid	(286,251)	(274,514)
Tax paid	(694,966)	(599,910)
Net cash from operating activities	<u>2,845,928</u>	<u>3,749,641</u>
Investing activities		
Loan to an associated company	(159,900)	(24,000)
Purchase of fixed assets and projects under development	(169,737)	(44,378)
Proceeds on disposal of fixed assets	294	11,858
Dividends received from investments	2,177	2,447
Dividends received from associated companies and joint ventures	55,535	55,391
Interest received	31,524	27,100
Repayment of loans by an associated company and a joint venture	272,800	-
Net cash from investing activities	<u>32,693</u>	<u>28,418</u>
Financing activities		
New borrowings	-	3,900,000
Repayment of borrowings	(1,700,000)	(4,282,000)
Upfront debt transaction costs and facilities fees of borrowings	-	(23,585)
Principal elements of lease payments	(6,517)	(6,090)
Distributions to unitholders of HPH Trust	(696,888)	(670,755)
Dividends to non-controlling interests	(86,303)	(86,303)
Net cash used in financing activities	<u>(2,489,708)</u>	<u>(1,168,733)</u>
Net changes in cash and cash equivalents	388,913	2,609,326
Cash and cash equivalents at beginning of the period	<u>11,048,007</u>	<u>7,766,588</u>
Cash and cash equivalents at end of the period	<u><u>11,436,920</u></u>	<u><u>10,375,914</u></u>

1(d)(i) Condensed consolidated statement of changes in equity for the six months ended 30 June 2022

Group	Units in issue HK\$'000	Exchange and other reserves HK\$'000	Revaluation reserve HK\$'000	Hedging reserve HK\$'000	Costs of hedging reserve HK\$'000	Pension reserve HK\$'000	Accumulated losses HK\$'000	Attributable to unitholders HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
At 1 January 2022	68,553,839	69,619	(297,461)	(24,808)	(3,269)	596,658	(41,787,768)	27,106,810	20,292,313	47,399,123
Profit for the period	-	-	-	-	-	-	716,331	716,331	797,862	1,514,193
Other comprehensive (loss)/income:										
Investments:										
Valuation losses taken to reserves	-	-	(16,051)	-	-	-	-	(16,051)	-	(16,051)
Cash flow hedges arising from cross currency interest rate swap contracts and interest rate swap contracts										
Fair value gains recognised directly in reserves	-	-	-	276,675	-	-	-	276,675	-	276,675
Costs of hedging										
Changes in fair value of currency basis spread	-	-	-	-	(4,689)	-	-	(4,689)	-	(4,689)
Share of other comprehensive loss of associated companies	-	(6,820)	-	-	-	-	-	(6,820)	(2,699)	(9,519)
Share of other comprehensive loss of joint ventures	-	(15,462)	-	-	-	-	-	(15,462)	(3,596)	(19,058)
Currency translation differences	-	(128,464)	-	-	-	-	-	(128,464)	(117,766)	(246,230)
Total other comprehensive loss	-	(150,746)	(16,051)	276,675	(4,689)	-	-	105,189	(124,061)	(18,872)
Total comprehensive income	-	(150,746)	(16,051)	276,675	(4,689)	-	716,331	821,520	673,801	1,495,321
Transactions with owners:										
Distributions	-	-	-	-	-	-	(696,888)	(696,888)	-	(696,888)
Dividends	-	-	-	-	-	-	-	-	(86,303)	(86,303)
At 30 June 2022	68,553,839	(81,127)	(313,512)	251,867	(7,958)	596,658	(41,768,325)	27,231,442	20,879,811	48,111,253

**1(d)(i) Condensed consolidated statement of changes in equity for the six months ended 30 June 2022
(Continued)**

	Units in issue HK\$'000	Exchange and other reserves HK\$'000	Revaluation reserve HK\$'000	Hedging reserve HK\$'000	Costs of hedging reserve HK\$'000	Pension reserve HK\$'000	Accumulated losses HK\$'000	Attributable to unitholders HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
Group										
At 1 January 2021	68,553,839	(9,390)	(303,452)	(278,472)	(19,052)	356,512	(42,297,943)	26,002,042	19,601,893	45,603,935
Profit for the period	-	-	-	-	-	-	768,309	768,309	865,417	1,633,726
Other comprehensive (loss)/ income:										
Investments:										
Valuation losses taken to reserves	-	-	(17,700)	-	-	-	-	(17,700)	-	(17,700)
Cash flow hedges arising from cross currency interest rate swap contracts and interest rate swap contracts										
Fair value gains recognised directly in reserves	-	-	-	116,537	-	-	-	116,537	-	116,537
Costs of hedging										
Changes in fair value of currency basis spread	-	-	-	-	13,419	-	-	13,419	-	13,419
Share of other comprehensive income of associated companies	-	2,058	-	-	-	-	-	2,058	595	2,653
Share of other comprehensive income of joint ventures	-	391	530	-	-	-	-	921	-	921
Currency translation differences	-	24,291	-	-	-	-	-	24,291	19,511	43,802
Total other comprehensive income	-	26,740	(17,170)	116,537	13,419	-	-	139,526	20,106	159,632
Total comprehensive income	-	26,740	(17,170)	116,537	13,419	-	768,309	907,835	885,523	1,793,358
Transactions with owners:										
Distributions	-	-	-	-	-	-	(670,755)	(670,755)	-	(670,755)
Dividends	-	-	-	-	-	-	-	-	(86,303)	(86,303)
At 30 June 2021	68,553,839	17,350	(320,622)	(161,935)	(5,633)	356,512	(42,200,389)	26,239,122	20,401,113	46,640,235

1(d)(ii) Statement of changes in equity for the six months ended 30 June 2022

	Units in issue HK\$'000	Accumulated losses HK\$'000	Attributable to unitholders HK\$'000
Trust			
At 1 January 2022	68,553,839	(45,601,462)	22,952,377
Loss and total comprehensive loss for the period	-	(18,992)	(18,992)
Transaction with owners:			
Distributions	-	(696,888)	(696,888)
At 30 June 2022	<u>68,553,839</u>	<u>(46,317,342)</u>	<u>22,236,497</u>
At 1 January 2021	68,553,839	(44,324,508)	24,229,331
Loss and total comprehensive loss for the period	-	(18,892)	(18,892)
Transaction with owners:			
Distributions	-	(670,755)	(670,755)
At 30 June 2021	<u>68,553,839</u>	<u>(45,014,155)</u>	<u>23,539,684</u>

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

The financial information has 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 July 2022 issued by PricewaterhouseCoopers LLP is enclosed in Appendix II.

4(a) Net asset value (“NAV”) attributable to unitholders per unit based on units issued as at 30 June 2022^(a)

	Group		Trust	
	30/06/2022	31/12/2021	30/06/2022	31/12/2021
Net asset value attributable to unitholders per unit (HK\$) ^(a)	3.13	3.11	2.55	2.63
Net asset value attributable to unitholders per unit after deducting distribution per unit for the financial period ended (HK\$) ^(a)	3.06	3.03	2.49	2.55

Note:

(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 30 June 2022 (31 December 2021: 8,711,101,022).

4(b) Rate of return^(a)

Year	Rate of Return (%)
For the six months ended 30 June 2022 ^(b)	3.1%

Notes:

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

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

B = NAV per unit as of the beginning of the period (after deducting total distribution per unit for the financial period ended 31 December 2021)

(b) The financial period was from 1 January 2022 to 30 June 2022

5. Value of assets by region as at 30 June 2022

Trust

Kind of assets	Region	Net Asset Value (HK\$'000)	Investment Ratio
Investment in a subsidiary ^(a)	Hong Kong	22,252,894	100.1%
Cash and other assets (after deduction of liabilities)	Singapore	(16,222)	(0.1%)
Other liabilities	Hong Kong	(175)	(0.0%)
Total net assets		22,236,497	100.0%

Group

Region ^(b)	Net Asset Value (HK\$'000)	Investment Ratio
Singapore	(16,222)	(0.0%)
Hong Kong ^(c)	(8,452,760)	(17.6%)
Mainland China	56,580,235	117.6%
Total net assets	48,111,253	100.0%

Notes:

(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\$3.3 billion (equivalent to HK\$25,740 million) and HK\$1.6 billion of bank loans and guaranteed notes are grouped under Hong Kong region.

6. Review of performance

Condensed consolidated income statement (01/01/2022-30/06/2022 vs 01/01/2021-30/06/2021)

Revenue and other income for the period was HK\$ 6,471.5 million, HK\$ 479.3 million or 8.0% above last year. Combined container throughput^(a) of HIT^(b), COSCO-HIT^(c) and ACT^(d) (collectively “HPHT Kwai Tsing”) decreased by 7.4% in 2022 as compared to the same period in 2021, primarily due to lower local and transshipment cargoes. The container throughput of YICT^(e) increased by 6.7% in 2022 as compared to the same period in 2021, primarily driven by the increase in the US and export cargoes. Average revenue per TEU for Hong Kong and China were above last year, mainly attributed to higher storage income.

Cost of services rendered was HK\$2,163.0 million, HK\$ 226.1 million or 11.7% above last year. This was attributed to higher direct charges due to high yard density and increase in external contractors’ costs, higher fuel and electricity price, RMB appreciation and additional COVID-19 precaution costs. Staff costs were HK\$133.0 million, HK\$ 8.2 million or 6.6% above last year primarily due to general cost inflations and more headcount. Depreciation and amortisation was HK\$1,514.1 million, comparable to last year.

Other operating income was HK\$ 67.8 million, HK\$ 322.9 million or 82.6% below last year. The decrease was largely due to the lower dividend income from River Ports Economic Benefits and lower than last year government subsidies by YICT, but offset by the wage subsidy received from the Hong Kong Employment Support Scheme in 2022.

Other operating expenses were HK\$279.8 million, HK\$ 45.3 million or 19.3% above last year, mainly due to claim recovery received in 2021 for typhoon Mangkhut in 2018 and exchange loss mainly arising from revaluation of YICT’s RMB denominated financial assets.

As a result, total operating profit was HK\$2,449.4 million, HK\$111.3 million or 4.3% below last year.

Notes:

- (a) Represents the allocated throughput from Hong Kong Seaport Joint Operating Alliance with effect from 1 April 2019
- (b) HIT owns Terminals 4, 6, 7 and two berths in Terminal 9, located at Kwai Tsing, Hong Kong.
- (c) COSCO-HIT owns Terminal 8 East, located at Kwai Tsing, Hong Kong.
- (d) ACT owns Terminal 8 West, located at Kwai Tsing, Hong Kong.
- (e) YICT owns 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

6. Review of performance (Continued)

Interest and other finance costs were HK\$307.8 million, HK\$ 3.1 million or 1.0% below last year, primarily due to full settlement of YICT's bank loans in 2021.

Share of profits less losses after tax of associated companies was a loss of HK\$ 42.1 million, HK\$3.8 million or 8.1% better than last year mainly due to better performance of HICT.

Share of profits less losses after tax of joint ventures was HK\$47.2 million, HK\$ 7.8 million or 19.9% above last year mainly due to better performance of the joint ventures of PS&L.

Taxation was HK\$632.5 million, HK\$ 22.9 million or 3.8% above last year, primarily due to increase of tax rate upon the expiry of the tax exemption period for YICT's S886 and West Port Phase II berth #4, but offset by lower profit.

Overall, profit was HK\$1,514.2 million, HK\$ 119.5 million or 7.3% below last year. Profit attributable to unitholders of HPH Trust was HK\$716.3 million, HK\$ 52.0 million or 6.8% below last year.

Material changes in condensed consolidated statement of financial position

Net current liabilities were HK\$793.6 million as at 30 June 2022 which mainly comprises of HK\$1.6 billion 5-year term loan facility and US\$0.5 billion 5-year guaranteed notes (equivalent to approximately HK\$3.9 billion), expiring in September 2022 and US\$0.5 billion 5-year term loan facility, expiring in March 2023.

Material changes in condensed consolidated statement of cash flows

Operating activities

Tax paid was HK\$695.0 million for the period ended 30 June 2022 compared to HK\$ 599.9 million for the period ended 30 June 2021. The increase was mainly due to higher profits tax paid by YICT and YICT West Port Phase II upon the expiry of tax exemption period by the end of 2020 for berths #5 and #6, but offset by deferral of HIT's 2020 profits tax payment to 2021.

Financing activities

The Group partially repaid the HK\$4,000 million bank loan due in September 2022 during the first half of 2022 whereas for the first half of 2021, the Group issued US\$500 million 2.0% guaranteed notes due in 2026 to refinance bank borrowings.

7. 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 2022 has been disclosed.

8. 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 period and the next 12 months.

Volume of import/export cargos handled in Hong Kong has declined in recent months leading to pressure on profitability. This also negatively affects shipping lines' preference to use Hong Kong as one of their hubs for transshipment as the flexibility in service rotation reduces.

The number of skipped calls remained high in Q2 2022 despite showing some decrease compared with Q1 2022. Port congestion around the world and unstable vessel schedules may have shown some improvement but are still at relatively high levels compared with historical averages.

The increase in COVID cases in Mainland China started in mid-March and has continued into Q2 2022. Shanghai went through a month-long lock down from April. Operations in Shanghai port, the largest port in the world, were significantly affected which in turn further disrupted global marine shipping schedules.

The continuing Russia/Ukraine conflict has caused significant increases in global commodities prices. High oil price exerts pressure on HPH Trust's operating costs. The increase in prices of other commodities, for instance wheat, has also fuelled inflation worldwide, which in turn may affect consumers' sentiment and resulting international trade volume.

A high inflationary environment will lead to reduction in orders from purchasing managers in the West. The market is expecting export volume from China to Europe/US to continuously come under pressure in the remainder of 2022.

Reacting to inflationary pressure in the United States, Federal Open Market Committee increased the Federal Funds Rate by an aggregate 1.25% in its recent meetings. Market expects the Federal Funds Rate to increase further in 2H 2022. However, impact for the increase in Federal Funds Rate on the borrowing cost of HPH Trust is expected to be relatively small as over 86% of its debt has fixed interest rate.

9. Distribution

(a) Current financial period

Any distribution recommended for the current financial period	:	Yes
Amount	:	HK\$566.2 million
Distribution type	:	Cash
Distribution rate	:	6.50 HK cents per unit for the period 1 January 2022 to 30 June 2022
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.

(b) Corresponding period of the immediately preceding financial period

Any distribution recommended for the previous financial period	:	Yes
Amount	:	HK\$566.2 million
Distribution type	:	Cash
Distribution rate	:	6.50 HK cents per unit for the period 1 January 2021 to 30 June 2021
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.

9. Distribution (Continued)

(c) Date payable 23 September 2022

(d) Record date The Transfer Books and Register of HPH Trust will be closed at 5:00 p.m. on 3 August 2022 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 3 August 2022 will be entitled to the Distribution to be paid on or about 23 September 2022.

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

Not applicable.

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

No IPT general mandate has been obtained.

12. 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 period ended 30 June 2022 to be false or misleading in any material respect.

13. 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
(INCORPORATED IN THE REPUBLIC OF SINGAPORE WITH LIMITED LIABILITY)
(COMPANY REGISTRATION NO. 201100749W)
AS TRUSTEE-MANAGER OF HPH TRUST

Ms Wong Yoen Har
Company Secretary
26 July 2022

14. Outline of the Trustee-Mhager

(a) Amount of capital

The Trustee-Mhager, 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-Mhager was incorporated in Singapore under the Companies Act 1967 of Singapore on 7 January 2011. Its registered office is located at 1 Harbourfront Avenue, #14-07, Keppel Bay Tower, Singapore 098632. The Trustee-Mhager is an indirect wholly -owned subsidiary of CK Hutchison Holdings Limited.

The Trustee-Mhager has dual responsibilities in safeguarding the interests of unitholders and managing the business of HPH Trust .

(c) Miscellaneous

Not applicable.

15. Financial information of the Trustee-Manager

(a) Income statement for the six months ended 30 June 2022

	01/01/2022 to 30/06/2022 HK\$'000	01/01/2021 to 30/06/2021 HK\$'000
Revenue and other income	12,863 -----	12,628 -----
Staff costs	(874)	(1,167)
Depreciation	(87)	(86)
Other operating expenses	(2,641)	(2,777)
Other non-operating income	2	2
Total operating expenses	(3,600) -----	(4,028) -----
Operating profit	9,263	8,600
Finance costs	(2)	(3)
Profit before tax	9,261	8,597
Tax	(1,585)	(1,427)
Profit for the period	7,676 =====	7,170 =====

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

(b) Statement of financial position as at 30 June 2022

	30/06/2022 HK\$'000	31/12/2021 HK\$'000
ASSETS		
Non-current assets		
Fixed assets	-	-
Right-of-use assets	501	57
	<u>501</u>	<u>57</u>
	-----	-----
Current assets		
Cash and cash equivalents	4,249	11,275
Trade and other receivables	13,405	16,480
	<u>17,654</u>	<u>27,755</u>
	-----	-----
Current liabilities		
Trade and other payables	7,208	5,017
Lease liabilities	174	59
Current tax liabilities	1,634	3,600
	<u>9,016</u>	<u>8,676</u>
	-----	-----
Net current assets	<u>8,638</u>	<u>19,079</u>
	-----	-----
Total assets less current liabilities	<u>9,139</u>	<u>19,136</u>
	-----	-----
Non-current liability		
Lease liabilities	327	-
	<u>327</u>	<u>-</u>
	-----	-----
Net assets	<u>8,812</u>	<u>19,136</u>
	=====	=====
EQUITY		
Share capital	100	100
Retained profits	8,712	19,036
	<u>8,812</u>	<u>19,136</u>
Total equity	<u>8,812</u>	<u>19,136</u>
	=====	=====

Appendix I

HUTCHISON PORT HOLDINGS TRUST

(A business trust constituted under the laws of the Republic of Singapore and managed by Hutchison Port Holdings Management Pte. Limited)

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2022

HUTCHISON PORT HOLDINGS TRUST

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

		01/01/2022 to 30/06/2022 HK\$'000	01/01/2021 to 30/06/2021 HK\$'000
	Note		
Revenue and other income	3	6,471,451	5,992,160
Cost of services rendered		(2,162,952)	(1,936,899)
Staff costs		(133,033)	(124,763)
Depreciation and amortisation		(1,514,143)	(1,526,028)
Other operating income		67,831	390,716
Other operating expenses		(279,756)	(234,512)
Total operating expenses		(4,022,053)	(3,431,486)
Operating profit		2,449,398	2,560,674
Interest and other finance costs	4	(307,791)	(310,879)
Share of profits less losses after tax of associated companies		(42,130)	(45,851)
Share of profits less losses after tax of joint ventures		47,215	39,383
Profit before tax		2,146,692	2,243,327
Tax	5	(632,499)	(609,601)
Profit for the period		1,514,193	1,633,726
Allocated as: Profit attributable to non-controlling interests		(797,862)	(865,417)
Profit attributable to unitholders of HPH Trust		716,331	768,309
Earnings per unit attributable to unitholders of HPH Trust	7	HK cents 8.22	HK cents 8.82

HUTCHISON PORT HOLDINGS TRUST

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2022

	01/01/2022 to 30/06/2022 HK\$'000	01/01/2021 to 30/06/2021 HK\$'000
Profit for the period	1,514,193	1,633,726
Other comprehensive (loss)/income:		
Items that will not be reclassified to profit or loss:		
Investments		
Valuation losses taken to reserves	(16,051)	(17,700)
Items that may be reclassified subsequently to profit or loss:		
Cash flow hedges arising from cross currency interest rate swap contracts and interest rate swap contracts		
Fair value gains recognised directly in reserves	276,675	116,537
Costs of hedging		
Changes in fair value of currency basis spread	(4,689)	13,419
Share of other comprehensive (loss)/income of associated companies	(9,519)	2,653
Share of other comprehensive (loss)/income of joint ventures	(19,058)	921
Currency translation differences	(246,230)	43,802
Total other comprehensive (loss)/income for the period	(18,872)	159,632
Total comprehensive income for the period	1,495,321	1,793,358
Allocated as: Attributable to non-controlling interests	(673,801)	(885,523)
Attributable to unitholders of HPH Trust	821,520	907,835

Note:

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

HUTCHISON PORT HOLDINGS TRUST

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2022

	Note	30/06/2022 HK\$'000	31/12/2021 HK\$'000
ASSETS			
Non-current assets			
Fixed assets	8	20,958,243	21,646,925
Projects under development	8	569,588	654,524
Leasehold land and land use rights		33,879,420	34,579,438
Railway usage rights		10,082	10,787
Customer relationships		4,666,257	4,833,360
Goodwill	9	11,270,044	11,270,044
Associated companies		873,756	957,537
Joint ventures		2,885,956	3,018,035
Other non-current assets	10	607,738	509,667
Pension assets		286,888	303,782
Deferred tax assets		12,480	11,978
		<u>76,020,452</u>	<u>77,796,077</u>
Current assets			
Cash and bank balances	11	11,436,920	11,048,007
Trade and other receivables		4,245,641	4,033,078
Inventories		84,586	86,564
		<u>15,767,147</u>	<u>15,167,649</u>
Current liabilities			
Trade and other payables		6,690,868	6,713,045
Bank and other debts	12	9,392,359	7,190,345
Current tax liabilities		477,525	421,976
		<u>16,560,752</u>	<u>14,325,366</u>
Net current (liabilities)/assets		<u>(793,605)</u>	<u>842,283</u>
Total assets less current liabilities		<u>75,226,847</u>	<u>78,638,360</u>
Non-current liabilities			
Bank and other debts	12	17,850,970	21,729,962
Deferred tax liabilities		9,151,682	9,268,299
Other non-current liabilities	13	112,942	240,976
		<u>27,115,594</u>	<u>31,239,237</u>
Net assets		<u>48,111,253</u>	<u>47,399,123</u>
EQUITY			
Units in issue	14	68,553,839	68,553,839
Reserves		(41,322,397)	(41,447,029)
Net assets attributable to unitholders of HPH Trust		<u>27,231,442</u>	<u>27,106,810</u>
Non-controlling interests		20,879,811	20,292,313
Total equity		<u>48,111,253</u>	<u>47,399,123</u>

HUTCHISON PORT HOLDINGS TRUST

CONDENSED STATEMENT OF FINANCIAL POSITION OF HUTCHISON PORT HOLDINGS TRUST AT 30 JUNE 2022

	Note	30/06/2022 HK\$'000	31/12/2021 HK\$'000
ASSETS			
Non-current asset			
Investment in a subsidiary company		22,252,894	22,969,782
Current assets			
Cash and bank balances		2,113	4,868
Trade and other receivables		1,372	1,080
		3,485	5,948
Current liability			
Trade and other payables		19,882	23,353
Net current liabilities			
		(16,397)	(17,405)
Total assets less current liabilities			
		22,236,497	22,952,377
EQUITY			
Units in issue	14	68,553,839	68,553,839
Reserves		(46,317,342)	(45,601,462)
Total equity			
		22,236,497	22,952,377

HUTCHISON PORT HOLDINGS TRUST

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Note	01/01/2022 to 30/06/2022 HK\$'000	01/01/2021 to 30/06/2021 HK\$'000
Operating activities			
Cash generated from operations	15	3,827,145	4,624,065
Interest and other finance costs paid		(286,251)	(274,514)
Tax paid		(694,966)	(599,910)
Net cash from operating activities		<u>2,845,928</u>	<u>3,749,641</u>
Investing activities			
Loan to an associated company		(159,900)	(24,000)
Purchase of fixed assets and projects under development		(169,737)	(44,378)
Proceeds on disposal of fixed assets		294	11,858
Dividends received from investments		2,177	2,447
Dividends received from associated companies and joint ventures		55,535	55,391
Interest received		31,524	27,100
Repayment of loans by an associated company and a joint venture		272,800	-
Net cash from investing activities		<u>32,693</u>	<u>28,418</u>
Financing activities			
New borrowings		-	3,900,000
Repayment of borrowings		(1,700,000)	(4,282,000)
Upfront debt transaction costs and facilities fees of borrowings		-	(23,585)
Principal elements of lease payments		(6,517)	(6,090)
Distributions to unitholders of HPH Trust		(696,888)	(670,755)
Dividends to non-controlling interests		(86,303)	(86,303)
Net cash used in financing activities		<u>(2,489,708)</u>	<u>(1,168,733)</u>
Net changes in cash and cash equivalents		388,913	2,609,326
Cash and cash equivalents at beginning of the period		<u>11,048,007</u>	<u>7,766,588</u>
Cash and cash equivalents at end of the period	11	<u><u>11,436,920</u></u>	<u><u>10,375,914</u></u>

HUTCHISON PORT HOLDINGS TRUST

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Units in issue HK\$'000	Exchange and other reserves HK\$'000	Revaluation reserve HK\$'000	Hedging reserve HK\$'000	Costs of hedging reserve HK\$'000	Pension reserve HK\$'000	Accumulated losses HK\$'000	Attributable to unitholders HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
Group										
At 1 January 2022	68,553,839	69,619	(297,461)	(24,808)	(3,269)	596,658	(41,787,768)	27,106,810	20,292,313	47,399,123
Profit for the period	-	-	-	-	-	-	716,331	716,331	797,862	1,514,193
Other comprehensive (loss)/income:										
Investments:										
Valuation losses taken to reserves	-	-	(16,051)	-	-	-	-	(16,051)	-	(16,051)
Cash flow hedges arising from cross currency interest rate swap contracts and interest rate swap contracts										
Fair value gains recognised directly in reserves	-	-	-	276,675	-	-	-	276,675	-	276,675
Costs of hedging										
Changes in fair value of currency basis spread	-	-	-	-	(4,689)	-	-	(4,689)	-	(4,689)
Share of other comprehensive loss of associated companies	-	(6,820)	-	-	-	-	-	(6,820)	(2,699)	(9,519)
Share of other comprehensive loss of joint ventures	-	(15,462)	-	-	-	-	-	(15,462)	(3,596)	(19,058)
Currency translation differences	-	(128,464)	-	-	-	-	-	(128,464)	(117,766)	(246,230)
Total other comprehensive loss	-	(150,746)	(16,051)	276,675	(4,689)	-	-	105,189	(124,061)	(18,872)
Total comprehensive income	-	(150,746)	(16,051)	276,675	(4,689)	-	716,331	821,520	673,801	1,495,321
Transactions with owners:										
Distributions	-	-	-	-	-	-	(696,888)	(696,888)	-	(696,888)
Dividends	-	-	-	-	-	-	-	-	(86,303)	(86,303)
At 30 June 2022	68,553,839	(81,127)	(313,512)	251,867	(7,958)	596,658	(41,768,325)	27,231,442	20,879,811	48,111,253

HUTCHISON PORT HOLDINGS TRUST

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2022 (CONTINUED)

	Units in issue HK\$'000	Exchange and other reserves HK\$'000	Revaluation reserve HK\$'000	Hedging reserve HK\$'000	Costs of hedging reserve HK\$'000	Pension reserve HK\$'000	Accumulated losses HK\$'000	Attributable to unitholders HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
Group										
At 1 January 2021	68,553,839	(9,390)	(303,452)	(278,472)	(19,052)	356,512	(42,297,943)	26,002,042	19,601,893	45,603,935
Profit for the period	-	-	-	-	-	-	768,309	768,309	865,417	1,633,726
Other comprehensive (loss)/ income:										
Investments:										
Valuation losses taken to reserves	-	-	(17,700)	-	-	-	-	(17,700)	-	(17,700)
Cash flow hedges arising from cross currency interest rate swap contracts and interest rate swap contracts										
Fair value gains recognised directly in reserves	-	-	-	116,537	-	-	-	116,537	-	116,537
Costs of hedging										
Changes in fair value of currency basis spread	-	-	-	-	13,419	-	-	13,419	-	13,419
Share of other comprehensive income of associated companies	-	2,058	-	-	-	-	-	2,058	595	2,653
Share of other comprehensive income of joint ventures	-	391	530	-	-	-	-	921	-	921
Currency translation differences	-	24,291	-	-	-	-	-	24,291	19,511	43,802
Total other comprehensive income	-	26,740	(17,170)	116,537	13,419	-	-	139,526	20,106	159,632
Total comprehensive income	-	26,740	(17,170)	116,537	13,419	-	768,309	907,835	885,523	1,793,358
Transactions with owners:										
Distributions	-	-	-	-	-	-	(670,755)	(670,755)	-	(670,755)
Dividends	-	-	-	-	-	-	-	-	(86,303)	(86,303)
At 30 June 2021	68,553,839	17,350	(320,622)	(161,935)	(5,633)	356,512	(42,200,389)	26,239,122	20,401,113	46,640,235

HUTCHISON PORT HOLDINGS TRUST

CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Units in issue HK\$'000	Accumulated losses HK\$'000	Attributable to unitholders HK\$'000
Trust			
At 1 January 2022	68,553,839	(45,601,462)	22,952,377
Loss and total comprehensive loss for the period	-	(18,992)	(18,992)
Transaction with owners: Distributions	-	(696,888)	(696,888)
At 30 June 2022	<u>68,553,839</u>	<u>(46,317,342)</u>	<u>22,236,497</u>
At 1 January 2021	68,553,839	(44,324,508)	24,229,331
Loss and total comprehensive loss for the period	-	(18,892)	(18,892)
Transaction with owners: Distributions	-	(670,755)	(670,755)
At 30 June 2021	<u>68,553,839</u>	<u>(45,014,155)</u>	<u>23,539,684</u>

HUTCHISON PORT HOLDINGS TRUST

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

1 General information

Hutchison Port Holdings Trust (“Trust” or “HPH Trust”) is a business trust constituted by a deed of trust dated 25 February 2011 (as amended) (the “Trust Deed”) and registered with the Monetary Authority of Singapore. HPH Trust is principally regulated by the Business Trusts Act 2004 of Singapore and Securities and Futures Act 2001 of Singapore. Under the Trust Deed, Hutchison Port Holdings Management Pte. Limited (the “Trustee-Manager”), has declared that it will hold all its assets (including businesses) acquired on trust for the unitholders as the Trustee-Manager of HPH Trust. The registered address of the Trustee-Manager is at 1 Harbourfront Avenue, #14-07, Keppel Bay Tower, Singapore 098632. HPH Trust was listed on the Main Board of Singapore Exchange Securities Trading Limited (the “SGX-ST”) on 18 March 2011.

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

2 Basis of preparation and significant accounting policies

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The financial statements have been prepared under the historical cost convention except for investments and derivative financial instruments which are stated at fair value.

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

At 30 June 2022, Hutchison Port Holdings Trust and its subsidiaries (the “Group”) recorded net current liabilities of HK\$793.6 million, mainly resulting from unsecured bank loan of HK\$1.6 billion and guaranteed notes of US\$0.5 billion (approximately to HK\$3.9 billion), which will mature in September 2022, and unsecured bank loan of US\$0.5 billion (approximately to HK\$3.9 billion), which will mature in March 2023. Management is confident to complete the refinancing arrangement before the expiry of these existing loans. Based on the Group’s history in obtaining external financing, its operating performance and its expected future working capital requirements, management believes that there are sufficient financial resources available to the Group to meet its liabilities as and when they fall due. Accordingly, the condensed interim financial statements have been prepared on a going concern basis.

The condensed interim financial statements should be read in conjunction with the 2021 annual consolidated financial statements, which have been prepared in accordance with HKFRS. The accounting policies and estimates applied and presentation used in the condensed interim financial statements are consistent with those set out in the annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the new standards and amendments to its existing standards, which are relevant to the Group’s operations and are applicable to the Group’s accounting periods beginning on 1 January 2022.

HUTCHISON PORT HOLDINGS TRUST

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

2 Basis of preparation and significant accounting policies (Continued)

Adoption of standards and amendments to existing standards

The Group has adopted all of the new and revised standards, amendments and interpretations issued by the HKICPA that are relevant to the Group's operations and mandatory for annual period beginning 1 January 2022. The effect of the adoption of these new and revised standards, amendments and interpretations was not material to the Group's results or financial position.

Standards and amendments which are not yet effective

At the date of authorisation of the condensed interim financial statements, the following standards and amendments were in issue and relevant to the Group but not yet effective and have not been early adopted by the Group:

Amendments to HKAS 1 ⁽¹⁾	Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current – Deferral of Effective Date
Amendments to HKAS 1 (Revised) ⁽¹⁾	Presentation of Financial Statements
Amendments to HKFRS Practice Statement 2 ⁽¹⁾	Making Materiality Judgements
Amendments to HKAS 8 ⁽¹⁾	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to HKAS 12 ⁽¹⁾	Income Taxes
Amendments to HKFRS 10 and HKAS 28 ⁽²⁾	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

(1) Effective for annual periods beginning 1 January 2023

(2) New effective date to be determined

The Group is assessing the full impact of these new or revised HKFRS. Certain of them may give rise to change in presentation, disclosure and measurements of certain items in the condensed interim financial statements. It is not expected to have material impact to the Group.

HUTCHISON PORT HOLDINGS TRUST

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

3 Revenue and other income and segment information

(a) Revenue and other income

	01/01/2022 to 30/06/2022 HK\$'000	01/01/2021 to 30/06/2021 HK\$'000
Revenue		
Rendering of port and related services	6,268,255	5,788,031
Rendering of transportation and logistics solutions	138,680	154,918
Management and service fee income	17,784	15,905
System development and support fees	3,399	3,390
Others	832	702
	<u>6,428,950</u>	<u>5,962,946</u>
Other income		
Interest income	42,501	29,214
	<u>6,471,451</u>	<u>5,992,160</u>

(b) Segment information

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

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

Revenue is recognised over time and disclosures by geographical location are shown below:

	Revenue and other income		Non-current assets	
	01/01/2022 to 30/06/2022 HK\$'000	01/01/2021 to 30/06/2021 HK\$'000	30/06/2022 HK\$'000	31/12/2021 HK\$'000
Hong Kong	1,690,450	1,705,447	20,655,861	21,213,393
Mainland China	4,781,001	4,286,713	55,364,591	56,582,684
	<u>6,471,451</u>	<u>5,992,160</u>	<u>76,020,452</u>	<u>77,796,077</u>

HUTCHISON PORT HOLDINGS TRUST

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

4 Interest and other finance costs

	01/01/2022 to 30/06/2022 HK\$'000	01/01/2021 to 30/06/2021 HK\$'000
Bank loans and overdrafts	110,321	159,900
Guaranteed notes	173,141	126,991
Loans from non-controlling interests	840	1,586
Lease liabilities	328	532
Other finance costs	23,161	21,870
	<u>307,791</u>	<u>310,879</u>

5 Tax

	01/01/2022 to 30/06/2022 HK\$'000	01/01/2021 to 30/06/2021 HK\$'000
Current tax	749,628	721,640
Deferred tax	(117,129)	(112,039)
	<u>632,499</u>	<u>609,601</u>

6 Distributions

On 26 July 2022, the board of directors of the Trustee-Manager recommended the distribution of 6.50 Hong Kong cents per unit for the six months ended 30 June 2022 amounting to HK\$566.2 million.

On 26 July 2021, the board of directors of the Trustee-Manager recommended the distribution of 6.50 Hong Kong cents per unit for the six months ended 30 June 2021 amounting to HK\$566.2 million.

HUTCHISON PORT HOLDINGS TRUST

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

7 Earnings per unit

The calculation of earnings per unit is based on profit attributable to unitholders of HPH Trust of HK\$716,331,000 for the six months ended 30 June 2022 (30 June 2021: HK\$768,309,000) and on 8,711,101,022 units in issue, which was the weighted average number of units for the period.

Diluted earnings per unit is the same as the basic earnings per unit for the six months ended 30 June 2022 and 2021.

8 Fixed assets and projects under development

During the period from 1 January 2022 to 30 June 2022, the Group acquired fixed assets and projects under development with a cost of HK\$41,278,000 (30 June 2021: HK\$17,116,000). Fixed assets with net book value of HK\$24,000 (30 June 2021: HK\$2,255,000) were disposed of during the period, resulting in a net gain on disposal of HK\$270,000 (30 June 2021: HK\$9,603,000).

9 Goodwill

Group	30/06/2022 HK\$'000	31/12/2021 HK\$'000
At beginning of the period/year	11,270,044	11,270,044
Impairment of goodwill (accumulated: HK\$30.4 billion)	-	-
At end of the period/year	<u>11,270,044</u>	<u>11,270,044</u>

HUTCHISON PORT HOLDINGS TRUST

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

10 Other non-current assets

Group	30/06/2022 HK\$'000	31/12/2021 HK\$'000
Investments		
Listed equity security	35,438	39,151
River Ports Economic Benefits (Note)	270,662	283,000
Prepayment for fixed assets	45,543	45,759
Other receivables and prepayments	3,603	56,190
Derivative financial instruments		
Cash flow hedges		
Interest rate swaps	252,492	85,567
Cross currency Interest rate swaps	16,449	2,010
Less: current portion of cross currency interest rate swaps	(16,449)	(2,010)
Non-current portion of derivative financial instruments	252,492	85,567
	<u>607,738</u>	<u>509,667</u>

Note:

The River Ports Economic Benefits represent the economic interest and benefits of the river ports in Nanhai and Jiangmen, China (together the "River Ports"), including all dividends and any other distributions or other monies payable to a related company or any of its subsidiary companies in its capacity as a shareholder of the relevant holding company of the River Ports arising from the profits attributable to the business of the River Ports and all sale or disposal proceeds derived from such businesses, assets, rights and/or liabilities constituting any part of the business of the River Ports as agreed with a related company and any of its subsidiary companies. The movement is due to change in fair value.

11 Cash and bank balances

Group	30/06/2022 HK\$'000	31/12/2021 HK\$'000
Cash and cash equivalents		
Cash at bank and on hand	2,320,854	1,620,219
Short-term bank deposits	9,116,066	9,427,788
Cash and bank balances	<u>11,436,920</u>	<u>11,048,007</u>

HUTCHISON PORT HOLDINGS TRUST

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

12 Bank and other debts

Group	Current portion HK\$'000	Non-current portion HK\$'000	Total HK\$'000
Unsecured bank loans	5,498,000	6,240,000	11,738,000
Guaranteed notes	3,900,000	11,700,000	15,600,000
Total principal amount of bank and other debts	9,398,000	17,940,000	27,338,000
Unamortised loan facilities fees and discounts related to debts	(5,641)	(89,030)	(94,671)
At 30 June 2022	9,392,359	17,850,970	27,243,329
Unsecured bank loans	3,298,000	10,140,000	13,438,000
Guaranteed notes	3,900,000	11,700,000	15,600,000
Total principal amount of bank and other debts	7,198,000	21,840,000	29,038,000
Unamortised loan facilities fees and discounts related to debts	(7,655)	(110,038)	(117,693)
At 31 December 2021	7,190,345	21,729,962	28,920,307

13 Other non-current liabilities

Group	30/06/2022 HK\$'000	31/12/2021 HK\$'000
Derivative financial instruments:		
Cash flow hedges		
Cross currency interest rate swaps	25,032	115,654
Less: current portion of cross currency interest rate swaps	(25,032)	-
Non-current portion of derivative financial instruments	-	115,654
Lease liabilities	-	5,859
Others	112,942	119,463
	112,942	240,976

HUTCHISON PORT HOLDINGS TRUST

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

14 Units in issue

Group and Trust	Number of units	HK\$'000
At 1 January 2021, 31 December 2021 and 30 June 2022	8,711,101,022	68,553,839

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

15 Reconciliation of operating profit to cash generated from operations

	01/01/2022 to 30/06/2022 HK\$'000	01/01/2021 to 30/06/2021 HK\$'000
Operating profit	2,449,398	2,560,674
Depreciation and amortisation	1,514,143	1,526,028
Net gain on disposal of fixed assets	(270)	(9,603)
Dividend income	(14,515)	(27,909)
Interest income	(42,501)	(29,214)
Operating profit before working capital changes	3,906,255	4,019,976
Decrease in inventories	1,978	6,542
(Increase)/decrease in trade and other receivables	(112,526)	97,193
Movement in balances with associated companies and joint ventures	(4,127)	4,311
Increase in trade and other payables	18,671	486,561
Increase in pension obligations	16,894	9,482
Cash generated from operations	3,827,145	4,624,065

HUTCHISON PORT HOLDINGS TRUST

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

16 Commitments

The Group's capital commitments are as follows:

	30/06/2022 HK\$'000	31/12/2021 HK\$'000
Fixed assets and projects under development Contracted but not provided for	<u>258,227</u>	<u>45,883</u>
Capital contribution to a joint venture	<u>1,190,329</u>	<u>1,241,198</u>

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

	30/06/2022 HK\$'000	31/12/2021 HK\$'000
Contracted but not provided for	<u>252,246</u>	<u>42,365</u>

HUTCHISON PORT HOLDINGS TRUST

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

17 Related parties transactions

Significant transactions between the Group and related parties during the six months ended 30 June 2022 and 2021 that are carried out in the normal course of business are disclosed below.

(i) Income from and expenses to related parties

	01/01/2022 to 30/06/2022 HK\$'000	01/01/2021 to 30/06/2021 HK\$'000
Income:		
Container handling fees received from joint ventures and related companies (Note a)	6,232	5,947
Management, service and support fee received from related companies (Note b)	21,769	19,657
Transportation management services fee income from related companies (Note c)	63,082	68,425
Interest income from a joint venture and an associated company (Note d)	14,712	14,248
	<u> </u>	<u> </u>
Expenses:		
Container handling charges paid to joint ventures and related companies (Note e)	6,141	6,349
Lease rentals on premises and port facilities paid to a joint venture and related companies (Note e)	2,652	2,597
Trustee-Manager's management fees (Note f)		
- Base fee	12,730	12,627
- Development fee	126	-
Global support services fees to a related company (Note g)	77,121	75,774
Information technology ("IT") support and maintenance service fees paid to a joint venture and related companies (Note h)	20,795	22,899
	<u> </u>	<u> </u>

HUTCHISON PORT HOLDINGS TRUST

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

17 Related parties transactions (Continued)

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

Notes:

- (a) Container handling fees received from joint ventures and related companies were charged at terms pursuant to the relevant agreements.
- (b) Management, service and support fee received from related companies were charged at terms mutually agreed.
- (c) Revenue from related companies for the provision of transportation management services was charged at prices and terms mutually agreed.
- (d) A loan of HK\$120,000,000 (30 June 2021: HK\$120,000,000) provided to a joint venture is interest bearing at Hong Kong Interbank Offered Rate ("HIBOR") plus 2.1% per annum (30 June 2021: HIBOR plus 2.1% per annum). Another loan of RMB530,000,000 approximate to HK\$620,100,000 (30 June 2021: RMB530,000,000 approximate to HK\$636,000,000) provided to an associated company is unsecured, interest bearing at a fixed rate of 4.0% per annum (30 June 2021: fixed rate of 4.0% per annum).
- (e) Container handling charges and lease rentals paid to joint ventures and related companies were charged at terms pursuant to relevant agreements.
- (f) The Trustee-Manager's management fees were charged in accordance with the Trust Deed.
- (g) Global support services fees in respect of administration services and licence for certain intellectual property rights were charged at prices and terms mutually agreed.
- (h) IT support and maintenance services fees in respect of the support and maintenance of IT systems paid to a joint venture and related companies were charged at prices and terms mutually agreed.

HUTCHISON PORT HOLDINGS TRUST

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

17 Related parties transactions (Continued)

(ii) Joint Operating Alliance of the Kwai Tsing container terminals

Pursuant to the Hong Kong Seaport Joint Operating Alliance Agreement entered into by Hongkong International Terminals Limited, COSCO-HIT Terminals (Hong Kong) Limited, Asia Container Terminals Limited and Modern Terminals Limited, with effect from 1 April 2019, the parties collaborate with each other for the efficient management and operation of the 23 berths across Terminals 1, 2, 4, 5, 6, 7, 8 and 9 (together the "Combined Terminal Facilities") in Kwai Tsing. The revenue and costs from the management and operation of the facilities of the Combined Terminal Facilities are shared among the parties at a pre-agreed ratio.

(iii) Key management compensation

Key management of the Group includes managing directors and key management of the deep-water container ports of the Group. The compensation paid or payable to key management for employee services is shown below:

	01/01/2022 to 30/06/2022 HK\$'000	01/01/2021 to 30/06/2021 HK\$'000
Salaries and employee benefits	<u>12,078</u>	<u>11,425</u>

HUTCHISON PORT HOLDINGS TRUST

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

18 Fair value estimation

The table below analyses recurring fair value measurements for financial assets/(liabilities). These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs).

	Note	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 30 June 2022					
Listed equity security	10	35,438	-	-	35,438
River Ports Economic Benefits	10	-	-	270,662	270,662
Cash flow hedges					
Interest rate swaps	10	-	252,492	-	252,492
Cross currency interest rate swaps	10	-	16,449	-	16,449
Cross currency interest rate swaps	13	-	(25,032)	-	(25,032)
		<u>35,438</u>	<u>243,909</u>	<u>270,662</u>	<u>550,009</u>
	Note	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 31 December 2021					
Listed equity security	10	39,151	-	-	39,151
River Ports Economic Benefits	10	-	-	283,000	283,000
Cash flow hedges					
Interest rate swaps	10	-	85,567	-	85,567
Cross currency interest rate swaps	10	-	2,010	-	2,010
Cross currency interest rate swaps	13	-	(115,654)	-	(115,654)
		<u>39,151</u>	<u>(28,077)</u>	<u>283,000</u>	<u>294,074</u>

HUTCHISON PORT HOLDINGS TRUST

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

18 Fair value estimation (continued)

The fair value of the cross currency interest rate swaps and interest rate swaps included in level 2 category above are estimated using the present value of the estimated future cash flows based on observable yield curves. The fair value of financial instruments that are not traded in active market (level 3) is determined by discounted cash flow analysis with reference to inputs such as dividend stream.

During the six months ended 30 June 2022 and year ended 31 December 2021, there were no transfers between the Level 1, Level 2 and Level 3 fair value measurements.

At 30 June 2022, the fair value of bank and other debts (note 12) was HK\$26,530.5 million (31 December 2021: HK\$29,059.4 million). The carrying amounts of the remaining financial assets and financial liabilities approximate their fair values.

19 Approval of the financial statements

The condensed interim financial statements set out on pages 1 to 22 were approved by the Board of Directors of the Trustee-Manager for issue on 26 July 2022.



Appendix II

**To the Directors of Hutchison Port Holdings Management Pte. Limited
(in its capacity as Trustee-Manager of Hutchison Port Holdings Trust)**

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

Introduction

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 30 June 2022, 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 six months ended 30 June 2022, 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”.

Restriction on distribution and use

This report has been prepared solely for the Trustee-Manager in accordance with the letter of engagement between us and the Trustee-Manager. To the fullest extent permitted by law, we do not accept or assume liability or responsibility to anyone other than the Trustee-Manager for our work or this report.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 26 July 2022

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