

SHAPING A **SUSTAINABLE FUTURE**



CORPORATE INFORMATION

TRUSTEE-MANAGER

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

BOARD OF DIRECTORS

Chairman and Non-executive Director

Mr. FOK Kin Ning, Canning, BA, DFM, FCA (ANZ)

Executive Director

Mr. IP Sing Chi, BA

Non-executive Directors

Ms. Edith SHIH, BSE, MA, MA, EdM, Solicitor,
FCG (CS, CGP), HKFCG (CS, CGP) (PE)

Ms. LEE Tung Wan, Diana, BCom, ACA (ANZ)

Independent Non-executive Director and Lead Independent Director

Mr. WONG Kwai Lam, BA, PhD

Independent Non-executive Directors

Professor CHAN Fan-cheong, Tony, BS, MS, PhD
Dr. FONG Chi Wai, Alex, BSS, MTM, MSGF, DBA, PhD, FCILT, FHKIOD
Mr. LEE Kah Lup, MBA
Ms. SEAH Bee Eng (alias Jennifer LOH), B Acc, FCA (Singapore),
CA (Australia)

AUDIT COMMITTEE

Mr. WONG Kwai Lam (Chairman)
Professor CHAN Fan-cheong, Tony
Ms. SEAH Bee Eng (alias Jennifer LOH)

NOMINATING COMMITTEE

Mr. WONG Kwai Lam (Chairman)
Dr. FONG Chi Wai, Alex
Ms. Edith SHIH

REMUNERATION COMMITTEE

Dr. FONG Chi Wai, Alex (Chairman)
Ms. LEE Tung Wan, Diana
Mr. WONG Kwai Lam

SUSTAINABILITY COMMITTEE

Ms. Edith SHIH (Chairperson)
Dr. FONG Chi Wai, Alex
Mr. LEE Kah Lup
Ms. LEE Tung Wan, Diana
Ms. SEAH Bee Eng (alias Jennifer LOH)

REGISTERED OFFICE

1 Harbourfront Avenue
#14-07, Keppel Bay Tower
Singapore 098632
Telephone: (65) 6536 5355
Fax: (65) 6536 1360

COMPANY SECRETARY

Ms. WONG Yoen Har

UNIT REGISTRAR AND UNIT TRANSFER OFFICE

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

AUDITOR

PricewaterhouseCoopers LLP
7 Straits View
Level 12, Marina One, East Tower
Singapore 018936
Telephone: (65) 6236 3388
Fax: (65) 6236 3300
Partner-in-charge: Ms. Debra Ann KER
Date of appointment: 25 April 2023

PRINCIPAL BANKERS

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

CORPORATE DIRECTORY

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

CONTENTS

	Corporate Information		
01	Contents	28	Board of Directors
02	Trust Profile	33	Senior Management
03	Corporate Structure	38	Sustainability Report
04	Portfolio Overview	98	Investor Relations
10	Letter to Unitholders	99	Corporate Governance Report
12	Key Events	128	Financial Contents
14	Corporate Milestones	196	Five-Year Financial Summary
22	Operational Review	197	Statistics of Unitholdings
25	Financial Review	199	Notice of Annual General Meeting
		205	Proxy Form
		207	Glossary

TRUST PROFILE

HPH TRUST

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

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

HPH Trust operates Hongkong International Terminals (“HIT”), COSCO-HIT Terminals (“COSCO-HIT”) and Asia Container Terminals (“ACT”) in Hong Kong, and Yantian International Container Terminals (“YANTIAN”) and Huizhou International Container Terminals (“HICT”) in mainland China. HPH Trust operates 38¹ berths across 647¹ hectares of land. In 2023, the Trust delivered a combined throughput of approximately 21.3 million twenty-foot equivalent units (“TEU”).

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

THE TRUSTEE-MANAGER

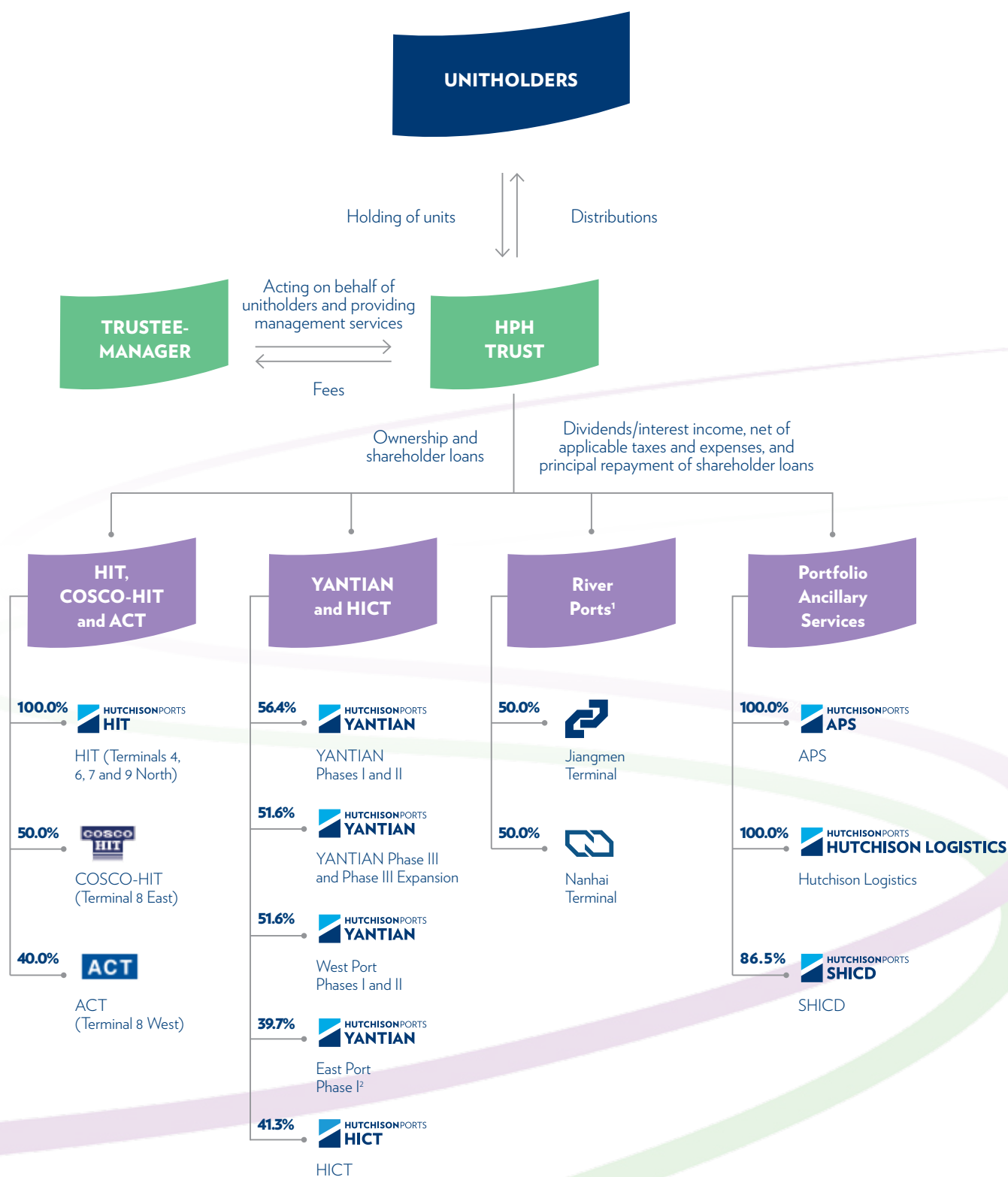
The Trust is managed by Hutchison Port Holdings Management Pte. Limited (the “Trustee-Manager”), an indirect wholly owned subsidiary of CK Hutchison Holdings Limited (“CKHH”). The Trustee-Manager has dual responsibilities in safeguarding the interests of unitholders and managing HPH Trust’s businesses.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

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

² The River Ports Economic Benefits represent the economic interest and benefits of the River Ports – including all dividends and any other distributions or other monies payable to Hutchison Port Holdings Limited (“HPH”) or any of its subsidiaries in its capacity as a shareholder of the relevant holding company of the River Ports arising from the profits attributable to the business of the River Ports, and all sale or disposal proceeds derived from such businesses, assets, rights and/or liabilities constituting any part of the business of the River Ports as agreed with HPH and any of its subsidiaries.



CORPORATE STRUCTURE

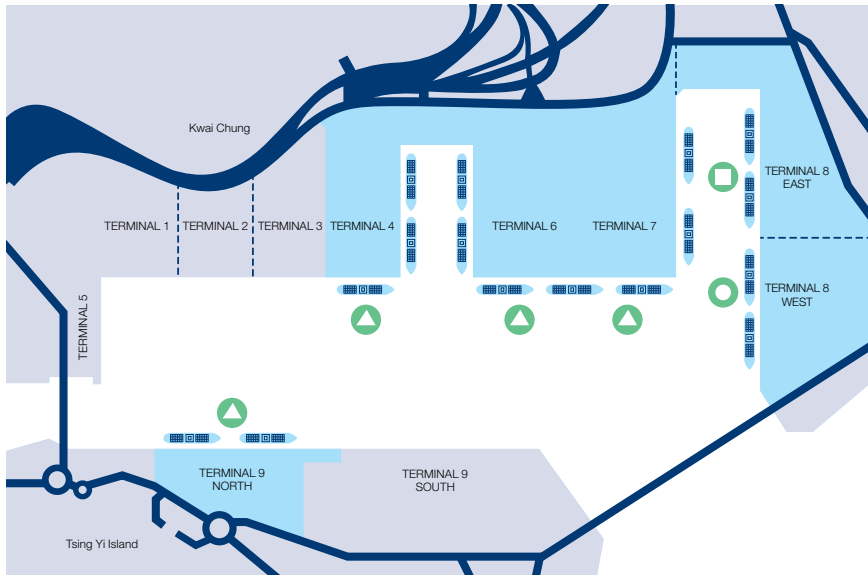


¹ HPH Trust holds River Ports Economic Benefits, but not the shares of the River Ports' holdings companies.

² Under development which was established pursuant to the joint venture agreement signed with Shenzhen Port Group Company Limited (formerly known as "Shenzhen Yantian Port Group Company Limited") in June 2021.

PORTFOLIO OVERVIEW

HONG KONG



▲ HIT

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

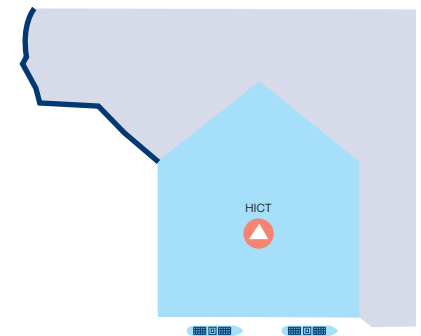
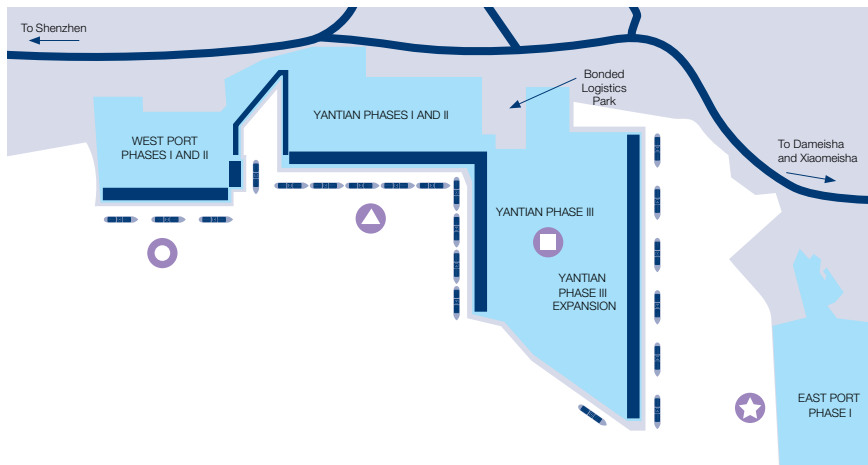
◻ COSCO-HIT

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

○ ACT

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

SHENZHEN AND HUIZHOU



▲ YANTIAN Phases I and II

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

○ West Port Phases I and II

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

▲ HICT

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

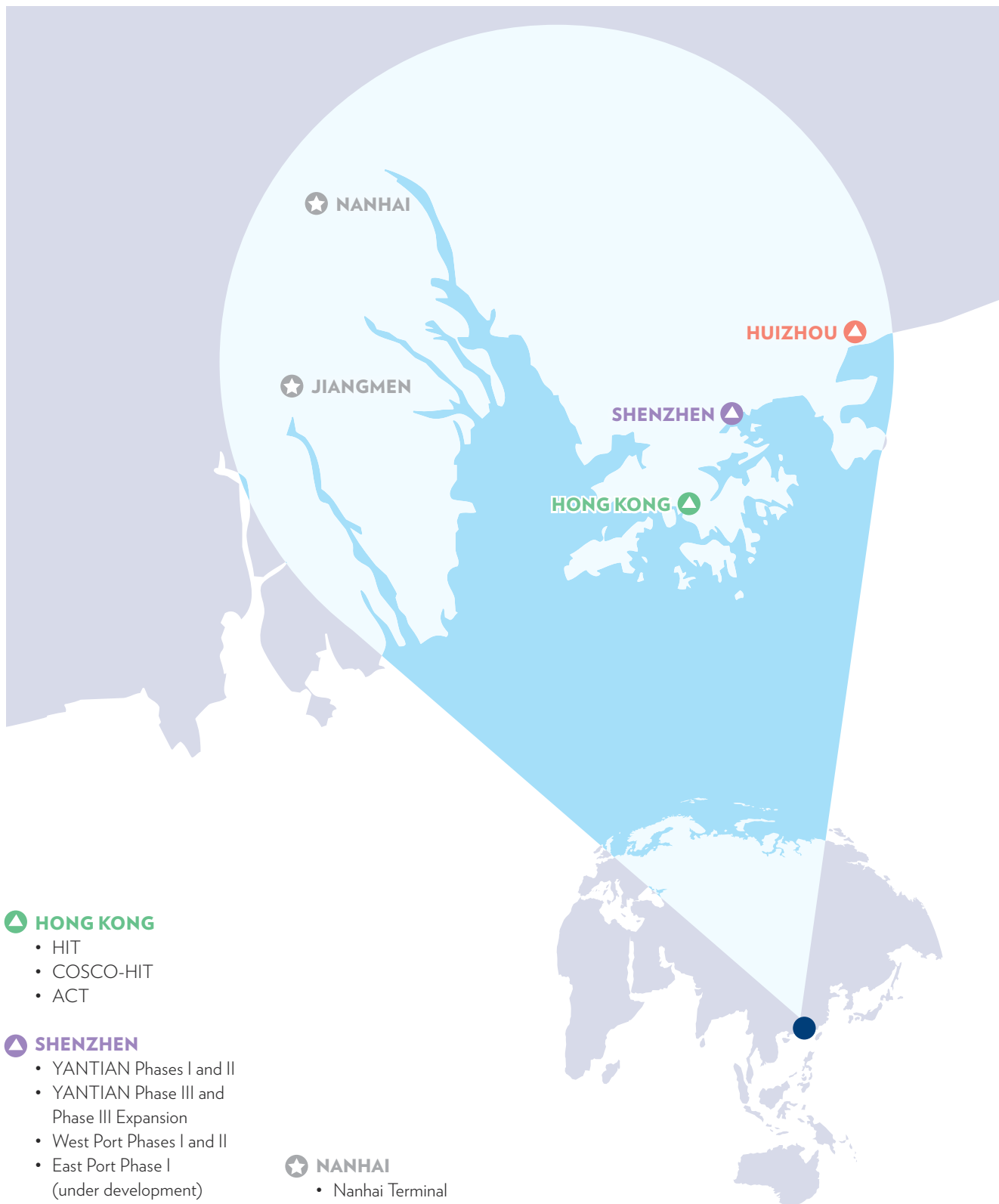
◻ YANTIAN Phase III and Phase III Expansion

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

★ East Port Phase I (under development)

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

PORTFOLIO OVERVIEW



▲ HONG KONG

- HIT
- COSCO-HIT
- ACT

▲ SHENZHEN

- YANTIAN Phases I and II
- YANTIAN Phase III and Phase III Expansion
- West Port Phases I and II
- East Port Phase I (under development)

▲ HUIZHOU

- HICT

★ NANHAI

- Nanhai Terminal

★ JIANGMEN

- Jiangmen Terminal

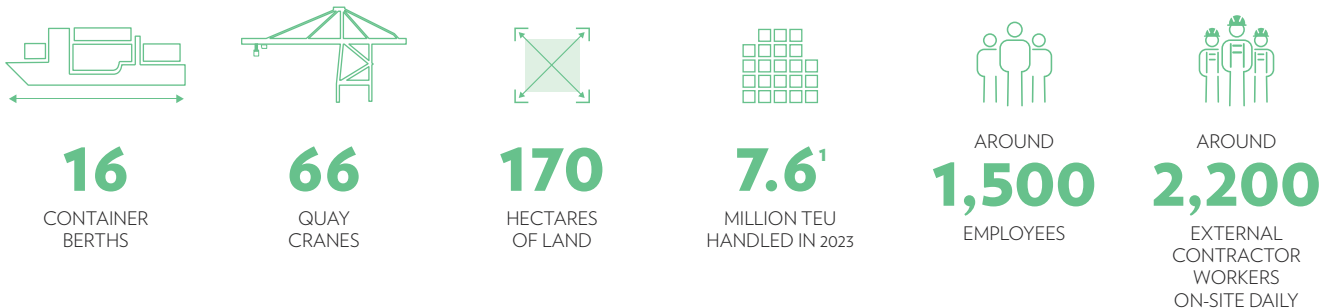
PORTFOLIO OVERVIEW

HONG KONG

HIT, COSCO-HIT and ACT

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

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



Figures as at 31 December 2023
¹ Represents the allocated throughput from HKSPA.

PORTFOLIO OVERVIEW

SHENZHEN¹ AND HUIZHOU

YANTIAN

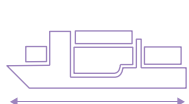
YANTIAN is one of the busiest container terminals in China. South China has developed into a prosperous and dynamic economy, and the port has become the premier gateway for foreign trade.

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

HICT

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

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



22
CONTAINER
BERTHS



93
QUAY
CRANES



477
HECTARES
OF LAND



13.7
MILLION TEU
HANDLED IN 2023



AROUND
2,400
EMPLOYEES



AROUND
4,600
EXTERNAL
CONTRACTOR
WORKERS
ON-SITE DAILY

Figures as at 31 December 2023

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

OPERATING IN A TIME OF **CHANGING INDUSTRY DYNAMICS**

Against the backdrop of a subdued global economy and changes in world trade, HPH Trust remains focused on the evolving operating environment to stay competitive. It prioritises initiatives geared towards shaping a resilient and sustainable future.





LETTER TO UNITHOLDERS

HPH Trust remained adaptable with its strong emphasis on shaping a sustainable future, from business and environmental perspectives. Bolstered by its robust fundamentals, technology-enhanced operational efficiency and unwavering resilience, the Trust will continue to maximise its opportunities, enhance connectivity, streamline and upgrade port operations, and build capacity across the entire value chain.

In 2023, we entered the post-COVID era, which was initially expected to bring a return to normalcy. Yet the recovery has been more protracted than expected. Global macroeconomics and consumer confidence in the economy affected the trade environment, which remained volatile and became increasingly complex. Elevated global inflation and interest rates were exacerbated by geopolitical challenges, notably the Russia-Ukraine conflict and tensions in the Middle East. In the global logistics industry, the significant supply chain disruption that characterised 2021 and 2022 gradually eased. However, shipping lines still faced diminishing demand for cargo movement and a downward spiral in freight rates. Across the globe, there has been a concerted effort to navigate and adapt to this transformed landscape.

In this complex environment, the key to a sustainable business lies in its ability to adapt swiftly. It also requires resilience amid market uncertainties, readiness to seize and create opportunities, and an unwavering commitment to generating long-term value for the industry and future generations. HPH Trust has endeavored to shape a sustainable future through building and operating green, smart and efficient ports. It has kept a keen eye on prospective business opportunities and is dedicated to maintaining a robust financial position.

STURDY FINANCIALS AMID BUSINESS HEADWINDS

During the year under review, throughput at HPH Trust's ports was clouded by weak Chinese exports especially in the first half of 2023. However, a gradual improvement emerged in the second half of the year, as the overall performance at YANTIAN improved since the middle of 2023. In full year 2023, the reported throughput of HPH Trust was 21.3 million twenty-foot equivalent units (TEU), reflecting a decline of 6% from 2022 as compared to a drop of 15% during the first half of 2023. Outbound cargoes from YANTIAN

to European markets rose by 6%, while export to the US dropped by 2%.

Conversely, cargo volumes at the Kwai Tsing Terminals did not see a substantial recovery despite the easing of COVID precautionary measures and cross-border controls. Even though the Hong Kong government has been actively promoting Hong Kong and stepping up efforts in drawing action plans for maritime and port development, economic activity remained subdued especially when compared to other cities in the region. HPH Trust is actively engaging both Hong Kong government and policymakers as well as the Central government advocating for increased collaboration within the Greater Bay Area and sector-specific support. In the medium term, HPH Trust is exploring initiatives to better integrate its assets between Hong Kong and Yantian to further protect its interests within the region.

Average revenue per TEU for HPH Trust slid below the 2022 level due to lower storage income and the depreciation of the Renminbi.

HPH Trust reported a net profit after tax ("NPAT") of HK\$1,481.5 million, marking a 41% decrease compared to HK\$2,519.7 million in 2022. Further, NPAT attributable to unitholders fell by 79% to HK\$233.5 million. Distribution per unit to unitholders was 13.2 HK cents in 2023. To confront challenges posed by recent interest rate hikes, HPH Trust continued its debt repayment programme, lowering total borrowings to HK\$25.7 billion from HK\$27.1 billion in 2022.

MULTI-PRONGED BUSINESS DEVELOPMENT

Despite the weakening world economy and uncertainties in the shipping and port industry, as a key global and Greater Bay Area port player, the Trust is resolute in establishing YANTIAN as an all-round national logistics hub in China, and positioning Kwai Tsing Terminals as a major international transshipment hub.

Dialogue often paves the way for progress and innovation. In 2023, representatives of HPH Trust proactively attended conferences and exhibitions to exchange insights with counterparts and showcase its strengths to customers. For example, the Hong Kong Seaport Alliance ("HKSPA"), with Kwai Tsing Terminals as a member, and YANTIAN participated in the Asia Fruit Logistica 2023 to demonstrate their high-quality reefer and cold chain infrastructure. Moreover, to promote YANTIAN's crucial role in cross-border e-commerce, it participated in various events such as the Yantian Cross-border E-commerce High-quality Development Forum.

Recognising the value of convenience and efficiency for end-users, the Trust continued to promote its sea-rail intermodal services, inland ports and port alliances, which were highly sought after by traders. While inland ports bring the concept of a port to the doorstep of inland traders, users of alliance ports enjoyed the convenience of streamlined clearance procedures, as if cargoes were arriving at YANTIAN with only one instance of declaration, inspection and clearance. These initiatives considerably mitigated time and cost. This year, YANTIAN expanded its portfolio by adding Chenzhou, Yongzhou and Meizhou as inland ports and forming alliances with Zhongshan, Gaolan and Jiangmen. E-platforms were also developed to enhance efficiency and provide one-stop solutions for these port users.

Understanding customer needs and providing viable solutions in a timely manner enhances the Trust's competitive edge. As Chinese exports of electric vehicles nearly doubled in the first 10 months of 2023 compared to the same period in 2022, and conventional roll-on/roll-off shipments faced capacity constraints, HPH Trust diversified its business scope by helping the transportation of new energy vehicles in containers. In August, more than 700 containers with approximately 2,000 new energy vehicles were loaded at YANTIAN, setting a record for the highest one-time export for such vehicles on a single vessel bound for the European market.

BUILDING FUTURE-PROOF CAPACITY

HPH Trust prioritises advancements in productivity, efficiency and facilities to provide a better experience for port users.

LETTER TO UNITHOLDERS

Following the easing of pandemic control measures, port operators faced challenges in swiftly restoring their productivity and efficiency to pre-COVID levels. At HPH Trust, flexible resource deployment and tactical workforce planning facilitated the restoration of productivity in the first quarter of 2023 to pre-COVID levels, ensuring reliable operations for port users. Notably, YANTIAN saw a 20% improvement in berth productivity compared to the previous year.

The Trust is dedicated to addressing long-term demand and maintaining competitiveness through facility upgrades and consolidation. At YANTIAN, the development of East Port Phase I is on track, and is expected to add three automated berths for vessels with a displacement exceeding 200,000 tons. Implementing remote control operations, YANTIAN added eight remote control rubber tyred gantry cranes (“RTGCs”), doubling the fleet size from 2022. In Kwai Tsing Terminals, twelve remote control RTGCs were relocated to Terminal 8, where a centralised location for RTGCs was established in 2022 to optimise their usage. Other upgrades included raising the height of four quay cranes and 18 RTGCs at YANTIAN, and receiving the 4th batch of three new remote control rail-mounted gantry cranes at HIT.

With the rise of mega-vessel voyages, our terminals’ superior capacity came to prominence when YANTIAN welcomed maiden voyage for eight mega-vessels, each exceeding 24,000 TEU capacity, within a 45-day period in 2023. HPH Trust firmly believes that by upgrading our facilities and optimising our resources, we will continue to be the preferred destination for operators of mega-vessels seeking a logistics hub and premier port.

ADVANCING AUTOMATION AND DIGITALISATION

Business sustainability is closely tied to the use of automation and digitalisation to optimise efficiency.

HKSPA took proactive steps in contributing to the establishment of a smart port. As a pioneer of 5G in the Hong Kong container terminal industry, in 2023, Kwai Tsing Terminals explored to enhance its Remote Container Inspection technology by extending its coverage from gate inspection to quay-side barge operations, and integrating elements

of automation and artificial intelligence (“AI”) with 5G technologies, such as optical character recognition and image processing. Another smart feature is the proof-of-concept testing for driverless AI autonomous electric trucks, with the arrival of two trucks at Terminal 9 North in the fourth quarter of 2023. Ongoing tests pave the way for the anticipated successful launch of these autonomous trucks.

YANTIAN continued to streamline workflows by implementing tailor-made initiatives. In 2023, it introduced an intelligent tally system to examine containers under quay cranes. Leveraging blockchain technology, it developed the Yantian Port Area Paperless Import Document Exchanges Blockchain Platform. This seamlessly integrated with the Global Shipping Business Network to provide online document exchange services for users such as shipping companies and forwarders. Meanwhile, YANTIAN’s Alliance Port Platform extended its coverage to eight alliance members, welcoming six additions in 2023. Together with the newly launched YANTIAN Sea-Rail Intermodal Logistics Information Platform, these e-platforms gave shippers and consignees a one-stop solution for procedures such as customs declarations, clearances, orders management and payments.

COMMITTING TO A GREEN JOURNEY

HPH Trust recognises the importance of establishing green ports and incorporating sustainability objectives in its business strategies.

To lower carbon emissions, HPH Trust enacted new energy efficiency measures. These include implementing electric-powered equipment, and deploying shore power and liquefied natural gas as cleaner fuels for vessels. Additionally, HPH Trust announced a new target for a longer term and of higher magnitude, seeking to cut its carbon emissions intensity by 30% between 2021 and 2030. This supplements its current five-year target of a 5% reduction and demonstrates the Trust’s commitment to achieving net zero carbon emissions. Further, it is actively exploring renewable energy options by optimising its terminal facilities. In a pioneering initiative in 2023, HIT installed 168 solar panels on top of the machinery houses for two new quay cranes, making it the first port operator in Hong Kong to take such action.

In addition to taking decisive actions, HPH Trust is dedicated to transparency and sharing its sustainability journey with stakeholders, including the public, rating agencies and customers. This year’s sustainability report includes disclosures on climate-related governance and the results of risk assessments, in accordance with the Task Force on Climate-Related Financial Disclosures framework and Scope 3 emissions data. Sustainability topics were also updated to reflect the latest market trends and stakeholder expectations.

I am pleased to report that HPH Trust’s dedication to environmental stewardship received recognition from third parties and government bodies. HIT was honoured with the Carbon Management Excellence Award at the Smart Energy Award from CLP Power Hong Kong Limited. YANTIAN again received the Green Low Carbon Promotion Award from the Shenzhen Association of Enterprises with Foreign Investment.

SHAPING A SUSTAINABLE FUTURE

In 2023, YANTIAN celebrated its 30th anniversary. The fishery wharf of three decades ago has blossomed into the world-class port it is today. It was recognised as the “Best Container Terminal – Asia (over 4 million TEU)” at the Asian Freight, Logistics and Supply Chain Awards.

The year was challenging for most port operators, HPH Trust included, due to the uncertain macroeconomic, geopolitical conditions, and the ship attacks at Red Sea which are causing further disruption to global trade and erratic shipping schedules. Despite this, HPH Trust remained adaptable with its strong emphasis on shaping a sustainable future, from business and environmental perspectives. Bolstered by its robust fundamentals, technology-enhanced operational efficiency and unwavering resilience, the Trust will continue to maximise its opportunities, enhance connectivity, streamline and upgrade port operations, and build capacity across the entire value chain. Adopting a forward-looking and future-shaping mindset, HPH Trust is prudently optimistic and stands ready to capitalise on emerging opportunities that will arise with the resurgence of trade.

FOK Kin Ning, Canning
Chairman

KEY EVENTS

HPH TRUST HAS INTEGRATED 5G IN ITS OPERATIONS IN HONG KONG

HPH Trust has pioneered the use of 5G network technology at its container terminals in Hong Kong. This enables ultra-high-speed, low-latency and reliable network, supporting high connection density of online devices, and setting industry benchmarks for innovation and technology. Partnering with 3HK, the terminals have integrated 5G to enhance security and operational efficiency. These include establishing a secure and reliable communications channel via 5G to operate remote control rubber-tyred gantry cranes (“RTGCs”), implementing a CCTV system to monitor berth traffic and operations on vessels, and deploying an artificial intelligence (“AI”) CCTV system with intrusion-detection features.



HIT ROLLS OUT HONG KONG'S FIRST QUAY CRANES WITH SOLAR PANELS

Taking its green mission to the next level, and in support of Hong Kong in becoming a low-carbon and green city, HIT launched Hong Kong's first quay cranes equipped with solar panels installed on top of machinery house. The energy collected is used to power auxiliary systems, including air conditioning and lighting systems in the quay cranes. This is a significant milestone for the port industry as HIT continues to explore new ways to reduce its operational impacts on the environment and build a sustainable port ecosystem.



YANTIAN EXPANDS ITS SERVICES IN THE GREATER BAY AREA, SOUTHWEST AND CENTRAL CHINA

YANTIAN celebrated the launch of its extended services across different provinces of mainland China with a series of events. It currently offers one of the most extensive and green intermodal solutions in mainland China, harnessing rail and feeder networks comprising 17 feeder services, eight port alliances, 13 inland ports and 31 rail-sea services in the Greater Bay Area, Southwest and Central China.



YANTIAN AND HKSPA PARTICIPATE IN ASIA FRUIT LOGISTICA 2023

YANTIAN attended the Asia Fruit Logistica 2023 in Hong Kong as an exhibitor to showcase YANTIAN's advanced infrastructure, intensive service network and efficient operations. As the preferred port of choice for cold chain in South China, YANTIAN proactively communicated with shippers & carriers to attract more fresh products to import/export via YANTIAN.



HKSPA also took part in the event, building on its successful participation before the COVID-19 pandemic. With Hong Kong as the global hub for fresh fruit trading and the gateway to mainland China, HKSPA capitalised on the opportunity to engage with fruit traders, growers, wholesalers and logistics experts.

YANTIAN CELEBRATES ITS 30th ANNIVERSARY



YANTIAN celebrated its 30th anniversary at its annual Family Day event. The celebration attracted more than 8,000 staff, contractors and their family members, who participated in a variety of fun games and attended a range of entertainment shows and performances.



CORPORATE MILESTONES

AWARDS

HPH TRUST RECOGNISED IN THE EDGE SINGAPORE'S BILLION DOLLAR CLUB AWARDS

HPH Trust was named the Overall Sector Winner for Automobiles & Auto Parts + Transportation, Air Freight and Logistics at awards organised by The Edge Billion Dollar Club. The Club recognises excellence in companies listed on the SGX. The Trust achieved the highest average score in three categories – “Highest Returns to Shareholders over 3 years”, “Highest Growth in Profit after Tax over 3 years” and “Highest Weighted Return on Equity over 3 years”.



HIT ACCORDED ELITE ENTERPRISE PARTNERSHIP AWARD

The Customs and Excise Department of Hong Kong (“Hong Kong Customs”) awarded HIT the Elite Enterprise Partnership Award 2023. This accolade celebrates the partnership between companies and Hong Kong Customs to safeguard the reputation of Hong Kong as a gateway and facilitate legitimate trade.



HPH TRUST ENTITIES RECOGNISED FOR CORPORATE SOCIAL RESPONSIBILITY

HIT, COSCO-HIT, Hutchison Logistics and APS were recognised by The Hong Kong Council of Social Service with the “Caring Company Award 2023”. This award shows appreciation for businesses that make a positive contribution to their communities, employees’ lives and the environment.



CORPORATE MILESTONES

HIT AND COSCO-HIT RECEIVE THE “FULL LOVE AWARD”

HIT and COSCO-HIT received the “Full Love Award” for their support of elderly people. The award was organised by the Hong Kong Social Welfare Department of Tsuen Wan and Kwai Tsing District Caring for Elders Award Scheme 2023.



HIT AND COSCO-HIT RECEIVE “PARTNER EMPLOYER AWARD”

HIT and COSCO-HIT received the “Partner Employer Award 2023” organised by the Hong Kong General Chamber of Small and Medium Business. The award is given to companies that work to build an inclusive and harmonious society and that assist young graduates to develop their careers by providing on-the-job training.



COSCO-HIT RECEIVES MPFSA AWARDS FOR EIGHTH CONSECUTIVE YEAR

The Mandatory Provident Fund Schemes Authority of Hong Kong (“MPFSA”) acknowledged COSCO-HIT for its ongoing commitment to enhancing employee retirement protection by presenting three awards – the “Good MPF Employer 5 Years+ Award”, “e-Contribution Award” and “MPF Support Award”.



CORPORATE
MILESTONES

HIT AWARDED THE CARBON MANAGEMENT EXCELLENCE AWARD

In recognition of HIT's efforts to reduce carbon emissions, CLP Power Hong Kong Limited presented HIT with the "Carbon Management Excellence Award (Corporate/Government Bodies)". This award is testament to HIT's commitment to using innovative energy-saving solutions to achieve carbon neutrality.



YANTIAN WINS BEST CONTAINER TERMINAL IN ASIA

YANTIAN was named the Best Container Terminal in Asia in the over 4 million TEU category at the 2023 Asian Freight, Logistics and Supply Chain ("AFLAS") Awards ceremony. The award recognises YANTIAN's dedication to delivering high-quality, efficient, and environmental-friendly services, as well as maintaining a comprehensive domestic and international network.



▲ Lawrence Shum (right), Managing Director of YANTIAN receives "Best Container Terminal – Asia (Over 4 million TEUs)" award.

YANTIAN CONTINUES TO LEAD THE ANNUAL THROUGHPUT LIST IN CHINA

The China Ports and Harbours Association named YANTIAN the winner of three awards – “Highest Annual Throughput” (for the 20th year in a row), “Highest International Transshipment Volume” and “Highest Sea-Rail Freight Volume in China”.



YANTIAN RECOGNISED BY SHENZHEN CROSS-BORDER E-COMMERCE ASSOCIATION

YANTIAN received two awards, the “Power of Role Model” and “Most Influential Company on Global Business 2023”, from the Shenzhen Cross-Border E-commerce Association. These awards recognise YANTIAN’s capabilities and influence within the industry.



- ▲ (Left photo) Lawrence Shum (right), Managing Director of YANTIAN, receives “Power of Role Model” award.
(Right photo) The “Most Influential Company on Global Business 2023” award.

YANTIAN RECEIVES THREE AWARDS FROM CHINA ASSOCIATION OF ENTERPRISES WITH FOREIGN INVESTMENT (CAEFI)

YANTIAN was honoured to be recognised by the CAEFI as National (Shenzhen) Excellent Enterprise with Foreign Investment to its contribution to the economic growth and tax revenue of Shenzhen, reduction of carbon footprints and outstanding performance of corporate social responsibility.



MEGA-VESSEL CALLS

HKSPA WELCOMES ULTRA-LARGE CONTAINER VESSEL *OOCL SPAIN*

HKSPA marked another key milestone by welcoming the maiden voyage of *OOCL SPAIN*, one of the world's largest container vessels, boasting a capacity of 24,188 TEU. The vessel operates on OOCL's Asia-Europe service LL3 with a port rotation in major ports in Asia, Europe and the UAE. This milestone emphasised the Port of Hong Kong's ability to handle the world's largest container vessels and reinforced its position as a maritime hub.



YANTIAN RECEIVES 28 MEGA-VESSELS' MAIDEN VOYAGES IN SOUTH CHINA

YANTIAN received a record number of 28 mega vessels' maiden voyages in the 24,000 TEU class last year, surpassing other ports in South China and ranked first in the region.



AUTOMATED AND REMOTE-CONTROLLED TECHNOLOGY

ENHANCING HIT WITH MORE REMOTE CONTROL RMGCs

HIT received a fourth batch of three remote control rail-mounted gantry cranes ("RMGCs"). Today, all RMGCs are remote-controlled and half of HIT's RMGC fleets are enhanced with improved safety and efficiency features.



HKSPA BEGINS AeT PROOF- OF-CONCEPT

HKSPA is running a proof-of-concept ("PoC") for driverless autonomous eTrucks ("AeTs") at its Kwai Tsing Container Terminal 9 North. It received the trucks in October 2023. They are equipped with built-in AI, multi-dimensional sensors, high-definition cameras, GPS and more, enabling them to navigate seamlessly within the terminals. HKSPA is committed to enhancing operational efficiency and safety as well as minimising its carbon footprint.



TWO NEW BARGE QUAY CRANES ARRIVE AT YANTIAN

YANTIAN expanded its capacity with the addition of two new barge quay cranes that will be dedicated to barge vessel operations. The cranes have an outreach of 23 metres, lifting height of 18 metres and lifting capacity of 40 tonnes, improving the capability efficiency and safety of barge operations and providing more flexible and efficient services to customers.



MORE REMOTE CONTROL RTGCs ARRIVE AT YANTIAN

To further enhance safety and the working environment for RTGC operators, YANTIAN received an additional eight remote control RTGCs during the year. It was the second batch of RTGCs to arrive at the port and is in line with the goal of obtaining 40 remote control RTGCs by 2025. YANTIAN is due to receive another 24 units in a further two batches in 2024 and 2025 respectively.



OPERATIONAL REVIEW

The post-COVID era has continued to be filled with challenges, and the impacts of the pandemic on the business environment have lingered. In 2023, elevated global inflation, high interest rates and geopolitical instability presented a complex economic context for the world and impacted the global logistics industry. Despite this, HPH Trust demonstrated resilience and adaptability by ensuring business stability and enhancing operational efficiency. Furthermore, it is committed to shaping a sustainable future and striving for operational excellence. Optimising operational efficiency, enhancing terminal infrastructure and adopting the latest technologies will help us adapt to ever-evolving situations.

OPERATIONAL ENHANCEMENT AND UPGRADES

Emerging from the shadow of pandemic-related disruptions, the Trust swiftly restored productivity and efficiency to pre-COVID levels and continued its programme to upgrade and augment its facilities.

Productivity matters

In response to the Chinese government's relaxation of COVID-19 controls in late 2022, HPH Trust ceased the associated closed loop arrangements at YANTIAN in the first quarter of the year. Through pre-emptive manpower planning, flexible resource deployment and proactive collaboration with various stakeholders, the Trust swiftly restored productivity to pre-COVID level in the first quarter of 2023. Smooth and reliable round-the-clock operations were maintained, and berth productivity at YANTIAN improved by 20% compared to the previous year.

Capacity and facilities enhancement

HPH Trust has continued to upgrade facilities and augment resources to ensure its ports are well positioned to take full advantage of the increased use of mega-vessels. The Trust's flagship project, East Port Phase I of YANTIAN, is on track in its development, and is expected to add three automated berths for vessels with displacement exceeding 200,000 tons to the Trust's profile. Besides, during 2023, the height of four quay cranes at YANTIAN berths 12 and 13 increased from 44.5 metres to 52 metres. 18 rubber-tyred gantry cranes ("RTGCs") were also converted from 1 over 5 to 1 over 6 to increase yard stacking capacity at the port. Additionally, two purpose-built barge quay cranes were added to the equipment fleet to further increase the efficiency of barge operations and improve the safety for feeder traffics.

Enhancing remote control operations is another strategic focus of HPH Trust. Following the consolidation of two remote centres previously located in Kwai Chung and Tsing Yi into one centre at Terminal 8 in 2022, Kwai Tsing Terminals relocated 12 remote RTGCs from Terminal 9 to Terminal 8 in 2023. The fourth batch of three remote control rail-mounted gantry cranes ("RMGCs") also came into operation. All RMGCs at HIT are now operated via remote control and half of the fleets are enhanced with improved safety and efficiency features. Meanwhile, YANTIAN put eight new remote RTGCs into operation in 2023, doubling the total number of these types of cranes at the port.

More remote control units are expected to come online at HPH Trust in the near future.

Demonstrating the value of the facility upgrades, the Hong Kong Seaport Alliance welcomed the mega-vessel *OOCL SPAIN* with capacity of 24,188 TEU, which called the port on its maiden voyage in March. Within one period of 45 days in 2023, YANTIAN achieved a remarkable feat by welcoming eight mega-vessels on their maiden voyages – *ONE INFINITY*, *MSC MARIELLA*, *OOCL TURKIYE*, *MSC NICOLA MASTRO*, *MSC MICHEL CAPPELLINI*, *ONE INNOVATION*, *OOCL PIRAEUS* and *MSC GEMMA*. Each of these vessels has a capacity of more than 24,000 TEU. In full year 2023, total maiden voyages of the largest mega-vessels (with capacity over 24,000 TEU) calling YANTIAN reached 28, a record-breaking milestone for YANTIAN, surpassing other ports in South China and ranked first in the region.

BUILDING A GREEN PORT

Promoting cleaner energy and greener port operations was a cornerstone of HPH Trust's management approach in 2023.

Kwai Tsing Terminals has made notable progress during the year, bringing into Hong Kong the first quay cranes equipped with solar panels. A total of 168 panels were installed on top of two quay crane's machinery houses to collect solar energy to power auxiliary systems including air conditioning and lighting.

Meanwhile in YANTIAN, six sets of mobile shore-power systems were deployed to promote green shore-power technology for berthing vessels. These systems currently cover 17 berths. The year saw increased demand for shore-power facilities from shipping lines. The use of the shore-power system at YANTIAN was at a record high, increasing more than five-fold compared to 2022. Besides shore power, YANTIAN also supported liquefied natural gas ("LNG") bunkering operation for LNG-powered container vessels.

The transition to greener port operations is gathering pace, with diesel-powered facilities continuing to be replaced with electric or LNG alternatives. The fleet of Kwai Tsing Terminals and YANTIAN currently has a total of more than 1,000 electric and LNG equipment, after Kwai Tsing Terminals' addition of eight electric service vehicles and two electric forklifts, and YANTIAN's addition of 65 LNG trucks, five electric empty handlers and 20 electric patrol cars in 2023. This demonstrates HPH Trust's commitment to play a leadership role in building green and low-carbon ports for port users and the community.

DIGITALISATION AND AUTOMATION

The Trust continued to invest in advanced technologies in all aspects of port operations, ranging from barge handling, gate inspection and internal truck operations to documentation-handling processes. The Trust also introduced digital platforms that make it easier for customers to use its services and communicate their needs.

OPERATIONAL REVIEW

Initiatives in Kwai Tsing Terminals

In Hong Kong, gate inbound and outbound processes have gone fully paperless with the introduction of the Electronic Booking Confirmation Note (eBCN) system in 2022 and the Electronic Release Order (eRO) system in 2021. In addition, Kwai Tsing Terminals is working to enhance the Remote Container Inspection (“RCI”) process.

HIT expects to extend RCI to quay-side barge operations and integrate new automation and artificial intelligence (“AI”) technology with 5G technologies, such as optical character recognition and image processing, by 2024. This will automate the inspection process and improve the ability to ascertain if any damage has occurred to containers or goods, replacing current manual entry and exit gate inspections. It will also improve the working environment for waterfront checkers, who can work indoors using the new technology instead of outdoors as would be traditionally the case. The adoption of 5G technologies is crucial as it secures an ultra high-speed, stable and highly reliable network with low latency.

Another technology highlight in 2023 was the testing of autonomous AI electric trucks. Two autonomous trucks arrived at Terminal 9 North as scheduled during the fourth quarter of 2023, proactively contributing to the Hong Kong government’s plan to develop Hong Kong into a smart port. Proof-of-concept is underway.

Initiatives at YANTIAN

Recognising the convenience and efficiency that port alliances and inland ports could provide to various port users, YANTIAN added Chenzhou, Yongzhou and Meizhou inland ports to its portfolio in 2023. This increased its inland port portfolio members to 13. YANTIAN also launched the Sea-Rail Intermodal Logistics Information Platform for inland shippers and consignees, providing a one-stop solution to arrange integrated sea-rail transport, raise service enquiries, and manage orders and payment. For port alliances, YANTIAN’s Alliance Port Platform underwent significant changes to facilitate one-time customs declarations. The port alliance network also continued to grow, expanding to a total of eight members with the addition of six ports from Zhongshan, Gaolan and Jiangmen in 2023.

YANTIAN also introduced an intelligent tally system to automate the manual examination of containers under quay cranes. The automated systems improve tally accuracy and work environment of checkers in ways comparable to the application of RCI at HIT. It also tapped into blockchain technology by developing Yantian Port Area Paperless Import Document Exchanges Blockchain Platform, which seamlessly integrated with the Global Shipping Business Network and provided online document exchange services for shippers, forwarders, shipping companies and agents.

RECOGNISING AND SEIZING NEW OPPORTUNITIES

The Trust keeps abreast of developing trends and adapts to emerging market needs.

HPH Trust capitalised on the fact that Chinese exports of electric vehicles nearly doubled in the first 10 months of 2023 compared with 2022, and explored new business by helping the transportation of new energy vehicles in containers. YANTIAN notably set a new record for the highest one-time export of new energy vehicle transportation in a single container vessel bound for the European market. The *OOCL FELIXSTOWE* set off from YANTIAN in August, carrying 700 containers with 2,000 new energy vehicles loaded at the port.

The milestone could not have been achieved without YANTIAN’s innovative “one container for three vehicles” method. Specific handling guidelines have also been put in place to ensure electric vehicles are handled safely at all times. YANTIAN has resolved several major challenges for new energy vehicles transportation, including the capacity constraints for conventional roll-on/roll-off shipments, technology issues related to vehicle shipment with containers and safety issues for lithium battery sea transportation. In doing so, it has evolved into a trusted, reliable and efficient partner for new energy vehicle companies. In 2023 alone, YANTIAN exported more than 26,000 electric vehicles, underscoring its ability to quickly adapt in a dynamic business environment.

A REPUTATION FOR QUALITY COLD CHAIN FACILITIES

The demand for cold-chain shipping has risen over the past few years and is predicted to expand further. Kwai Tsing Terminals and YANTIAN’s high-quality cold-chain facilities have made them the ports of choice for fruit and fresh food shipments.

To support this growth, Kwai Tsing Terminals is equipped with more than 4,700 refrigerated container reefer points and a Remote Reefer Monitoring System. It also offers customers the option of direct container pick-up after discharge.

Similarly, YANTIAN has a system of integrated customs supervision and state-of-the-art cold-chain facilities. This system supports measures such as advance declaration, two-step declaration, shipside pickup and loading, and green inspection. The terminal provides safer, faster inspection and clearance of fruits and reefer cargoes by providing 4,000 refrigerated container sockets in the container yard, two dedicated on-dock customs inspection sites with consistently maintained temperatures and a total of 45 off-dock inspection bays.

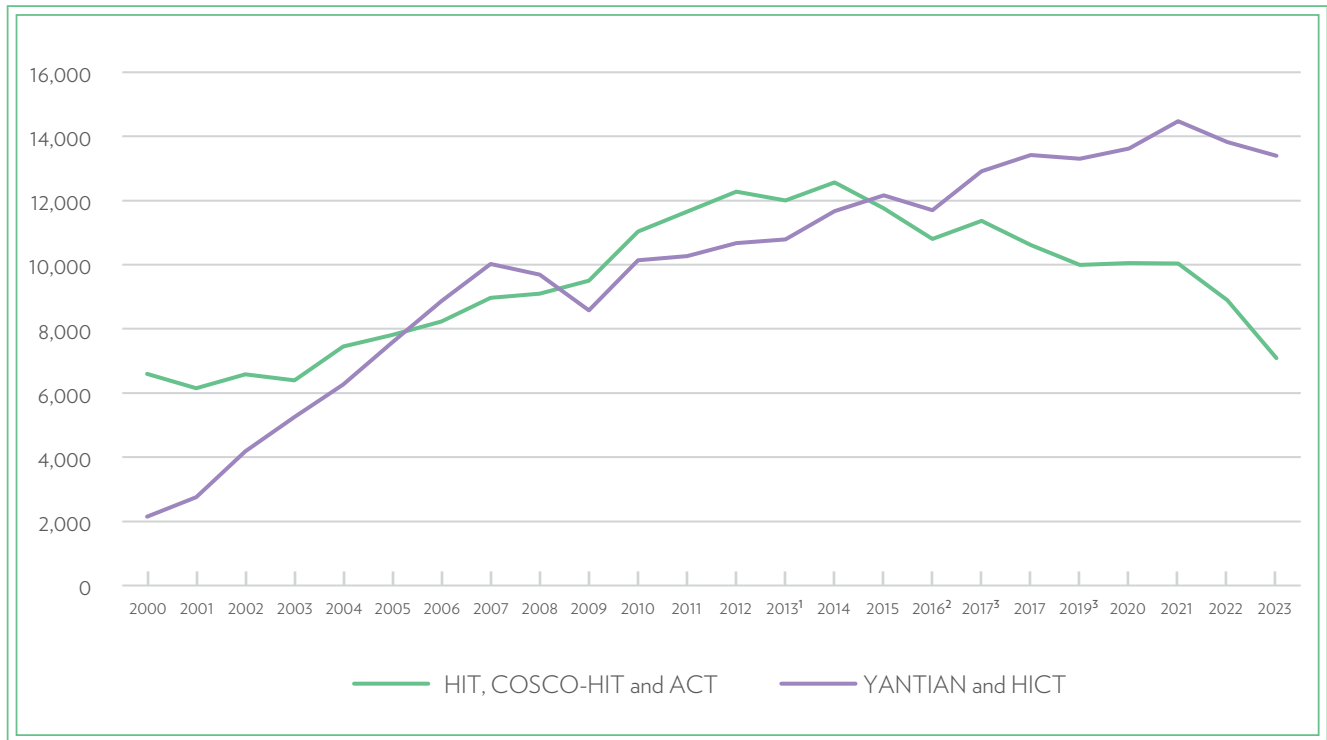
OPTIMISING OPPORTUNITIES

Throughout 2023, HPH Trust has effectively shored up its solid corporate foundations by astutely allocating resources, investing in infrastructure and making a decisive commitment to adopt technological innovation. Marching towards the strategic goal of shaping a sustainable future, the Trust is well equipped to preempt and address the challenges of the future. To make the most of the opportunities that lie ahead, HPH Trust is steadfastly pushing boundaries to maintain its place as a leader in global terminal operation.

OPERATIONAL
REVIEW

Throughput of HPH Trust's assets (2000–2023)

(thousand TEU)



¹ Throughput volume of ACT is included following the acquisition on 7 March 2013.

² Throughput volume of HICT is included following the acquisition on 28 December 2016.

³ Following the Co-management Agreement with effect from 1 January 2017 and the Hong Kong Seaport Joint Operating Alliance Agreement with effect from 1 April 2019, throughput volumes of HIT, COSCO-HIT and ACT represent the allocated throughput according to the agreed split ratio under the aforesaid agreements.

FINANCIAL REVIEW

In 2023, businesses raced towards recovery after the pandemic – regaining their financial footing, adapting with agility to new circumstances and resuming more usual operations. However, lingering inflation, high interest rates and geopolitical volatility exacerbated existing challenges.

In this environment, HPH Trust's adaptability and commitment to prudent financial management has enabled it to maintain a robust financial position. The Trust is well-equipped to handle emerging challenges and seize new opportunities in 2024.

SILVER LINING AS THROUGHPUT CONTRACTION EASES

The past year was tough for port operators. Weak consumer spending, high inflation and excess warehouse inventory in destination countries led to weak exports, especially in the first half of the year. During the first six months of 2023, throughput at HPH Trust's ports dropped 15% compared to the same period in 2022, and outbound cargoes to the European and US markets declined by 6% and 18% respectively.

The situation improved in the second half of the year, with YANTIAN's overall performance recovering steadily. In full year 2023, exports to European markets recorded a 6% increase compared to 2022. At the same time, the year-on-year drop in outbound cargoes to the US narrowed to 2%. As a result, over the entire year, throughput at HPH Trust's ports was 21.3 million TEUs, with the drop in throughput narrowing to 6% compared to 2022.

Despite the easing of COVID precautionary measures and cross-border controls, cargo volumes in Hong Kong have not yet substantially recovered from pandemic levels. Even though the Hong Kong government has been actively promoting Hong Kong, economic activity remains subdued especially when compared to other cities in the region. HPH Trust is actively lobbying both Hong Kong government and policymakers as well as the Central government advocating for increased collaboration within the Greater Bay Area and sector-specific support. In the medium term, HPH Trust is exploring initiatives to better integrate its assets between Hong Kong and Yantian to further protect its interests within the region.

Average revenue per TEU for YANTIAN slid below the level recorded in 2022. This was mainly attributable to lower storage income and the depreciation of the Renminbi. Meanwhile, average revenue per TEU at the Kwai Tsing Terminals was below the 2022 level due to lower storage income. Across the year, revenue and other income totalled HK\$10,635.5 million – a decrease of 13% compared to the HK\$12,166.3 million in 2022.

MIXED RESULTS IN A COMPLEX ENVIRONMENT

The cost of services rendered in 2023 was HK\$3,624.8 million, a 13% drop from HK\$4,174.6 million in 2022, due to lower throughput. The discontinuance of closed loop arrangements at YANTIAN followed the easing of pandemic control measures, efficiencies created by the Hong Kong Seaport Alliance and other cost-control initiatives partially offset general cost inflation.

Staff costs of HK\$258.4 million marked a decrease of 3% compared with 2022, primarily due to lower headcount. Depreciation and

amortisation totalled HK\$2,894.8 million, a 4% drop from the previous year.

Other operating income in 2023 was HK\$67.4 million, a 54% drop from HK\$146.2 million in 2022. The decrease was mainly due to lower government subsidies received in 2023. Other operating expenses totalled HK\$604.8 million. This was a 3% increase against HK\$587.3 million in 2022, which was mainly attributable to general cost inflation and loss on disposal of fixed assets.

Total operating profit was HK\$3,320.1 million – a decrease of HK\$960.8 million or 22% compared to 2022. Profit for the year was HK\$1,481.5 million, a decrease of HK\$1,038.2 million or 41% compared to 2022. Profit attributable to HPH Trust unitholders was HK\$233.5 million, representing a decrease of HK\$865.5 million or 79% compared to 2022.

FINANCIAL STRATEGIES

Despite the complex global economic environment and the inflationary pressures, HPH Trust has maintained a good financial position. At the end of 2023, HPH Trust had a total cash balance of HK\$8.2 billion.

During the year, to further deleverage its balance sheet and confront challenges posed by recent interest rate hikes, HPH Trust continued its debt repayment programme implemented since 2017, to repay a minimum of HK\$1 billion of debt annually. Total borrowings decreased by HK\$1.4 billion to HK\$25.7 billion as at 31 December 2023, down from HK\$27.1 billion at the end of 2022. As a result, the net attributable debt of HPH Trust was HK\$19.8 billion by year end, a 2% decrease against 2022.

While the US Federal Funds Rate hikes in recent years had a wide-ranging impact on economies and business worldwide, their impact on HPH Trust was limited as more than 60% of the Trust's debt had a fixed interest rate as at 31 December 2023. During the year, the Trust obtained new loans of approximately HK\$4.4 billion and repaid bank loans of approximately HK\$5.8 billion.

HPH Trust has recommended a total payout of HK\$1,149.9 million for 2023, which results in a distribution per unit of 13.2 HK cents. Based on the US\$0.148 market price as at 31 December 2023, the distribution yield stands at 11.4%.

OUTLOOK

The transition from stringent pandemic preventive measures to pre-COVID normalcy has been bumpy. The global supply chain and port industry collectively experienced financial recovery of businesses lagging behind the revival in operations.

To navigate through the next year, HPH Trust will continue to pursue operational excellence that is underpinned by meticulous capital management and robust financial practices. The Trust is endeavouring to unravel complexities in global supply chains by implementing smart technologies, including digitalisation and automation. This is expected to deliver substantial value to stakeholders. With its robust financial foundation and sound management, HPH Trust is set to fully capitalise on emerging opportunities and shape a sustainable future.





INVESTING **FOR TOMORROW**

HPH Trust has leveraged smart port developments to refine complex terminal operations and increase efficiency, flexibility and convenience for port users. This has established its reputation as a competitive member of the trade sector, regionally and internationally. The Trust will continue to explore ways to capture new business opportunities and embrace technological advances where required.

BOARD OF DIRECTORS



MR. FOK KIN NING, CANNING

Chairman and Non-executive Director

Trustee-Manager

Date of appointment as Director:	14 February 2011
Date of appointment as Chairman:	23 February 2011
Length of service as Director (as at 31 December 2023):	12 years 10 months
Age:	72

Board committee served on:

- Nil

Academic & Professional Qualifications

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

Present Directorships or Chairmanships

Listed companies

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

Other Principal Commitments

- Nil

Other Information

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

Past Directorships or Chairmanships in listed companies held over the preceding 3 years (from 1 January 2021 to 31 December 2023)

- Husky Energy Inc. (delisted on 5 January 2021 following its combination with Cenovus Energy Inc.) (co-chairman)
- Cenovus Energy Inc. (director)
- Hutchison Telecommunications (Australia) Limited (chairman)



MR. IP SING CHI

Executive Director

Trustee-Manager

Date of appointment as Director:	14 February 2011
Length of service as Director (as at 31 December 2023):	12 years 10 months
Age:	70

Board committee served on:

- Nil

Academic & Professional Qualifications

- Bachelor of Arts degree

Present Directorships or Chairmanships

Listed companies

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

Other Principal Commitments

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

Other Information

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

Past Directorships or Chairmanships in listed companies held over the preceding 3 years (from 1 January 2021 to 31 December 2023)

- Piraeus Port Authority S.A. (independent, non-executive director)

BOARD OF DIRECTORS



MS. EDITH SHIH
Non-executive Director

Trustee-Manager

Date of appointment as Director:	1 January 2017
Length of service as Director (as at 31 December 2023):	7 years
Age:	72

Board committee served on:

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

Academic & Professional Qualifications

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

Present Directorships or Chairmanships

Listed companies

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

Other Principal Commitments

- Company Secretary of CKHH

Other Information

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

Past Directorships or Chairmanships in listed companies held over the preceding 3 years (from 1 January 2021 to 31 December 2023)

- Nil



MS. LEE TUNG WAN, DIANA
Non-executive Director

Trustee-Manager

Date of appointment as Director:	1 January 2022
Length of service as Director (as at 31 December 2023):	2 years
Age:	55

Board committee served on:

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

Academic & Professional Qualifications

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

Present Directorships or Chairmanships

Listed company

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

Other Principal Commitments

- Group chief financial officer of Hutchison Port Holdings Limited

Other Information

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

Past Directorships or Chairmanships in listed companies held over the preceding 3 years (from 1 January 2021 to 31 December 2023)

- Nil

BOARD OF DIRECTORS



PROFESSOR CHAN FAN-CHEONG, TONY

Independent Non-executive Director

Trustee-Manager

Date of appointment as Director:	26 April 2023
Length of service as Director (as at 31 December 2023):	8 months
Age:	72

Board committee served on:

- Audit Committee of the Trustee-Manager (member)

Academic & Professional Qualifications

- Bachelor of Science and Master of Science degrees in Engineering from California Institute of Technology
- PhD in Computer Science from Stanford University
- Member of US National Academy of Engineering
- Fellow of Institute of Electrical and Electronics Engineers and American Association for Advancement of Science and Society for Industrial & Applied Math

Present Directorships or Chairmanships

Listed company

- Hanison Construction Holdings Limited (independent non-executive director)

Other Principal Commitments

- President of King Abdullah University of Science and Technology
- KAUST Investment Management Company (director)
- King Abdulaziz City for Science and Technology (member of the Board of Trustees)
- Future Investment Initiative Institute (FII Institute) (member of the Board of Trustees)
- Riyadh Bio Tech City (member of founding board)
- Skolkovo Institute of Science and Technology (member of the Board of Trustees)
- The Hong Kong Academy of Science (founding member)
- Yidan Prize Foundation (director)
- Academic Ranking of World Universities (member of advisory board/committee)
- King Fahd University of Petroleum & Minerals (member of advisory board/committee)
- Korea Advanced Institute of Science & Technology (member of advisory board/committee)
- Research Development and Innovation Supreme Committee of Kingdom of Saudi Arabia (member)
- RIKEN, Japan (member of International Advisory Board)
- National Center of Artificial Intelligence of Kingdom of Saudi Arabia (Advisory Board Member)

Other Information

- Past President of The Hong Kong University of Science and Technology

Past Directorships or Chairmanships in listed companies held over the preceding 3 years (from 1 January 2021 to 31 December 2023)

- Nil



DR. FONG CHI WAI, ALEX

Independent Non-executive Director

Trustee-Manager

Date of appointment as Director:	11 February 2020
Length of service as Director (as at 31 December 2023):	3 years 10 months
Age:	67

Board committee served on:

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

Academic & Professional Qualifications

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

Present Directorships or Chairmanships

Listed companies

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

Other Principal Commitments

- Director of The Hongkong Electric Company, Limited

Other Information

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

Past Directorships or Chairmanships in listed companies held over the preceding 3 years (from 1 January 2021 to 31 December 2023)

- China United Venture Investment Limited (previously known as “Glory Mark Hi-Tech (Holdings) Limited”) (independent non-executive director)

BOARD OF
DIRECTORS**MR. LEE KAH LUP***Independent Non-executive Director***Trustee-Manager**

Date of appointment as Director:	26 July 2023
Length of service as Director (as at 31 December 2023):	5 months
Age:	57

Board committee served on:

- Sustainability Committee of the Trustee-Manager (member)

Academic & Professional Qualifications

- Master of Business Administration from Leicester University, United Kingdom
- Bachelor of Science in Computer Science from National University of Singapore

Present Directorships or Chairmanships*Listed company*

- Nil

Other Principal Commitments

- Executive Director of Clean Kinetics Pte Ltd

Other Information

- Extensive management experience in technologies and engineering enterprises
- Serve as Vice-President (Marketing) at Singapore Technologies Engineering for Europe (2006-2017) and South-East Asia (2018-2020)
- Director of Operations at Singapore Technologies Electronics Hong Kong (2000-2004)

Past Directorships or Chairmanships in listed companies held over the preceding 3 years (from 1 January 2021 to 31 December 2023)

- Nil

**MS. SEAH BEE ENG (ALIAS JENNIFER LOH)***Independent Non-executive Director***Trustee-Manager**

Date of appointment as Director:	26 April 2023
Length of service as Director (as at 31 December 2023):	8 months
Age:	71

Board committee served on:

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

Academic & Professional Qualifications

- Bachelor of Accountancy from University of Singapore
- Chartered Accountant (Australia)
- Membership in Professional Bodies:
 - Institute of Singapore Chartered Accountants (ISCA) - FCA (Singapore)
 - Chartered Accountants Australia and New Zealand (CAANZ) - CA (Australia)

Present Directorships or Chairmanships*Listed company*

- Nil

Other Principal Commitments

- Nil

Other Information

- Has extensive experience in financial, accounting matters and general management including directorship in companies in Asia Pacific

Past Directorships or Chairmanships in listed companies held over the preceding 3 years (from 1 January 2021 to 31 December 2023)

- Nil

BOARD OF DIRECTORS



MR. WONG KWAI LAM

Independent Non-executive Director and Lead Independent Director

Trustee-Manager

Date of appointment as Director:	2 December 2015
Length of service as Director (as at 31 December 2023):	8 years
Age:	74

Board committee served on:

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

Academic & Professional Qualifications

- Bachelor of Arts degree from the Chinese University of Hong Kong
- PhD from Leicester University, England

Present Directorships or Chairmanships

Listed companies

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

Other Principal Commitments

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

Other Information

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

Past Directorships or Chairmanships in listed companies held over the preceding 3 years (from 1 January 2021 to 31 December 2023)

- Nil

SENIOR MANAGEMENT

MR. IVOR CHOW

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

Mr. Chow was appointed the Chief Executive Officer of the Trustee-Manager of HPH Trust (“Trustee-Manager”) in June 2021. He is also the Managing Director of HIT and a member of the HPH Trust Exco, a committee of executives that determines strategy for HPH Trust. He has over 30 years of experience working in the port, accounting and banking industries.

Mr. Chow joined Hutchison Port Holdings Limited (“HPH”) in 1998 and since 2001 has served as the General Manager of the Commercial division and the Chief Financial Officer and Director – Corporate Finance & Business Development of several of HPH’s subsidiaries (together with HPH, the “HPH Group”). He has also served as Finance Director of the South China division of the HPH Group as well as a director on some of the HPH Group and HPH Trust’s business portfolio assets since 2008. He has also been an executive of the Trustee-Manager since 2011 and was the Chief Financial Officer and Investor Relations Officer of the Trustee-Manager from February 2011 to April 2016. Mr. Chow holds a bachelor’s degree in mathematics from the University of Waterloo in Canada. He is a Chartered Accountant of the Institute of Chartered Accountants of Ontario.

MR. JIMMY NG

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

Mr. Ng was appointed the Chief Financial Officer and Investor Relations Officer of the Trustee-Manager in January 2022. He is also a member of the HPH Trust Exco. Prior to his current appointment, Mr. Ng was the Business Director of the South East Asia division of the HPH Group from April 2017 to December 2021. Mr. Ng joined the HPH Group in 2008, initially serving in the Corporate Finance Department. He has over 20 years of experience in finance and banking. Mr. Ng holds a master’s degree in engineering, economics and management from the University of Oxford in the United Kingdom. He is a Chartered Financial Analyst.

SENIOR
MANAGEMENT

MR. LAWRENCE SHUM

Managing Director of YANTIAN

Mr. Shum is the Managing Director of YANTIAN and a member of the HPH Trust Exco. Before the appointment of his current position in June 2021, he was the Managing Director of COSCO-HIT and Deputy Managing Director of ACT. Since joining the HPH Group in 1996, Mr. Shum has held various executive positions in Hong Kong and mainland China within the Trust and HPH Group. He served as the Chief Financial Officer of YANTIAN, took up various posts in Shanghai and was the Regional Director – North and East China of the HPH Group. He has over 27 years of experience in the port industry.

Currently, Mr. Shum is the Standing Committee Member of the Chinese People's Political Consultative Conference of Yantian District, Shenzhen and has been elected as the President of Shenzhen Ports Association in October 2022. He is a Chartered Fellow of the Chartered Institute of Logistics and Transport in Hong Kong and is a Fellow of the Institute of Chartered Accountants in England and Wales and the Association of Chartered Certified Accountants. He is also an Associate of the Hong Kong Institute of Certified Public Accountants. Mr. Shum was appointed by the Hong Kong Government as a member of the Hong Kong Maritime and Port Board from 1 April 2020 to 31 March 2022.

MS. MA XIAOLI

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

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

SENIOR
MANAGEMENT**MR. RAYMOND LAM**

*Chief Operating Officer of HKSPA and
Director – Operations of HIT*

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

MR. RAYMOND CHAN

Director – Operations of YANTIAN

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



COLLECTIVE **ACTION ACROSS**

In an environment where more and more industries are working to combat climate change, HPH Trust continues to advance its environmental agenda, sustainability and green practices. The Trust understands the importance of technological advancement and strategic management to achieving a sustainable business in the long term, and is committed to contributing to the wellbeing of the community and its employees.



SUSTAINABILITY REPORT

ABOUT THIS REPORT

In pursuit of sustainable development, HPH Trust is committed to integrating environmental, social and governance (“ESG”) factors across all business areas. This Sustainability Report, as part of this Annual Report, adheres to the principles of transparency and accountability. It provides an overview of the Trust’s sustainability approach, practices and ESG performance during the reporting period of 1 January 2023 to 31 December 2023. The management approach, performance indicators and targets, and related achievements and case studies on material sustainability topics (“Material Sustainability Topics”) are disclosed in the report.

The Sustainability Report has been prepared in accordance with the Global Reporting Initiative (“GRI”) Standards and Rule 711A of the SGX Listing Manual. The GRI Standards have been chosen as they are among the most commonly used and globally recognised sustainability reporting frameworks. The Sustainability Report has also been prepared with reference to the primary components set out in Rule 711B of the SGX Listing Manual and the recommendations from the Task Force on Climate-Related Financial Disclosures (“TCFD”) established by the Financial Stability Board. It has been reviewed by the Board of Directors (“Board”) of the Trustee-Manager and is published on HPH Trust’s corporate website at https://www.hphtrust.com/sr_hpht.html.

Reporting Scope

The Sustainability Report discloses data on Material Sustainability Topics identified and prioritised by stakeholders and management. It also includes data on the core port operations of HPH Trust at HIT and YANTIAN¹, which are the majority-owned terminals of the Trust and contribute around 88% of the total throughput handled during the year.

Contact Us

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

CORE VALUES

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

THE CORE VALUES OF THE TRUST

- U** UNRIVALLED STANDARDS
- N** NETWORK STRENGTH
- I** INFORMED DECISIONS
- T** TRUSTED AND HONEST
- Y** YOUR PARTNERS

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

MANAGING SUSTAINABILITY



BOARD STATEMENT

Committed to sustainability, the Board of HPH Trust incorporates sustainability factors into its decision-making and strategy formulation. With overall responsibility for the sustainable development of the Trust, the Board regularly reviews and evaluates the relevance and importance of Material Sustainability Topics. It ensures accountability and oversees the management and monitoring of the Material Sustainability Topics. It also evaluates the performance of the Trust in relation to sustainability.

Sustainability Governance

Recognising sustainable development as an integral part of the Trust’s corporate agenda, it has established a robust governance structure to integrate sustainable practices at all levels. This ensures a solid foundation for delivering its commitment to sustainability and facilitates effective decision-making against environmental, social and economic challenges in the ever-changing business landscape.



The robust sustainability governance structure of the Trust plays a central role in facilitating co-operation and collaboration across all business units. Defining clear responsibilities and assigning key roles to respective parties brings diverse teams together and drives the Trust towards its shared sustainability goals.

The Board oversees the sustainability strategy and management, but it is also the responsibility of HPH Trust employees to promote sustainable business practices. This dual approach promotes transparency while fostering a positive corporate culture of continual review and an open dialogue. This enables rigorous oversight and facilitates the implementation of sustainability strategies across operations.

More information on corporate governance at the Trust can be found on pages 99 to 127.

SUSTAINABILITY REPORT

Roles and Responsibilities at each Sustainability Governance Level

<p>Board of Directors</p>	<ul style="list-style-type: none"> • Has ultimate accountability for the sustainability strategy of HPH Trust, as well as its management, performance and reporting, with the support of the Sustainability Committee and the Audit Committee • Oversees sustainability strategy formulation, risk management and performance, including the promotion of sustainable value creation in the best interests of the Trust with due regard to sustainability considerations
<p>Sustainability Committee</p>	<ul style="list-style-type: none"> • A board-level sub-committee comprising five Directors, including at least one independent non-executive Director. The terms of reference of the Sustainability Committee can be found on HPH Trust’s corporate website at https://www.hphtrust.com/corporate_governance.html • Its objectives are to oversee the management and advise the Board on the development and implementation of the corporate social responsibility and sustainability initiatives of the Trust • Reviews the sustainability reporting process, and related policies and practices • Assesses and makes recommendations on matters concerning the Group’s sustainability development and risks • Meets at least twice a year
<p>Audit Committee</p>	<ul style="list-style-type: none"> • A board-level sub-committee currently comprising three independent non-executive Directors. The terms of reference of the Audit Committee can be found on HPH Trust’s corporate website at https://www.hphtrust.com/corporate_governance.html • Its overall objective is to assist the Board in discharging its responsibility to HPH Trust to safeguard assets, maintain adequate accounting records, uphold the integrity of the financial statements, and develop and maintain effective systems of risk management and internal controls • Reviews the policies and practices of the Trust on corporate governance, including compliance with legal and regulatory requirements, according to the Audit Committee’s Terms of Reference • Meets at least four times a year
<p>Sustainability Working Group</p>	<ul style="list-style-type: none"> • A management-level working group comprising senior management members, including the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), and also Managing Directors of major business divisions, and Heads of Commercial, Operations, Engineering and Human Resources, and selected members of relevant staff of the Trustee-Manager • The CEO and CFO report directly to the Board (including the Sustainability Committee and the Audit Committee) on all sustainability issues, strategy implementation, and the relevant sustainability risks and opportunities • Ensures sustainability factors are monitored on an ongoing basis and properly managed, reviews the Trust’s sustainability practices, formulates the sustainability approach, leads efforts in setting short- and long-term strategies, sets targets and monitors its performance, and keeps abreast of emerging sustainability issues and trends that could impact HPH Trust’s business operations and financial performance • Meets at least twice a year
<p>Business units, departments, work groups, individuals</p>	<ul style="list-style-type: none"> • All have a duty to contribute to sustainability performance • Assess and mitigate internal control-related risks • Manage, implement, and monitor the effectiveness of sustainability initiatives
<p>Internal Audit</p>	<ul style="list-style-type: none"> • Reports directly to the Audit Committee and provides independent assurance as to the effectiveness of the risk management activities and controls of the Group, including those related to the sustainability reporting process

SUSTAINABILITY REPORT

The Trust has developed a range of policies to guide its ethical business operations and to align with its sustainability commitments. Sustainability Policies and Corporate Governance Policies are publicly available on HPH Trust's corporate website.

Sustainability Policies

https://www.hphtrust.com/sustainability_policies.html

- Environmental Policy
- Health and Work Environment Policy
- Human Rights Policy
- Modern Slavery and Human Trafficking Statement
- Supplier Code of Conduct
- Sustainability Policy

Corporate Governance Policies

https://www.hphtrust.com/corporate_governance.html

- Anti-Fraud and Anti-Bribery Policy
- Appointment of Third Party Representatives
- Board Diversity Policy
- Code of Conduct
- Corporate Communications Policy
- Dealings in Securities (for Directors)
- Dealings in Securities (for Officers)
- Director Nomination Policy
- Donations, Contributions and Sponsorship
- Handling of Confidential and Price Sensitive Inside Information
- Information Security Policy
- Investor Relations Policy
- Personal Data Governance
- Whistleblowing Policy

Risk Management

The Trust's overall sustainability risk management strategy is aligned with the integrated framework set out by the Committee of Sponsoring Organisations of the Treadway Commission. An Enterprise Risk Management ("ERM") framework covering all business units regularly identifies, reviews, evaluates and prioritises potential sustainability risks and opportunities. Furthermore, it defines how the Trust identifies, evaluates and responds to these emerging risks and opportunities. This involves the implementation of internal control procedures and mitigative measures to minimise adverse impacts. The framework also reinforces the importance of taking into account the risks and opportunities associated with sustainability when developing the Trust's strategic direction and action plans. As such, the framework facilitates effective decision-making and internal resource prioritisation to promote the short-, medium- and long-term sustainable business growth of the Trust.

SUSTAINABILITY REPORT

KEY HIGHLIGHTS IN 2023

OVERVIEW

Revamped the **sustainability topics via materiality assessment**

and identified

12

Material Sustainability Topics and

5

Relevant Sustainability Topics

Conducted **climate risks and opportunities (“R&O”) assessment**

in accordance with TCFD

framework and identified six R&Os

RESPONSIBLE BUSINESS



Zero

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



100%

of new suppliers were screened for environmental and social issues

ENVIRONMENT



Committed a **30%** carbon emissions intensity reduction by 2030 from 2021 level¹



HIT received the **Carbon Management Excellence Award** in the Corporate/Government Bodies category at the CLP Smart Energy Award

YANTIAN awarded the **Green and Low-Carbon Contribution Award** by China Shipping Gazette

OUR PEOPLE



HIT signed the **Mental Health Workplace Charter** supporting employees' wellbeing



Provided **over 63,000** training hours for employees

SAFETY AND SECURITY



Conducted **106** emergency drills











Nearly **8,000** YANTIAN staff and external contractor worker participations recorded in Safety Month to enhance workplace safety

¹ Market-based target

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

Stakeholder Engagement Channels

Understanding the evolving expectations and opinions of stakeholders is crucial to developing a sustainability strategy that addresses societal concerns and aligns with market trends. The Trust has established a variety of communication channels to maintain active and constructive dialogue with its stakeholders regarding sustainability issues.

Stakeholder Groups	Engagement Channels	Key Areas of Concern
 Investors	<ul style="list-style-type: none"> • Investor meetings and calls • Conference days • Port visits • Annual General Meeting • Dedicated email communications • Announcements and publications via corporate website 	<ul style="list-style-type: none"> • Sustainability and environment at ports • Unit price • Financial performance and distributions • Latest terminal development • Throughput trends • HKSPA
 Employees	<ul style="list-style-type: none"> • Port visits • In-house magazines • Company intranet • Notices and bulletins • Performance appraisals • LINK Committee • Mobile app 	<ul style="list-style-type: none"> • Financial performance • Key initiatives • Career prospects • Personal development • Wellbeing • Health and safety • HKSPA
 Government	<ul style="list-style-type: none"> • Meetings • Calls • Discussions and responses • Port visits 	<ul style="list-style-type: none"> • Key government maritime policies • Competitiveness of port of Hong Kong and YANTIAN • HKSPA • Sustainability and environment at ports
 External contractors and suppliers	<ul style="list-style-type: none"> • Induction and safety trainings • Compliance with Code of Conduct and Anti-Fraud and Anti-Bribery ("AFAB") Policy • Supplier evaluations 	<ul style="list-style-type: none"> • Workplace safety • Service performance • Tendering process and results • HKSPA
 Customers	<ul style="list-style-type: none"> • Mobile app • Customer meetings • Port visits • Terminal news releases • Exhibitions • Webinars • Brochures 	<ul style="list-style-type: none"> • Sustainability and environment at ports • Operational performance of terminals • Shore power implementation • Updates to customs processes and local regulations • Digitalisation and automation • Cargo coverage and connectivity • HKSPA • Market updates
 People and communities	<ul style="list-style-type: none"> • Recycling and waste reduction initiatives • Visits to elderly homes • Online greetings and events for the elderly • Port visits • Internship programmes 	<ul style="list-style-type: none"> • Introducing the port industry • Building relationships with the local community • Sustainability and environment at ports
 Port users	<ul style="list-style-type: none"> • Mobile communication platform • Safety information sharing • Help desk hotline • Meetings with trade associations 	<ul style="list-style-type: none"> • Turnaround time at ports • Berth availability and arrangements • Operational safety • Customs declarations • HKSPA
 Media	<ul style="list-style-type: none"> • Press releases • Press briefings • Corporate website 	<ul style="list-style-type: none"> • Latest terminal developments • Competitiveness of port of Hong Kong and YANTIAN • Service-related concerns • HKSPA

SUSTAINABILITY REPORT

Materiality Assessment

Materiality assessment allows the Trust to identify and prioritise the key sustainability issues that may substantially influence the decision-making of stakeholders and the operations of the Trust. Recognising Material Sustainability Topics enables the Trust to efficiently allocate its resources to address priority areas and helps determine the focus of external communications and disclosures.

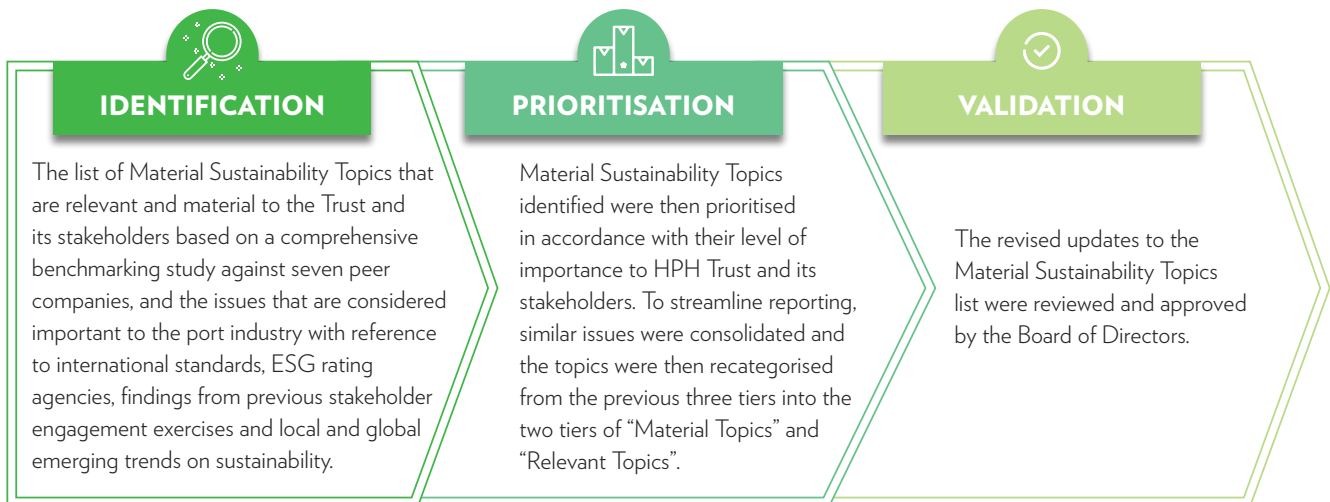
In 2021, a comprehensive materiality assessment was conducted through internal and external stakeholder engagement activities on top of an industry landscape review to identify the most significant sustainability issues to the Trust. In 2022, these material topics were revisited through desktop research and a benchmarking exercise to ensure relevant topics most important to the business and stakeholders are disclosed in the report.

This year, building upon previous stakeholder engagement exercises, the Trust engaged a third-party consultant to conduct a materiality review exercise for an update of its list of Material Sustainability Topics. Through the materiality review exercise, 17 Material Sustainability Topics were identified, of which 12 sustainability issues were prioritised as “Material Topics” and five sustainability issues were identified as “Relevant Topics”. The topics are grouped into four strategic pillars, namely Responsible Business, Environment, Our People and Safety and Security.

Using a tiered approach, the Material Sustainability Topics were recategorised between “Material Topics” and “Relevant Topics” according to their level of importance and urgency, which was derived through the frequency of disclosures by peers and expectations from stakeholders referencing international standards and ESG rating agencies, and senior management interviews. “Material Topics” are considered a high priority by the business and stakeholders, as associated risks may need to be addressed with increased urgency. “Relevant Topics” are considered relatively less pressing and urgent to HPH Trust under the sustainability governance framework.

Based on the categorisation, “Material Topics” are discussed in a more extensive manner compared to “Relevant Topics” to better reflect HPH Trust’s vision and effort towards these relatively more important issues. For Climate Change, progressive disclosures are also made with reference to TCFD framework, with full implementation of TCFD framework expected for the financial year ending 31 December 2024.

Materiality Review Process



List of Material Sustainability Topics

	Responsible Business	Environment	Our People	Safety and Security
Material	<ul style="list-style-type: none"> Business ethics and compliance Customer service Technology and operational efficiency Community engagement Supply chain management 	<ul style="list-style-type: none"> Climate Change Energy and emissions Water and waste management 	<ul style="list-style-type: none"> People engagement and wellbeing Knowledge empowerment 	<ul style="list-style-type: none"> IT systems and data security Occupational health and safety
Relevant	<ul style="list-style-type: none"> Corporate governance Contingency planning 	<ul style="list-style-type: none"> Biodiversity 	<ul style="list-style-type: none"> Diversity and inclusion Employment practices and labour rights 	

SUSTAINABILITY REPORT

Summarised below are the changes made to the topics against the Material Sustainability Topics in 2022.

- upgrading of “Community engagement” and “Supply chain management” to Material Topics
- combining of “Anti-fraud and anti-bribery” and “Compliance” into “Business ethics and compliance”
- combining of “GHG emissions”, “Ambient air quality” and “Energy consumption” into “Energy and emissions”
- combining of “Water management” and “Waste management” into “Water and waste management”
- combining of “External contractor worker management” and “Employee engagement and wellbeing” into “People engagement and wellbeing”; and
- merging of “Safety risk management” into “Occupational health and safety”.

The review focused the Trust’s sustainability commitments and disclosures to align with the latest industry landscape and expectations of stakeholders. The Material Sustainability Topics are also mapped to the United Nations Sustainable Development Goals (“SDGs”), demonstrating the Trust’s unwavering support to the United Nations’ global blueprint for a brighter future.

The chart below summarises the Material Sustainability Topics. It also illustrates how these are particular areas of concern for specific stakeholders.

Pillar	Tier	Material Sustainability Topics	Investors	Employees	Government	External contractors and suppliers	Customers	People and communities	Port users	Media
 RESPONSIBLE BUSINESS	Material	Business ethics and compliance	•	•	•	•	•	•	•	•
		Customer service	•	•			•		•	•
		Technology and operational efficiency	•	•		•	•			•
		Community engagement	•	•			•			•
		Supply chain management		•	•	•	•	•		
	Relevant	Corporate governance	•	•	•					•
	Contingency planning		•			•	•		•	
 ENVIRONMENT	Material	Climate Change	•		•			•	•	•
		Energy and emissions	•	•	•	•	•	•	•	•
		Water and waste management	•		•		•	•	•	
	Relevant	Biodiversity	•		•			•		
 OUR PEOPLE	Material	People engagement and wellbeing	•	•	•	•	•	•		
		Knowledge empowerment		•	•	•	•			
	Relevant	Diversity and inclusion	•	•					•	
		Employment practices and labour rights	•	•	•		•	•		
 SAFETY AND SECURITY	Material	IT systems and data security	•	•	•	•	•			
		Occupational health and safety	•	•	•	•	•		•	•

SUSTAINABILITY REPORT



RESPONSIBLE BUSINESS

The Trust upholds the highest standards of business integrity, honesty and transparency across all operations. Internal policies and procedures ensure every department and team operate responsibly, with integrity and without compromising quality of services to customers. This enables the Trust to foster a strong and trusting relationship with its stakeholders, ensuring the long-term success of the business.

WHY IT MATTERS

Conducting fair and transparent business operations is the key to driving excellence beyond compliance. By upholding corporate values and ethical standards, the Trust positively contributes to its customers, business partners and the communities in which it operates, thereby promoting business success.

HOW HPH TRUST RESPONDS

The Trust is committed to embracing responsible business practices as a diligent corporate citizen. Relevant compliance, due diligence and monitoring mechanisms are in place that stipulate its stringent ethical requirements across its entire value chain and are followed by all employees of the Trust, suppliers and external contractors. A culture of accountability and excellence is cultivated and the policies and procedures drive quality customer service and the long-term sustainable growth of the organisation.

RELATED SDGS



BUSINESS ETHICS AND COMPLIANCE

As a major marine service provider and international shipping hub, HPH Trust recognises that upholding strong ethical standards and compliance measures are essential to ensuring its business operates with integrity and is free from all kinds of corruption and unethical behaviour. The Trust strictly manages its operations so that they are ethical, and has zero tolerance for unethical business practices. This principle applies to, but is not confined to, improper activities such as bribery, corruption and other unlawful conduct.

The AFAB Policy and Code of Conduct clearly outline the procedures and industry standards that all employees must abide by. During the orientation programme, a briefing session is conducted to communicate these policies to all new joiners, highlighting the Trust’s firm stance in enforcing ethical business practices and maintaining full compliance with industry standards and relevant legislation. An e-orientation programme is arranged for part-time staff.

The policies are also clearly stated in the Trust’s internal control manuals and Staff Handbook and are accessible on the intranet. It is

the responsibility of employees to observe the rules and regulations related to business ethics and compliance.

To set the ethical tone and culture of the Trust, the Board of Directors received AFAB-related communications and training during the year. Training materials and sustainability guides concerning corporate governance, policies and practices equip the Directors with the knowledge to effectively oversee ethical issues. In addition, following the compulsory requirement of the Trust, all staff have declared their compliance with the company policies via the company’s mobile app. And to ensure the same values of ethical and social responsibility is upheld across the supply chain, in 2023, 100% of the Trust’s active suppliers received business ethics and compliance-related communications.




As stipulated in the YANTIAN Integrity Management Policy to promote employee compliance, staff annually study relevant course materials on its E-learning Portal and participate in an online quiz to deepen their understanding. Email reminders on the Policy are also sent to relevant employees before major festivals to raise awareness. While at HIT, formal training on anti-corruption from

SUSTAINABILITY REPORT

the Independent Commission Against Corruption of HKSAR (“ICAC”) is arranged every two years for all managers and controllers; general staff from Human Resources, Commercial and Procurement functions; and participants identified by Department Heads. Guest speakers from ICAC were invited to deliver training seminars for these colleagues in 2023. Furthermore, during monthly team briefings, employees are reminded of the company guidelines on the acceptance of seasonal gifts and/or business gifts to combat potential for bribery.

The Trust has zero tolerance towards fraudulent acts, unethical acts, and non-compliance with laws and regulations. A Whistleblowing Policy has been established to create a confidential channel and encourage staff and other stakeholders to file complaints, or report suspected or actual cases of misconduct or malpractice without fear of reprisal, discrimination, retribution, or disadvantage. The Trust also conducts regular evaluations to identify potential cases of fraud or bribery within its workforce and across its supply chain. Any cases of non-compliance are directly reported to the Head of Finance in accordance with the Code of Conduct.

Management approach on business ethics and compliance

Stakeholder Group	Management Approach
 Managers and supervisors	<ul style="list-style-type: none"> • Providing AFAB training once every two years • Communicating the AFAB Policy to employees through regular briefings and email reminders to reinforce the importance of ethics and integrity
 Employees	<ul style="list-style-type: none"> • Incorporating AFAB information into the new joiner orientation programme and the digital e-orientation programme for part-time staff • Ensuring employees have a clear and practical understanding of the AFAB Policy through online reading materials • Requiring employees to make self-declarations annually to confirm that he/she has read, understood and will continue to comply with, the Trust’s policies. A Chinese version is also provided for colleagues in HIT and YANTIAN • Sending reminders to staff stressing the importance of AFAB during major festivals • Monitoring effective dissemination of training and policy information through checking policy self-declarations and training attendance records
 Suppliers	<ul style="list-style-type: none"> • Communicating the AFAB Policy to all suppliers at HIT and YANTIAN, emphasising zero tolerance for fraud and bribery • In 2023, 100% of the Trust’s active suppliers received business ethics and compliance-related communications



In 2023, there were **NO** reported cases of fraud or bribery.

CASE STUDY:

ELITE ENTERPRISE PARTNERSHIP AWARD 2023



As a port operator, the Trust has the responsibility – and power – to combat illegal activities within logistics chains. During the year, HIT was awarded the “Elite Enterprise Partnership Award 2023” by the Customs and Excise Department of HKSAR Government (“HK Customs”) in recognition of its proactive co-operation and contribution to Customs. By maintaining a strong relationship with HK Customs, HIT is helping to safeguard the reputation of Hong Kong as international trading gateway and facilitating legitimate trade.

Going forward, the Trust aims to maintain its record of zero reported cases of fraud or bribery as a medium-term (five year) and long-term goal.


SUSTAINABILITY REPORT

CUSTOMER SERVICE

Port operators play a vital role in the global shipping industry as crucial cargo transfer hubs. Situated at strategic points along major trade routes, the efficient handling and movement of cargo through ports is essential to not only internal business performance, but also to the operational costs and schedule integrity of value chain partners. HPH Trust endeavours to ensure customers receive proper treatment and that contracts are honoured. Its Commercial department, led by the Commercial Director, maintains clear channels of communication with shipping line partners, which allows reasonable concerns or needs raised by customers to be addressed appropriately.

Through its dedication and commitment to providing service excellence over the years, HPH Trust has become a reputable and reliable member of the industry. As a testament to its prioritisation of quality customer services and improving support systems, the Trust has garnered several annual business industry awards.

YANTIAN was named **Best Container Terminal – Asia**



(Over 4 million TEU) at the 2023 Asian Freight, Logistics and Supply Chain Awards.

HPH Trust proactively addresses customer concerns and emerging market trends. In response to the national strategic plan and “dual carbon” goals, YANTIAN has established eight port alliances to improve customer access to its port services.

- Huizhou - YANTIAN Port Alliance
- Dongguan – YANTIAN Port Alliance
- Sinotrans Zhongshan – YANTIAN Port Alliance
- Zhongshan International Terminal – YANTIAN Port Alliance
- Zhuhai – YANTIAN Port Alliance
- Jiangmen International Container Terminals – YANTIAN Port Alliance
- Jiangmen New Port – YANTIAN Port Alliance
- Zhongshan Xiaolan Port – YANTIAN Port Alliance

The port alliances extend the terminal function of YANTIAN to various towns and regions with improved sea-rail services, allowing more customers to enjoy the port services at their doorsteps and share port and railroad resources. The port alliances also promote interconnectedness between the domestic and global economy flows, driving a more stable and efficient value chain.

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

¹ In the reporting year, the Trust received 0 complaints and 0 compliments.

During the year, the Trust addressed the following major concerns from customers.¹

How does HPH Trust respond to extreme weather events that are increasing in intensity and frequency?

HPH Trust recognises the wide-ranging risks associated with extreme weather events. Due to this, HIT and YANTIAN have formulated response plans for potential adverse weather conditions as part of their Emergency Management Programmes. For instance, the super typhoon Saola in September brought heavy rainfall, strong wind and a severe storm surge to the China coast. HIT and YANTIAN’s response plan outlined precautionary measures for typhoons, which included equipment tiedown. As a result, equipment and port facilities were not materially impacted or damaged. The precautionary procedures were also reviewed after the event to identify further areas for improvement, aiming to enhance operational efficiency.

How can HPH Trust maintain its status as the preferred global logistics hub in the post-pandemic era?

To manage the post-pandemic full-scale normalisation in the global logistics industry, HIT continuously upgraded its facilities and equipment. This included the expansion of the remote control rail-mounted gantry crane (“RMGC”) fleet to 12, and 2 quay cranes (“QC”) were replaced by solar panel-equipped ones.

Likewise, besides discontinuing its closed-loop arrangement in the first quarter of 2023, YANTIAN has implemented a series of capacity enhancement initiatives including doubling its remote control rubber-tyred gantry crane (“RTGC”) to 16, and the heightening of 4 QCs and 18 RTGCs.

How can HPH Trust improve its efficiency through digitalisation?

HPH Trust has been actively exploring advanced technologies to apply in daily operations. In 2023, HIT enhanced its Remote Container Inspection (“RCI”) technology by integrating automation and AI elements into gate inspection operations. It plans to further promote its RCI technology in 2024 by extending its coverage to quay-side barge operations. Additionally, HIT is currently studying the feasibility of deploying AeTs at Kwai Tsing Terminals as it launched a series of proof-of-concept tests in November 2023.

For YANTIAN, it leveraged on the blockchain technology and integrated with the Global Shipping Business Network in developing the Yantian Port Area Paperless Import Document Exchange Blockchain Platform. ePlatforms such as Alliance Port Platform and YANTIAN Sea-Rail Intermodal Logistics Information Platform are also in place to provide convenience and efficiency for the alliance port members and inland port users.

SUSTAINABILITY
REPORT**TECHNOLOGY AND OPERATIONAL EFFICIENCY**

Operating in a dynamic industry, HPH Trust prioritises operational efficiency for sustainable growth. Through innovative streamlined processes and applications of advanced technologies, HPH Trust facilitates a smooth and consistent flow of cargo at its port terminals. This not only optimises performance for customers but also mitigates environmental impacts, while relieving the workload of employees. Top leadership, including Heads of Operations, the Process Excellence team at HIT and the Operations department at YANTIAN, are dedicated to refining and evaluating operational performance to best position the Trust for future success.

In order to increase efficiency and improve safety performance at the container terminal, HIT, being a pioneer of 5G applications, integrated 5G into various applications, including in RTGC operation to allow remote control via a stable, highly reliable network with low latency and in the CCTV system to transmit real-time signals and alarms to the Safety and Security control room for intrusion detection, enhancing overall security capabilities.

Going one step further, in 2023, YANTIAN has successfully completed a trial run to further enable remote control of RTGC with 5G even in high-density yard areas. This not only resolved a number of challenges in operating remote control RTGC in high-density areas, but also addressed interference issues arising from multiple RTGCs working simultaneously in the same area. In addition, YANTIAN is currently conducting a trial run of a self-developed 5G seaport border access control system, which aims to improve security control of people boarding and disembarking. Both initiatives are expected to be fully deployed in 2024.



Digital transformation is also a crucial element for improving operational performance at the ports. For instance, the implementation of the Electronic Booking Confirmation Note (“eBCN”)¹ and Electronic Release Order (“eRO”)² systems enable the inbound and outbound gate process to be paperless, greatly increasing efficiency of the import and export cargo workflow. Moreover, regular quayside operation documents such as the Vessel Operation Report (“VOR”), Damaged Container Report (“DCR”) and equipment checklist were digitalised in 2023. Frontline workers no longer need to physically board vessels for documentation sign-off and can avoid unnecessary trips to deliver paper documents to the chief officer and liner office for acknowledgement. The digitalisation of documents enables more efficient collaboration between the Trust and its customers, increasing productivity and efficiency.

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

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

SUSTAINABILITY REPORT

CASE STUDY:
AI APPLICATION

In 2023, YANTIAN introduced an intelligent tally system to four quay cranes. The system made use of camera vision and AI technology to capture container information and container damage condition. Manual check work at quayside is fully automated. YANTIAN plans to expand the system coverage to 16 more quay cranes in the coming two years.

Similarly in HIT, Operations department also uses Optical Character Recognition (“OCR”) technology at terminal entry and exit gates for its Remote Container Inspection (“RCI”) system to identify any suspected broken roof panel or cut case of containers. Indoor inspector can examine container conditions from the photos captured through RCI system, without physically working outdoor. Moreover, AI technology is also being applied into this RCI container inspection process, to assist indoor inspector and mitigate the chance of overlooked case. All these combined together streamlined terminal gate (in & out) process while enhancing overall inspection accuracy, promoting workplace safety and reducing manpower dependency.



▲ AI technology applied for exit gate RCI system in HIT

To further advance online paperless import services for shippers, forwarders, shipping companies, and shipping agents, YANTIAN has been harnessing advanced blockchain technology to develop the Yantian Port Area Paperless Import Document Exchanges Blockchain Platform. While YANTIAN has achieved success in port-related paperless import operations via Global Shipping Business Network (“GSBN”) platform, progress has been slow in logistics chain segments involving non-GSBN shipping agents. The platform aims to address this issue by unifying information services, leveraging blockchain, and introducing the latest certification authority (“CA”) authentication and non-repudiation technology to other non-GSBN shipping agents. It is expected to be in trial operation by March 2024, facilitating paperless import operations across the entire process at YANTIAN.

In September 2023, YANTIAN also launched a Sea-Rail Intermodal Logistics Information platform, with over 90% of active customers registered in just a few months. The platform streamlines sea-rail transportation, offering services such as route inquiries, order management, and tracking. This innovative initiative enhances transportation visibility and efficiency, positioning YANTIAN as an inland port leader. Sea-rail intermodal transport not only boosts economic benefits and efficiency but also contributes significantly to environmental sustainability by optimizing routes and reducing carbon emissions. YANTIAN is committed to ongoing innovation for convenient, efficient, and sustainable transport solutions.

CASE STUDY:
TRIAL OF AUTONOMOUS ETRUCKS

A project team comprising representatives from Safety, Operations, Engineering, and IT departments was formed at HIT to assess and introduce AeTs into operations. A series of proof-of-concept (“PoC”) tests and verifications with two AeTs will continue until 2024 to assess the feasibility of deploying AeTs at Kwai Tsing Terminals without changing the existing yard layouts. This is a milestone – a breakthrough in terminal technology, as well as an enhancement in terms of environmental protection, operational efficiency and safety.



The Trust assesses the success of its initiatives based on key performance indicators for cargo movement within the terminal. A full review of the Trust’s operational achievements is available on pages 22 to 24. HPH Trust aims to continuously apply the latest technology at its terminals to improve the efficiency of terminal operation.

SUSTAINABILITY REPORT

COMMUNITY ENGAGEMENT

The Trust's accomplishments are built on continued local community support. It has made proactive efforts to develop deep ties with community members through active engagement and to understand where support is most needed. In turn, the Trust has centred its corporate social responsibility efforts around three key pillars: Elderly Care, Youth Education and Awareness for the Environment.



ELDERLY CARE

Since 2009, YANTIAN has been dedicated to Care for the Elderly as part of its corporate social responsibility efforts. This year, its volunteer team organised a visit to an elderly centre in Yantian District on Chung Yeung Festival and enjoyed a memorable day of singing and exercise. Volunteers also distributed gift packs to wish them a happy festival.



To celebrate the Mid-Autumn Festival, volunteers from the HIT Community Caring Group and T8 Volunteer Team (comprised of staff from COSCO-HIT) organised a concert at Yan Chai

Hospital Fong Yock Yee Neighbourhood Elderly Centre. The volunteers and elderly residents sang pop songs of the 70s and 80s. Festive greetings and gifts were also delivered.



In January, volunteers from HIT Community Caring Group and T8 Volunteer Team organised a workshop to guide elderly from Yan Chai Hospital Fong Yock Yee Neighbourhood Elderly Centre to re-use red packets to create "green" ornaments. Not only did the event encourage an eco-friendly living style, but also contributed to their celebrations for the upcoming Lunar New Year.



YOUTH EDUCATION



To promote youth education in Yunnan province, YANTIAN hosted an engaging summer camp in August at Yunnan Dahaicun Hope Primary School, marking the 20th year of its sponsorship to the school. E-teaching materials and 15 used laptops were also donated to YANTIAN's dock schools in the province to advance technological education.



The ninth HIT Scholarship Award Presentation Ceremony was held in May to recognise the achievements of engineering students from the Hong Kong Institute of Vocational Education ("IVE"). The scholarship recipients thanked HIT for enhancing their industrial knowledge and supporting their career preparation. During the summer, HIT offered 12 placements, allowing students to gain valuable working experience across terminal operations, engineering, contract and procurement, and information services.



HIT continues to sponsor the Higher Diploma in Aviation and e-Logistics Programme of IVE Tsing Yi, which has been HIT's dock school since 2009. The programme consists of a general and logistics knowledge contest, a port visit at HIT and a project with topics related to the shipping industry. This programme aims to inspire students to better understand port operations and embark on a career in the maritime and logistics industry.

SUSTAINABILITY REPORT



AWARENESS FOR THE ENVIRONMENT



To work towards creating a sustainable future, the Trust held its annual Go Green Tree Planting activity. Staff from HIT participated in this community campaign to plant 120 saplings of five different species at the Sai Kung East Country Park in April. While in Yantian District, over 100 representatives from government, community, the dock school, YANTIAN staff and their family members participated in the tree planting event organised by YANTIAN, spreading awareness about the importance of environmental conservation.



HIT Environmental Awareness Committee and Community Caring Group organised an eco-visit to T-Park for the elderly from Yan Chai Hospital Fong Yock Yee Neighbourhood Elderly Centre in July. During the guided tour, participants learnt about the unique futuristic waste treatment facility and the importance of waste management in Hong Kong.



In support of fish conservation, YANTIAN released over 12 million fingerlings into the surrounding waters of the terminal in July, highlighting YANTIAN's commitment to its Green Port practice.



YANTIAN organised a summer camp for over 100 children. The children enjoyed various fun games and learnt about climate change fundamentals through the Climate Fresk Card Game. The two sessions of one-day activities empowered the next generations to make choices that contribute to a more sustainable future.

CASE STUDY: HIT THE TRAIL TOGETHER

This spring, HIT organised the event, HIT the Trail Together, inviting employees from HIT and other business units such as COSCO-HIT, APS, Hutchison Logistics and Hutchison Ports, to raise funds for Sowers Action in Hong Kong through walking. HIT made donations based on the number of teams and the daily steps taken by all participants to support low-income families in Hong Kong. During the two weeks of fundraising, 51 teams comprising 188 employees from these business units, walked a total of over 40 million steps to raise HK\$141,000. The event encouraged employees to exercise more and raised donations to improve the quality of life for low-income families. Donations were used to purchase electrical appliances, ergonomic schoolbags and notebooks for the families' children. Volunteers from HIT Community Caring Group distributed the schoolbags and notebooks at Sowers Action Shamshuipo Centre, helping the children to prepare for the coming school year.



51 teams comprising 188 employees walked a total of over 40 million steps



CASE STUDY:

CLEAN SHORELINE ACTIVITY AT HIT

In November, to promote the Go Green initiative, a global environmental initiative undertaken by members of the international ports and maritime community, Hutchison Ports and COSCO SHIPPING Ports organised a shoreline cleaning activity at Anglers' Beach in Hong Kong. 30 enthusiastic staff members from Hutchison Ports, HIT, COSCO-HIT and ACT participated in the event to promote environmental stewardship in the community.



CASE STUDY:

STRIVE AND RISE PROGRAMME



HIT is an active participant in the HKSAR Government's Strive and Rise Programme. As a supporting organisation

since December 2022, HIT has hosted 10 visits for over 170 youth mentees and mentors who were given an introduction to terminal operations including a tour of the remote control RTGC operations centre. In addition, HIT's operations management trainees also shared their experiences with the younger generation and encouraged them to consider a career in the terminals. HIT is looking forward to reaching out to more young people and helping them to "strive and rise".

Going forward, HPH Trust aims to develop and continue various community engagement programmes to bring a positive impact to the communities. This aim also applies to HPH Trust in the medium term and in the long run.

SUPPLY CHAIN MANAGEMENT

As stakeholders increasingly expect responsible businesses to demonstrate sustainability leadership throughout their respective supply chains, HPH Trust works closely with suppliers to support their adoption of sustainable practices. Its Supplier Code of Conduct¹ ensures the highest standards for human and labour rights, supply chain management and ethical business practices are met.

Due to the unique demands of the port business, a significant number of external contractor workers are hired by HPH Trust. They are an essential labour force for port operations and include front-line workers such as equipment operators, stevedores, truck drivers, maintenance technicians and security personnel. A comprehensive contractor service system is in place in accordance with the Trust's employment and labour standards. It is responsible for staff supervision, performance management, engagement and support, and ensuring that fair labour practices apply to external workers.



of new suppliers were
screened for environmental
and social issues

To ensure that a sustainable environmental approach and proper social standards are adopted across the supply chain, any significant social or environmental risks identified during the screening of potential suppliers and contractors lead to the termination or withholding of the contract. The Trust requires all suppliers and contractors to observe and implement sound environmental practices including but not limited to:

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

Moreover, the Trust regularly monitors its suppliers to address potential risks and ensure that their business aligns with its policies and management system. In 2023, HPH Trust did not identify any suppliers with significant environmental or social risks.

¹ For details regarding HPH Trust Supplier Code of Conduct, please refer to https://www.hphtrust.com/sustainability_policies.html.

SUSTAINABILITY REPORT

The Trust will not tolerate the use of child or forced labour in its operations. Currently, the Supplier Code of Conduct, Work Order and Standard Terms and Conditions (“T&Cs”) of Agreement for Works/ Services contain clauses that prohibit child and forced labour. There is robust screening of suppliers and contractors to prevent the use of forced, prison, bonded or child labour. In 2023, HPH Trust did not identify any suppliers or contractors with significant child or forced labour risks.

**CASE STUDY:
CREATE AN ETHICAL SUPPLY CHAIN**



During the year, HIT and YANTIAN updated the policy of the Anti-Fraud and Anti-Bribery, Personal Data Governance and Code of Conduct on the Online Vendor Registration Form. This ensures that suppliers are aware of the expected ethical standards and commit to upholding them. These include the prohibition of child or involuntary labour and discriminatory practices. In addition, the terminals have updated their vendor registration, Purchase Order, Standard T&Cs of Agreement for Works/Services and vendor evaluation for material/service/work acquisition. The new clauses provide for an inclusive and equitable workplace that is free from any form of harassment or discrimination based on but not limited to age, race or ethnic origin, disability, gender, nationality, marital status, sexual orientation, political convictions or union affiliation. It also strictly prohibits using forced, prison, bonded and child labour.

In addition to the regular monitoring of existing suppliers’ business practices and screening of new suppliers for environmental and social issues, the Trust carries out additional supplier assessment on suppliers with significant impact on its businesses or operations.

Additional supplier assessments conducted

Existing suppliers with an annual turnover of HK\$500,000 or more	Conducts annual assessment under Supplier Evaluation Programme
New suppliers with contract of over HK\$10 million	Conducts reference checks in areas such as Code of Conduct and financial status during engagement
Top 50 suppliers	Distributes Supplier Sustainability Self-Assessment Questionnaire annually



In 2023, the Trust delivered its **first Supplier Sustainability Self-Assessment Questionnaire** to its top 50 suppliers

Following the distribution of self-assessment questionnaire to its top 50 suppliers, the Trust is currently following up the outstanding items with the suppliers and conducting an analysis of the collected results.

Briefing sessions have been arranged for suppliers with missing or incomplete answers in their questionnaires. The annual questionnaire will cover topics such as governance, promoting ethical standards and the rights of all employees and protecting the environment, helping the Trust to understand its suppliers and contractors’ sustainability performance and conformance with the Trust’s Supplier Code of Conduct.

HPH Trust will aim to continuously enhance the screening process on its suppliers and external contractor workers and keep its record of 100% new supplier screening for environment and social issues. This target also applies to HPH Trust in medium and long term.

CORPORATE GOVERNANCE

An effective corporate governance framework promotes and safeguards the interests of unitholders and other stakeholders. The Trust remains firmly committed to upholding high standards of corporate governance by continuously implementing best practices. It enforces robust controls and practices that emphasise effective risk management, transparency and accountability. The Trust annually reviews any new or emerging regulations to ensure compliance with future changes. In the coming year, HPH Trust will aim to maintain compliance as prescribed by the SGX-ST Listing Manual. This target also applies to HPH Trust in the medium term and in the long run.

A full review of HPH Trust’s corporate governance is available in the Corporate Governance Report on pages 99 to 127 of this Annual Report.

CONTINGENCY PLANNING

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



GOING FORWARD

Upholding responsible business conduct and zero tolerance of unethical business practices remain top imperatives for the Trust. The Trust will maintain an unwavering commitment to preventing any incidents of corruption, as well as avoiding any material breaches of applicable laws and regulations.

It is also of utmost importance to uphold world-class service quality and efficiency to better support customers and other stakeholders. The Trust will keep abreast of the latest technological developments and explore emerging opportunities for operational enhancement with an innovative mindset. In the coming year, it will continue to study the feasibility of AeT deployment at Kwai Tsing Terminals and further integrate AI technology into existing processes.

SUSTAINABILITY
REPORT

ENVIRONMENT

HPH Trust is committed to the responsible management of the potential environmental impacts arising from its activities. It has integrated environmental stewardship into its strategy to promote long-term, sustainable business growth without compromising the natural environment and the potential of future generations. Aiming to protect the environment both within and beyond its walls, the Trust endeavours to minimise its ecological footprint and cultivate a greener future for all.

WHY IT
MATTERS

The evidence is building that climate change is intensifying extreme weather events. In future, the Trust will face more disruptions that threaten its operations and business performance. Building climate resilience and finding the best approach to decarbonisation have become global challenges for the port industry.

HOW HPH TRUST
RESPONDS

HPH Trust fosters an ingrained culture of environmental stewardship across all levels. Comprehensive sustainability strategies paired with sound environmental systems have been implemented and embedded into the daily operations of the Trust, ensuring departments and employees implement environmentally sustainable practices into their daily work. By careful monitoring of key performance data metrics, the Trust can co-ordinate continuous improvement. It has also set an ambitious emission reduction target to guide its journey towards decarbonisation and a greener future.

RELATED
SDGS

HIT and YANTIAN have implemented an Environmental Management System (“EMS”) that is certified with ISO 14001. The internationally recognised standard signifies that an effective and systematic approach is adopted to manage their environmental impacts. Additionally, YANTIAN’s Energy Management System (“EnMS”) is ISO 50001 certified, demonstrating the port’s efficient energy management approach.

HPH Trust established the Environmental Policy¹ to stipulate its strategy and management of Material Sustainability Topics. These topics encompass climate change, energy use, water and waste management. The policy is periodically reviewed and updated whenever necessary. HIT’s Environmental Protection Policy² and YANTIAN’s Green Port Policy³ provide guidance to the ports on the steps they need to take to build a green port with a minimised ecological footprint. The policies can be easily accessed through the intranet and internet by stakeholders.

To further raise the awareness of environmental sustainability among employees, the Environmental Awareness Committee of HIT and YANTIAN frequently host special events, organise activities and post on social media platforms. At the Trust level, the Sustainability Committee and the Sustainability Working Group track environmental performance against environmental targets and conduct semi-annual reviews. The reviews are essential for identifying improvement plans and adjusting strategies to achieve the targets. Through monitoring the progress of the targets and actions plans, the Trust effectively drives positive changes across the business and engages responsible departments to act towards achieving the sustainable goals.

¹ For details regarding the HPH Trust Environmental Policy, please refer to https://www.hphtrust.com/sustainability_policies.html.

² For details regarding HIT’s Environmental Protection Policy, please refer to <https://www.hit.com.hk/en/Corporate-Social-Responsibility/Sustainability/Hit-Environmental-Policy.html>.

³ For details regarding YANTIAN’s Green Port Policy, please refer to https://www.yict.com.cn/page/green_port.html.

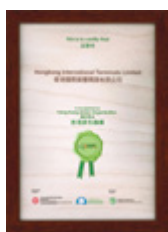
SUSTAINABILITY REPORT

In recognition of their commendable efforts in promoting environmental stewardship, HIT and YANTIAN received the following awards and certifications during the year.

HIT



Carbon Management Excellence Award in the “Corporate/ Government Bodies” category at the CLP Smart Energy Award 2023



Hong Kong Green Organisation by the Environmental Campaign Committee

YANTIAN

Green and Low-Carbon Contribution Award by China Shipping Gazette



First Green Logistics Demonstration Project by China Transport News



CASE STUDY:

RECOGNITION OF DECARBONISATION EFFORTS



As a responsible corporation, HIT strives to promote sustainability and conserve the natural environment. It has participated in the Feed-in Tariff Scheme and installed solar photovoltaic systems on the rooftops of its 10 power substations, and machinery house of 2 quay cranes, generating over 400 thousand kWh of renewable electricity annually. In recognition of HIT’s efforts to reduce carbon emissions, CLP Power Hong Kong Limited (“CLP”) presented HIT with the Carbon Management Excellence Award at the Smart Energy Award 2023. This award is a testament to HIT’s commitment to using innovative energy-saving solutions to achieve carbon neutrality.

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

SUSTAINABILITY REPORT




CLIMATE CHANGE

Urgent calls to act to combat the climate emergency have increased as it has become unequivocally clear that the impacts of climate change are global and unprecedented. Given the critical role of shipping and port industries in the global trading system, stakeholders have growing concerns and expectations that businesses will put in place plans for strategic actions to address the threats of climate change such as extreme weather events and rising temperatures.

To keep stakeholders informed regarding the Trust's current position on climate change, it has further aligned its reporting with the recommendations of the TCFD.

Governance	Strategy	Risk Management	Metrics and Targets
Disclose the organisation's governance around climate-related risks and opportunities.	Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	Disclose how the organisation identifies, assesses, and manages climate-related risks.	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

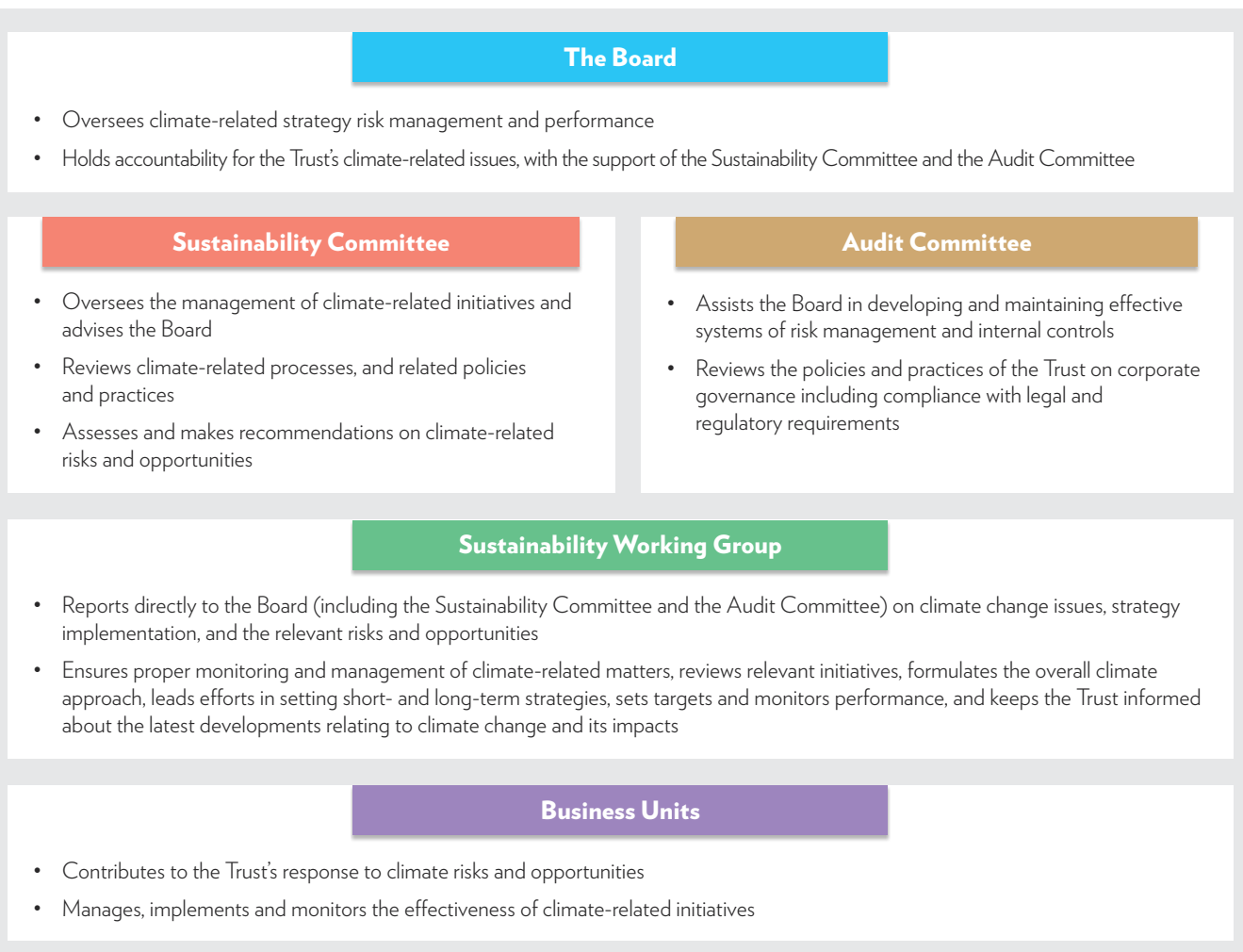
Recommended Disclosures	Recommended Disclosures	Recommended Disclosures	Recommended Disclosures
a) Describe the board's oversight of climate-related risks and opportunities.	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	a) Describe the organisation's processes for identifying and assessing climate-related risks.	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.
b) Describe management's role in assessing and managing climate-related risks and opportunities.	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	b) Describe the organisation's processes for managing climate-related risks.	b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks.
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

	Good disclosure – while still aiming to continuously improve
	Limited disclosure – coverage to be increased, quality to be improved
	No disclosure – limited coverage, methodologies in experimental phase

SUSTAINABILITY REPORT

Governance

The Trust is committed to addressing sustainability priorities and challenges. Climate change, as one of the challenges, is addressed in its sustainability governance structure. The following chart provides an overview of how the sustainability governance structure addresses climate-related risks and opportunities.










For more information about the Trust's sustainability governance, please refer to pages 39 to 41 of this Annual Report.

SUSTAINABILITY REPORT

Strategy

HPH Trust seeks to build its business sustainably and to improve climate resilience within and beyond its operations. It is actively embracing new goals and commitments to cultivate a greener future for everyone. As part of this effort, the Trust identified and prioritised climate-related risks and opportunities in line with the TCFD recommendations.

HPH Trust's Position on Managing the Direct Impacts of Climate Change	
	Address climate change risks as part of the Trust's risk management process
	Set up targets to reduce carbon emissions and monitor the Trust's carbon footprint to lessen its impacts on climate change
	Incorporate climate change considerations into its business strategies
	Establish appropriate procedures to prevent or minimise the damage that climate change may cause and seize the opportunities that may arise
	Reduce, where feasible, the production of GHG, ozone depleting emissions and other air pollutants within the Trust's operations
	Increase the use of innovative and energy-efficient technologies in the Trust's operations to reduce energy consumption arising from day-to-day operations
	Track and monitor the use of energy and emissions in the Trust's operations

Through forward-looking analysis, the Trust initially identified several climate-related risks and opportunities that could have significant implications on its operations. With the help of an external consultant, a three-step process was taken to identify the climate-related risks and opportunities:




- 1 Identify** – With reference to the key climate impact drivers in the Sixth Assessment Report of the United Nations Intergovernmental Panel on Climate Change (“IPCC”), peer analysis and international reporting standards, a long list of climate-related risks and opportunities relevant to the port industry was identified.
- 2 Engage and prioritise** – Through workshops, internal stakeholders with first-hand experience on port operations were engaged to obtain their feedback on the long list and identify any climate-related topics that were not covered by the long list. By considering the impact and likelihood of the climate-related risks and opportunities identified, a preliminary list of six key climate-related risks and opportunities were selected.
- 3 Validate** – The preliminary list of key climate-related risks and opportunities was presented to the Sustainability Working Group and the Sustainability Committee for validation and approval.

Through the three-step process, the Trust prioritised the six risks with the most relevance and impact level to the port industry and its operations. By considering the business planning cycle and asset life of the Trust, the following definitions of time horizons were adopted in discussing climate-related risks and opportunities:

SUSTAINABILITY REPORT




Time Horizons	Definition
Short term	0–5 years
Medium term	5–15 years
Long term	15–30 years

The following table outlines the key risks.

Risk ¹		Time Horizon	Implications for the Trust	Response
Physical (acute)	 <p>Heavy precipitation (pluvial flooding)</p>	Short term	Heavy precipitation can cause flooding, landslides and other forms of water damage that can disrupt operations. It may also damage critical infrastructures like roads and rails in the port vicinity, hamper port access, or cause accidents or disruptions that could limit the ports' capacity.	<ul style="list-style-type: none"> Well-constructed rainwater drainage systems, with regular inspection and clean-up to readily receive large surface run-off during heavy precipitation, and more frequent check-ups prior to rainy seasons to maintain its proper functioning
	 <p>Typhoon (extreme wind)</p>	Short term	Typhoons or extreme winds can cause widespread damage to port facilities, such as cranes and warehouses. Heavy winds can also create challenges to berthing, navigating the port, and loading and unloading. Normal operations may be disrupted, leading to delivery delays or cancelled shipments.	<ul style="list-style-type: none"> Typhoon Prevention Guidelines are in place to ensure operation safety during typhoon and swift resumption in operation after typhoon Typhoon Defense Control Centre at YANTIAN Building to monitor and arrange timely responsive actions High wind resistance design for quay cranes to ensure safety at berths The higher quay deck level designs to reduce the risk of coastal flooding during storm surges
Physical (chronic)	 <p>Rising mean temperatures (increased heat)</p>	Long term	Workers working outdoors are exposed to heat-related illnesses as the temperature rises, resulting in productivity loss. The demand for air conditioning and cooling systems, and its corresponding energy costs increases as a result of an increasing number of hot days.	<ul style="list-style-type: none"> High temperature and heatstroke prevention guidelines are in place Use of remote control function in crane operations to shorten the length of outdoor working time On-site features with solar insulation and passive cooling to address adverse impacts of rising temperature while lowering energy costs Cranes are designed to withstand temperature ranging from 0°C to 50°C

¹ Rising sea levels was also considered in the risk identification process for its high relevance to ports which operate in coastal areas, but after considering the expected sea level rise till 2050 and the specifications of the existing infrastructure of HIT and YANTIAN, it was considered that rising sea levels would pose a relatively low risk to HPH Trust's port operations.

SUSTAINABILITY
REPORT

Risk		Time Horizon	Implications for the Trust	Response
Transition	 Introduction of carbon pricing	Medium term	The introduction of a carbon pricing mechanism as a regulatory requirement could lead to higher operational costs for the company if it does not reduce its carbon emissions, especially when ports continue to rely on fossil fuels.	<ul style="list-style-type: none"> The Trust commits to reducing 30% of its overall emissions intensity by 2030 compared to 2021 baseline level Emission reduction initiatives include solar panels installation, electrification of vehicles and machinery Green Purchasing Policy & Green Procurement Guidelines are in place at HIT & YANTIAN, respectively, to encourage the purchase of energy-efficient and low-emission equipment at the ports
	 Transition to lower emission technology	Medium term	Shipping companies are gradually shifting to low-carbon fuels or electricity and port companies are required to develop and adopt corresponding technology and infrastructure to match any shift in customer demand.	<ul style="list-style-type: none"> Explore new technology for asset replacement strategy by seeking support from Shenzhen government and closely communicating with local electricity company and suppliers For more details on the decarbonisation efforts of the Trust, please refer to pages 62 to 64 of this Annual Report.
	 Changing customer behaviour/ market expectation	Medium term	Changing customer behaviour can lead to reduced demand for the company's products or services, particularly if customers switch to competitors' products or reduce their purchases due to their changing preference. For instance, a shift towards more climate-friendly ports, and demand for energy-efficient and/or carbon-neutral emissions solutions.	<ul style="list-style-type: none"> Initiatives to become a green port to address customers' rising demands for more environmentally friendly services Participates in customers' sustainability assessment requests Shore power system and LNG bunkering in YANTIAN to provide greener fuels for its customers and port users Promote sea-rail intermodal service as a low-carbon option for customers

It is important to proactively identify and address climate-related risks, while also recognising the potential financial impacts associated with these risks. These impacts may include asset damage, business interruption, increased operating, capital and compliance costs, diminished demand for the Trust's products and services, and lower revenues or cash flows. To gain a deeper understanding of the potential financial impacts associated with these material risks and opportunities, a scenario analysis will be conducted in the upcoming year. This analysis will provide a detailed assessment of various climate-related outcomes and serve as a framework to formulate proactive and resilient strategies for risk mitigation.

SUSTAINABILITY REPORT

Risk Management

HPH Trust adopts the Enterprise Risk Management framework that is consistent with the Committee of Sponsoring Organizations of the Treadway Commission framework. The framework facilitates a systematic approach in identifying, assessing and managing risks. This includes climate-related risks within the Group, whether it is strategic, financial, operational or compliance related.

As part of the ISO 14001 risk management process, port-level climate risks are identified and prioritised by their frequency and severity. At the company-level, the impact and likelihood of the identified climate risks are assessed and existing mitigations are taken into consideration to determine the appropriate risk treatment for the residual risks.

Currently the Trust considers climate-related risks to be one of the top risks in the risk register that could affect the Group’s financial condition or results of operations. To manage relevant climate-related risks, key mitigation measures and plans are developed to promote the Trust’s climate adaptation and resilience, including the Incident Response Playbook, which provides a consistent strategy and approach to recover terminal operations from an emergency or disaster. The upcoming scenario analysis will provide a deeper understanding into the implications of key climate-related risks. The valuable insights, including estimations on the potential financial impacts of climate risks and opportunities on the Trust, will be integrated into the Enterprise Risk Management framework, thereby better inform the Trust to manage and address the challenges brought about by climate change.

A full review of HPH Trust’s risk management and internal control system is available in the Corporate Governance Report on pages 114 to 116 of this Annual Report.

Metrics and Targets

Recognising the various decarbonisation ambitions announced by governments, HPH Trust has committed to a 30% reduction in CO₂e emissions per TEU by 2030 against 2021 level. This year, the Trust, with the support of a third-party consultant, carried out the identification and estimation of Scope 3 emissions within the value chain. By collecting relevant data, the exercise allows the Trust to recognise emission hotspots and potential carbon abatement levers as the first step to developing its decarbonisation roadmap. To increase transparency in its carbon footprint, the Trust is disclosing its Scope 3 emissions for the first year in this Annual Report.

Please refer to pages 83 to 84 of this Annual Report for further detail on metrics in relation to the Trust’s emissions and energy consumption.

¹ Market-based target.
² Shore power technologies allow vessels at berth to acquire their power from onshore supplies, which can greatly reduce GHG emissions generated by these vessels.

ENERGY AND EMISSIONS

As a responsible corporate citizen, HPH Trust strives to apply environmentally friendly practices across all its operations and businesses. It continually explores new applicable green technologies to enhance energy efficiency, lower GHG emissions, and improve the ambient air quality of the ports and surrounding areas. In 2022, HPH Trust achieved a 17% decrease in overall emissions intensity compared to 2021, far surpassing its emission reduction target set in 2021 of 5%. To reinforce the Trust’s dedication to addressing its carbon footprint, in July 2023, through management deliberation and commissioned studies, the Trust established a new Trust-level emissions intensity target. This aims to reduce overall emissions intensity by 30% by 2030 compared to 2021 baseline level. The target will encourage all divisions to adopt energy-efficient measures and reinforce the need to monitor its environmental performance metrics.



HPH Trust commits to reducing overall emissions intensity by **30%** by 2030 compared to 2021 baseline level¹.

The key direct emission sources at the terminals arise from diesel-powered machinery such as cranes and tractors, and certain systems aboard docked vessels during loading and unloading idle periods.



HPH Trust has pioneered green technologies, established shore power² systems covering 17 berths, and adopted cleaner fuels across all divisions. From 2016 to 2023, 31,363 tonnes of carbon dioxide emissions from vessels were reduced by adopting shore power supply.

SUSTAINABILITY
REPORT

Other than proceeding with its five-year plan to phase out internal diesel tractors with electric-powered vehicles, YANTIAN is also gradually carrying out the electrification of other fossil fuel-powered equipment such as diesel empty handlers and petrol vehicles. Moreover, it has also initiated a feasibility study for the installation of a solar panel system on building rooftops at its premises. Concurrently, HIT installed a solar photovoltaic system on the rooftops of 2 quay crane machinery houses and 10 power substations.

In 2023, there were no reported cases of non-compliance with laws and regulations regarding emissions generated by HPH Trust. In the coming year, HPH Trust will aim to maintain its record of zero reported cases. This also applies to HPH Trust in the medium term and in the long run.

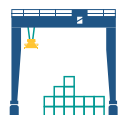
The management of HPH Trust is regularly updated on progress on emissions reductions at all divisions. Operational staff at the ports systematically record monthly fuel consumption and calculate quarterly carbon dioxide emissions accordingly. The results are reported to the Sustainability Working Group of the Trust semi-annually and the management teams at HIT and YANTIAN, including the Head of Engineering, quarterly for their review. This procedure helps ensure the business is on track to achieve its emissions reduction goals.

Green Fleets at HPH Trust

Type of Equipment	HIT	YANTIAN
Electric quay cranes	50	87
Electric yard cranes	92	216
Hybrid yard cranes	71	52
LNG trucks	0	165
Electric service vehicles	21	73
Other electric equipment (including electric forklifts)	15	117
Total	249	710

KEY INITIATIVES IN 2023

HIT



Converted **14** hybrid rubber-tyred gantry cranes ("hRTGC") to electric rubber-tyred gantry cranes ("eRTGC")



Transition of 6 fossil fuel-powered vehicles to **electric vehicles**



Increased eRTGC online rate¹ to **97%**, to reduce diesel consumption



Continued to **replace conventional lighting** on cranes and on buildings **with LED lights**



Installed **solar photovoltaic system** on the rooftop of **2** quay crane machinery houses and **10** power substations



Kicked off a **PoC** to identify the feasibility of introducing AeTs into operations

YANTIAN



Installed **258** additional reefer plugs and cut out the use of mobile generator sets



Transitioned diesel vehicles, including **5** operation patrol vehicles and **5** empty handlers, to electric vehicles. **15** additional electric vehicles were added to fleet too



Increased eRTGC online rate¹ to **92.5%**, to reduce diesel consumption



Installed **LED lights** on light towers and quay cranes



Conducted a **feasibility study** on installing of solar panels on building rooftops in the terminal



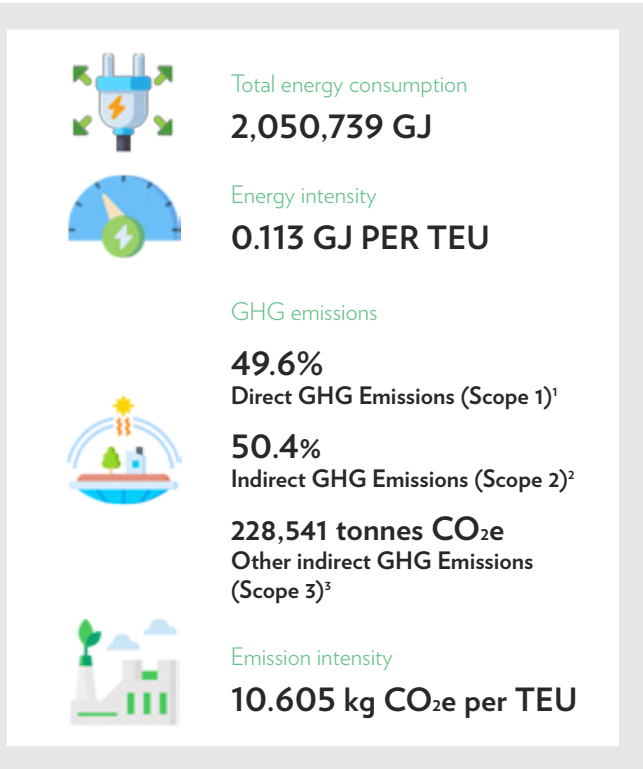
Provided over **12 million kWh** of shore power for 597 vessel visits

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

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

SUSTAINABILITY
REPORT

**2023 ENERGY AND EMISSIONS
PERFORMANCE HIGHLIGHT**



In 2023, HPH Trust has achieved a decrease in overall emissions intensity by 10% compared to the previous year, and 25% compared to 2021 level. The substantial reduction can be attributed to the Trust’s continual efforts in greening its operations. Throughout the year, the Trust continued the expansion of green fleets, improved the eRTGC online rate and installed additional reefer plugs to minimise reliance on fossil fuels. Additionally, the Trust implemented various strategies to decrease its grid electricity consumption. It pioneered green technologies, increased its onsite solar photovoltaic capacity, upgraded to LED lighting, and promoted efficient electricity consumption.

As a responsible corporation, the Trust continues to promote transparency on its carbon footprint and proactively seeks decarbonisation opportunities. For the first year, the Trust has mapped out its value chain emissions impact to gain a deeper understanding of its footprint and the activities of its business partners. This exercise is an integral step in the development of the Trust’s net zero strategic roadmap. It has estimated Scope 3 emissions of 228,541 tonnes CO₂e, which is dominated by two key Scope 3 categories: purchased goods and services, and fuel- and energy-related activities.

¹ Scope 1 emissions are direct GHG emissions from sources controlled by HPH Trust, including natural gas, liquefied natural gas, petrol, diesel and liquid petroleum gas used on-site.
² Scope 2 emissions are indirect GHG emissions generated from electricity purchased by HPH Trust.
³ Scope 3 emissions are indirect GHG emissions that occur upstream and downstream from HPH Trust. The estimated Scope 3 emissions covered eight Scope 3 categories relevant to port terminals under operational control of the Trust, including purchased goods and services, capital goods, fuel- and energy-related activities, upstream transportation and distribution, waste generated in operations, business travel, employee commuting and investments.

The Trust remains firmly committed to accelerating its decarbonisation progress as it continues to enhance operational efficiency and minimise emissions across its value chain. Further details on the Trust’s net zero planning will be revealed in the future.

**CASE STUDY:
UTILISATION OF SOLAR ENERGY**




Optimising energy consumption in an environmentally conscious manner remains a key priority for the port industry. Purposeful investments in clean and renewable energy solutions allow HPH Trust to proactively address energy challenges while mitigating its ecological footprint and gaining economic benefits like reduced operational expenditures. The current photovoltaic (“PV”) system of Terminal 4 gatehouse help to power the canopy floodlights, guardhouse office lighting and Security Office equipment is being upgraded to one with higher capacity.

Continuing on its extensive solar PV panel installation programme, HIT has newly installed PV panels on the rooftops of seven substations and two QC machinery houses, further increasing its solar energy generation capabilities. The current solar PV system at Terminal 4 gatehouse is also now in process of upgrading to higher capacity panels.

In the coming year, YANTIAN will assess the feasibility of installing solar PV systems on building roofs within its premise.

**CASE STUDY:
TRIAL OF AUTONOMOUS ETRUCKS**



In 2023, a project team comprising representatives from Safety, Operation, Engineering, and IT departments was formed in HIT to introduce AeT into its operations. A one-year PoC study with two AeTs began to assess the feasibility of AeT deployment in HIT terminals with existing yard layouts. This will not only help increase operational efficiency and safety, but also reduce energy consumption and facilitate decarbonisation of the Trust.

SUSTAINABILITY REPORT



WATER AND WASTE MANAGEMENT

Natural resources, including water, are key inputs for the value chain activities of the Trust. HPH Trust implements proper water and waste management to minimise adverse environmental impacts arising from water discharge and waste generation. The Trust actively monitors upstream and downstream water activities, such as withdrawal, consumption and discharge, as well as activities related to material sourcing and waste generation.


As a responsible business, the Trust ensures that it has a holistic picture of the potential impacts its approach to water and waste-related risks and opportunities could have on its value

chain, and strategises mitigation actions accordingly. In addition to optimising water use, HPH Trust is also dedicated to minimising waste generation from its operations and aims to extend material lifecycles as much as is feasible. Materials or resources that cannot be repurposed or extended are recycled or properly disposed of through licensed contractors.




In 2023, there were no reported cases of non-compliance with laws and regulations regarding water discharge or waste handling. In the coming year, HPH Trust will aim to maintain zero reported cases. This also applies to HPH Trust in the medium term and in the long run.

	Water	Waste
 <p>Strategy</p>	<ul style="list-style-type: none"> • HPH Trust focuses on effective management of water quality and efficiency, closely monitoring water consumption and discharge. • The Trust follows all regulatory laws and guidelines set by local authorities for the quality of effluent and water discharge. Its internal standards and procedures are set in line with such local requirements, including the Water Pollution Control Ordinance (CAP. 358) as specified by the HKSAR Environmental Protection Department and Guangdong Province Discharge Limits of Water Pollutants. 	<ul style="list-style-type: none"> • HPH Trust supports the business sector in its journey towards a circular economy. It has improved its waste management system by implementing sorting and classification of all waste produced. • The Trust follows all regulatory laws and guidelines set by local authorities for waste management. Its internal standards and procedures are set in line with such local requirements, including the National Solid Waste Management Regulations and Code of Practice for Industrial Hazardous Waste Production Unit.
 <p>Use and associated impacts</p>	<ul style="list-style-type: none"> • Water is mainly consumed in building premises, washrooms and equipment maintenance areas. • The Trust sources water from municipal supplies, which face relatively low water risk. However, the long-term cost of water may increase in view of the increasing water stress. • Sewage is generated by maintenance facilities and kitchens. • Discharging untreated sewage may pollute the surrounding environment and lead to fines due to non-compliance cases brought against the Trust. 	<ul style="list-style-type: none"> • Recyclable non-hazardous and hazardous materials include rubber tyres, waste oil, scrap metal, wire rope, oil rags, waste wood and lead acid batteries. • If not handled properly, waste can cause environmental pollution and burden landfill facilities. • Irresponsible or improper handling and management of waste can lead to fines due to non-compliance cases brought against the Trust.

SUSTAINABILITY REPORT

	Water	Waste
 <p>Corresponding actions</p>	<ul style="list-style-type: none"> The Trust carries out various measures to optimise and reduce water use, including performing maintenance on water supply pipelines as a precaution to prevent water leakage. The water treatment system at YANTIAN recycled 780 tonnes of waste water in 2023 for cleaning and irrigation use. Underground oil interceptors collect effluent from the maintenance and kitchen areas, and separate oil from water. The oil is specially stored and is periodically collected by a licensed contractor. In HIT, the separated effluent from the kitchen areas is treated by a Dissolved Air Floatation system to bring it up to the local discharge standards before it is directly discharged into the public piping systems. YANTIAN entrusted a qualified agency to test the concentration of wastewater pollutants monthly to ensure compliance with local discharge standards. In line with the Trust's commitment to excellence, water use data is collected periodically and reviewed by the Environmental Steering Committee of HIT and YANTIAN to ensure consumption reduction initiatives are well implemented. 	<ul style="list-style-type: none"> To mitigate environmental pollution, HPH Trust appoints qualified companies to collect its waste, including chemicals or hazardous materials, to ensure they are handled properly. In line with the Trust's commitment to excellence, waste generation data is collected periodically and reviewed by the Environmental Steering Committee of HIT and YANTIAN to ensure its waste reduction initiatives are well implemented. YANTIAN uses a bale compressor to reduce the volume of compressible solid hazardous wastes. It has also standardised the waste classification and storage in the terminal for all contractors to reduce hazardous waste. Recycling is highly encouraged at the Trust. Waste materials, including scrap iron, waste wire rope and tyres, are sorted and handed to licensed contractors for recycling. Moreover, voluntary activities such as recycling of mooncake boxes and red packets are organised to raise environmental awareness of staff.

The Trust implements 3R principles to maximise the repurposing of materials, before they undergo recycling for further utilisation, to minimise waste generation and facilitate the shift towards a circular economy.

 <p>Reducing</p>	 <p>Recycling</p>	 <p>Repurposing</p>
<p>Reducing the amount of waste generated, for example:</p> <ul style="list-style-type: none"> Bale compressors reduce the volume of solid hazardous wastes Single-use plastic straws have been eliminated in staff canteens, where feasible 	<p>Diverting waste from landfill through recycling, for example:</p> <ul style="list-style-type: none"> Waste materials, including paper, ink jet cartridges, scrap metals and waste oil, are sorted and collected by licensed contractors for recycling Recycling mooncake boxes and red packets at HIT 	<p>Repurposing materials when possible, for example:</p> <ul style="list-style-type: none"> YANTIAN donated second-hand laptops to its dock schools in Yunnan province HIT promoted the significance of resource repurposing to the elderly through an eco-visit to T-Park and DIY session on reusing red packets to create eco-friendly ornaments.

SUSTAINABILITY
REPORT

BIODIVERSITY







Studies have found that preserving biodiversity and the natural environment helps to mitigate climate change. To minimise its environmental impacts and protect biodiversity, the Trust proactively monitors the environment and implements environmental protection initiatives.

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

During the year, HIT and YANTIAN arranged a variety of employees activities to raise environmental awareness across the terminals. Activities included joining the World Wide Fund for Nature's 2023 Earth Hour initiative, organising tree planting, fingerling release and shoreline cleaning activities. Sustainability training videos, environmental tips and Climate Fresk card game were also developed to enhance employees' understanding of environmental concerns. In the coming year, HPH Trust will aim to further enhance the environment at the terminals and protect biodiversity with appropriate initiatives. This aim also applies to HPH Trust in the medium term and in the long run.



▲ Shoreline cleaning activity at HIT

Category	Initiatives Taken
 Air quality	<ul style="list-style-type: none"> Installed and commissioned eRTGCs, and continuously enhanced the eRTGC online rate¹ Deployed electric service vehicles and forklifts Launched an LNG truck project in 2009 to reduce emissions Established shore power systems to reduce emissions generated by vessels
 Light	<ul style="list-style-type: none"> Replaced conventional lights with LED varieties on cranes and in yards Turned off unnecessary lighting to control the overall brightness of the terminals, especially at night
 Noise	<ul style="list-style-type: none"> Installed and commissioned eRTGCs to reduce engine noise Turned down the volume of RTGC sirens Replaced diesel-driven mobile equipment and vehicles to reduce engine noise
 Waste	<ul style="list-style-type: none"> Appointed qualified companies to collect waste for proper recycling and disposal treatment to reduce the chances of harming biodiversity through landfill Integrated reduce-and-recycle principles into waste management procedures
 Water	<ul style="list-style-type: none"> Installed oil interceptors at maintenance areas to prevent direct discharge of waste oil to the sewer Pre-treated kitchen effluent before discharging it into the public sewer Cleaned up the ocean to protect the sea environment
 Trees and plants	<ul style="list-style-type: none"> Planted diverse species of native trees and plants to support biodiversity In 2023, HIT and YANTIAN planted over 120 saplings and 32 trees respectively to preserve the environment

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

SUSTAINABILITY
REPORT

CASE STUDY:
AQUATIC CONSERVATION

To facilitate the restoration of fish species and the conservation of the aquatic ecosystem, YANTIAN released over 12 million fingerlings into the surrounding waters of the terminal in July. The marine conservation event highlights YANTIAN's commitment to its Green Port practice.



YANTIAN is also aware of the risks of oil spills from berthing vessels and bunkering services at the terminal that threaten the ecology of surrounding waters. Therefore, it has prepared sorbent mats, oil absorbent socks, and floating oil containment booms to enable a timely and effective response to oil spills. The tools can surround, absorb and contain oil spills on the water's surface to improve the effectiveness of YANTIAN's oil spill response and capabilities.



East Port Biodiversity and Community Assessments

In June 2021, YANTIAN signed the joint venture agreement with the Shenzhen Yantian Port Group Company Limited (now known as Shenzhen Port Group Company Limited) to extend its capacity to develop East Port Phase I, which will be a 120-hectare greenfield-automated terminal with three container berths. In line with the major objectives from the Shenzhen government and YANTIAN on this development project, during 2022, the terminal conducted a comprehensive assessment to evaluate the project's impact on biodiversity and the surrounding community. The biodiversity assessment covered various areas for the construction period and the port operation, such as the impact on the ocean and marine ecosystem and animal species and plants on the land, and measures to deal with air, noise and waste pollution. Meanwhile, the community assessment covered various social, economic and environmental topics. Public consultation was also conducted during the assessments.

As a result, the development project has received official environmental impact assessment and project approval from the Shenzhen Municipal Ecology and Environmental Bureau, and Shenzhen Municipal Development and Reform Commission. As the development of East Port Phase I is underway, YANTIAN is committed to minimising any adverse environmental and community impacts caused by the project, and details will be disclosed in the near future.



**GOING
FORWARD**

As climate change intensifies globally and stakeholders demand immediate climate action from corporates, the Trust will further integrate environment and climate-related risks and opportunities into its business strategic planning and operational decision making. This is in alignment with its commitment to safeguarding the environment and strengthening climate resilience at all levels.

HPH Trust will focus on reaching its target to reduce overall emissions intensity by 30% by 2030, compared with the 2021 level. Emissions intensity in 2023 was 25% lower than in 2021 level. The Trust will maintain close scrutiny of its environmental performance and conduct periodic oil spill prevention exercises to protect the biodiversity of the surrounding marine ecosystem.

SUSTAINABILITY
REPORT

OUR PEOPLE

HPH Trust highly values its employees and works hard to cultivate a supportive workplace culture where individuals are respected. It provides a safe and inclusive environment in which all employees receive equal opportunities to thrive and realise their potential. Through embracing best employment practices and implementing robust management systems, the Trust strives to become an employer of choice in the port industry.

WHY IT
MATTERS

The daily operations of ports depend on having a skilled and stable workforce. It is critical to provide a decent work and learning environment that supports the personal and professional development of the Trust's employees, enabling it to provide high-quality services around the clock.

HOW HPH TRUST
RESPONDS

The Trust continuously refines its people management strategies to cultivate a proficient and committed team. It supports the wellness and growth of all employees through various training and development programmes. It also upholds a high standard of employment practices to manage labour rights risks within its value chain.

RELATED
SDGS

The Trust has established an Employment and Workplace Policy, Code of Conduct¹ and Human Rights Policy.² These documents make it clear that all employees have a duty to uphold the Trust's high standards and help create an environment in which it treats all members of its workforce fairly and equally. The HR departments are responsible for ensuring that all actions are consistent with international labour standards, applicable laws and regulations, and the Trust's policies to safeguard its employees and external contractor workers.

PEOPLE ENGAGEMENT AND WELLBEING

Promoting mental health and wellbeing

The Trust endeavours to safeguard the physical and mental health of its employees, as their wellbeing is essential to ensure that labour-intensive port operations are smooth and efficient. It has rolled out initiatives and activities to improve employee wellness and promote engagement.

To demonstrate its appreciation for the hard work of staff members, the Trust consistently provides excellent employee welfare programmes and medical benefits, including a group medical scheme, an annual free health check programme at YANTIAN and onsite influenza vaccination programme at HIT. Special leave, such as paid marriage leave, paid compassionate leave and paid examination leave, are also available, enabling qualified staff to fulfil domestic or personal commitments and establish a better work-life balance.



◀ Flying Chess competition

Furthermore, HIT has demonstrated its commitment to the Hutchison Ports BEWELL campaign, a global campaign to improve the physical health and mental wellbeing of employees, by organising the Healthy Style, Happy Life Series during the year. The LINK Committee of HIT organised four mindfulness workshops to show employees simple yet practical ways to cope with stress in a fast-paced society. By learning the techniques of integrating mindfulness into day-to-day life, employees can better manage their emotions and build resilience when encountering challenges in the workplace. Besides, the Committee organised a Flying Chess competition to foster a positive and supportive work culture. The event was a great success as 115 employees, formed 23 enthusiastic teams, exhibited their strong sense of cooperation and synergy and unleashed their team spirits throughout the tournament. The Committee also arranged two acupuncture for self-treatment workshops to help relieve tension and revitalise employees as a reward for their dedication and contributions. HIT has also promoted World Hypertension, Hepatitis and Diabetes Day by delivering wellness talks to over 600 HIT staff and raising their awareness of physical health and chronic diseases.

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

² For details regarding the HPH Trust Human Rights Policy, please refer to https://www.hphtrust.com/sustainability_policies.html.

SUSTAINABILITY REPORT

These activities align with HIT’s ongoing commitment to fostering a healthy workplace, as demonstrated through its signature on the Mental Health Workplace Charter initiated by the Department of Health, the Labour Department and the Occupational Safety and Health Council in Hong Kong.

Meanwhile at YANTIAN, as part of the Hutchison Ports BEWELL campaign, a sharing series was held to promote mental wellness across the terminal. Well-designed e-posters were disseminated via WeChat and internal emails to initiate discussions on two meaningful topics: Emotion Management and The Secret to Happiness. Colleagues were encouraged to share personal insights after reading the e-poster, which sparked insightful conversations on mental health care. Additionally, more than 200 YANTIAN staff participated in the Fun Sports Competition organised by the Labour Union. This event highlighted the importance of regular exercise for physical fitness and was an enjoyable way to celebrate International Labour Day. It also boosted employee morale and team cohesion, giving staff members the opportunity to bond socially and collaborate outside their regular job duties.



▲ Group photo of YANTIAN colleagues at Fun Sports Competition

Positive employee feedback is the greatest motivator for organising different wellness activities and learning opportunities at the Trust. HIT employees who participated in well-being programmes the previous year provided encouraging feedback about their own efforts to raise awareness of the importance of maintaining mental health, including through a healthy lifestyle. This led to “HIT the Trail Together” being held for the second consecutive year. Held in April and May this year, this meaningful fund-raising challenge attracted 188 employees from HIT, T8, PS&L and Hutchison Ports, who collectively walked over 40 million steps in two weeks to raise HK\$141,000 for Sowers Action in Hong Kong.

Likewise, YANTIAN responded to the popular demand raised in the collective consultation to relaunch its triennial family get-together event, Family Fun Day, which was previously on halt due to the pandemic. In celebration of YANTIAN’s 30th anniversary, employees and their gifted children opened the event with beautiful choruses, fascinating performances and a dedicated theme song for the day. Furthermore, different departments formed teams to participate in fun sports meetings to strengthen bonds between coworkers. In addition, a friendly match was held between the YANTIAN management team and representatives of employees’ family members to promote a family-friendly corporate culture.

Creating an engaging environment

Revolving around the core values of UNITY, the Trust proactively arranged team-building activities to foster a sense of belonging and inclusivity at the terminals. During the hot summertime, cold beverages and herbal tea were delivered to frontline staff and contractor workers at HIT and YANTIAN as a



▲ HIT management delivering iced herbal tea to workers

token of thanks for their hard work. Members of the management team joined the caring scheme. In celebration of the Spring Festival, the YANTIAN management team also took part in filming a festive greeting video with department representatives. Additionally, all YANTIAN employees were entitled to receive a gift, enter a lucky

draw with over 690 prizes and register online to receive a free pair of Spring Festival couplets. Similarly, during the Tuen Ng Festival, more than 70 colleagues from various departments of YANTIAN gathered together to wrap



▲ YANTIAN colleagues wrapping rice dumplings for the frontline teams during Tuen Ng Festival

up tasty rice dumplings for the frontline teams, boosting morale and engagement among employees. Meanwhile, HIT hosted a series of festival celebrations, with an overall attendance of 1,716 employees, during the Lunar New Year, Mid-Autumn Festival and Christmas.

SUSTAINABILITY REPORT

CASE STUDY:

BONDING BETWEEN FAMILIES OF STAFF AND HIT

Six children of HIT staff members were awarded the 2023 HIT Scholarship Award for Children of Employees in August 2023. The awardees achieved distinguished results in the Hong Kong Diploma of Secondary Education Examination. The scheme showcased HIT's recognition of outstanding academic performance as well as achievements in out-of-curriculum activities by staff members' children. It also demonstrates HIT's dedication to building stronger ties with staff and their families.



KNOWLEDGE EMPOWERMENT

The empowerment of employees is pivotal to the long-term success of a business. The Trust proactively invests in the learning and development of its people through the delivery of comprehensive training programmes in four main categories: orientation, compliance, technical and leadership. It has cultivated a dedicated team of employees with the necessary skills and knowledge to address prevailing and emerging challenges.

HPH Trust's position on learning and development



◀ VR training at Staff Orientation



Orientation

Encourages confidence from the start and helps new employees to adapt faster and perform their jobs to a high standard



Compliance

Protects HPH Trust's values, policies and commitment to the law. Helps employees to flourish as they understand their responsibilities. See pages 46 to 47, 72 for business ethics and compliance-related training



Technical and Safety

Equips employees with the necessary knowledge and hard skills to facilitate growth, accomplish company goals, and more importantly prevent accidents and workplace injuries



Leadership

Empowers employees to succeed in challenging situations and implement effective business strategies

The Staff Handbook and training-related policies detail guiding principles for offering job-related training and educational options to employees of the Trust and stipulate that HR departments are responsible for managing all employee training opportunities. Regular training needs analysis is conducted to evaluate staff performance and identify skill gaps, such that customised courses are arranged to facilitate a high-performing workforce in this fast-changing industry.

To support the personal career development of all employees, a performance review is conducted twice a year at the Trust. The review includes several important components such as appraisal criterion, appraisal interview, performance improvement plans, career development and training plans. It serves as an interactive channel for employees to better understand the expectations and feedback of the Trust while addressing their needs and concerns. In 2023, 100% of full-time employees received performance and career development reviews. In the coming year, HPH Trust aims to maintain a 100% performance and career development review completion rate for full-time employees. This also applies to HPH Trust in the medium and long term.

During the reporting year, the Trust continued to support the personal development of all employees by organising wide-ranging training programmes and workshops. For example, YANTIAN carried out outward-bound programmes to promote the confidence, sense of self-responsibility, and sense of belonging of 190 new joiners. To enhance leadership capabilities at the terminal, YANTIAN also conducted a series of sand-play courses for identified talent. By engaging in interactive and creative play, participants discover new perspectives on challenges, facilitating their ability to resolve issues they might face in everyday work. Similarly, HIT continued to organise the Manager Essentials series for leaders who wish to sharpen their skills. The supervisory training, focusing on team and performance management, enables managers to clearly communicate their expectations to their team, properly evaluate performance and deliver constructive feedback to team members regularly.

Technical skills are also an essential component of professional growth. Job rotation is arranged at the Trust to enrich employees with cross-functional skills as they experience job roles across different sectors and geographical locations.



▲ YANTIAN outward-bound programmes



▲ YANTIAN sand-play courses

SUSTAINABILITY REPORT

CASE STUDY: TALENT DEVELOPMENT



The knowledge and skills of employees greatly influence the success of the business. In 2023, YANTIAN carried out a variety of capacity-building programmes for employees across different functions.

Since July, the sales training programme has been arranged for 20 colleagues from the Multi-modal Services department and Commercial department to deepen their understanding of consulting sales. It encouraged colleagues to convert from the thinking simply about the number of product sales to a more consultative sales model, emphasising quality customer engagement.



Furthermore, to facilitate the continued employability of staff, a Learning Assistance Programme was set up in YANTIAN. Through this programme, employees may apply subsidies for training courses relevant to their roles and responsibilities offered by formal education institutions, encouraging employees to pursue continuing education and expand their capacities in their spare time.

YANTIAN will continue to offer thought-provoking and practical talent development initiatives in coming years, including an Operation Superintendent Training Programme in 2024 to further nurture its skilled workforce for the Operation Services and Development department (“OSD”).

Sustainability training

As part of its effort to embed sustainable practices across all levels of its operations, HPH Trust delivered numerous sustainability-related training sessions and programmes for its Board of Directors, managers and employees during the year.

At the Board level, all the directors of the Trustee-Manager attended the mandatory sustainability training as prescribed by SGX-ST. In addition, HPH Trust has also provided Directors other trainings in the area of corporate governance / sustainability practices via reading material, seminar and webinar.

Likewise, members of Sustainability Working Group have completed the “Sustainability Essentials for Business” online course designed by the Cambridge Institute for Sustainability Leadership to deepen their understanding of sustainability principles and to recognise the relevance of sustainability to their role, thereby better equipping them to lead sustainability efforts in the Trust.

HPH Trust also supported its colleagues in gaining relevant knowledge on emerging climate change issues and developments. The Environmental Awareness Committee in HIT arranged an ISO 14001 internal audit training to bring staff up to date with the application of environmental management systems standards.

The Committee also delivered quarterly environmental tips for employees to deepen their understanding of the fundamentals of environmental matters, such as biodiversity and the basics of climate change. Meanwhile, YANTIAN set up an online sustainability development centre via its Learning Management System so all staff can conveniently access sustainability-related learning materials and resources like environmental training videos.

To further raise employees’ awareness about the urgent need for climate action, HIT and YANTIAN organised the Climate Fresk online card game to make learning about climate change fun and engaging. The format of the card game made it easier for participants to understand the complexities of climate change and provided insights into different ways the global climate challenge can be addressed.



▲ Climate Fresk online card game

SUSTAINABILITY REPORT

CASE STUDY:

GLOBAL CONNECT 2023 “BEST PRACTICE” SERIES

During the year, HPH Trust encouraged relevant staff to participate in the Global Connect “Best Practice” series. Organised by Hutchison Ports, it enabled enthusiastic employees across disciplines to develop functional knowledge and role model approaches to key issues that will be required now and in future. The learning series covered different topics close to the heart of port operations, including:

- Quay Furniture and its Significance to Business Development
- Migrating towards Green Port – The Engineering Solutions
- Embracing Cargo Business Variety within Hutchison Ports
- Developing New Best Practices for the future with Veronica (Terminal Operating System)
- Ports Leadership: Embracing Diversity to Innovate and Impact.

The interactive learning activities and live discussions with HPH Trust leaders engaged participants to gain insights, spark innovation, build networks and strengthen collaboration to shape an agile and sustainable business.



DIVERSITY AND INCLUSION

The Trust endeavours to cultivate a diverse and inclusive workforce by treating all employees with respect and providing equal opportunities. It is committed to providing a working environment free from discrimination based on race, ethnicity, gender, creed, religion, age, disability, job title, or sexual preference. By embracing diversity of backgrounds and perspectives, it promotes a sense of belonging among its talent, leading to engaged and dedicated employees pursuing business success.

HPH Trust’s Human Rights Policy stipulates its commitment to equality, diversity and inclusion, while the Code of Conduct sets standards and outlines procedures for employees to follow in the workplace. The Trust does not tolerate employees, customers or suppliers participating in discriminatory or harassing behaviour. All individuals are encouraged to immediately report any suspected or actual incidents of discrimination or harassment to their supervisors and respective HR departments for prompt and thorough investigation. The Trust ensures that employees can raise concerns without fearing retaliation, and that offenders are subject to severe disciplinary action up to and including termination of employment. In the coming year, and in the medium and long term, the Trust will aim to maintain compliance with laws and regulations relating to workplace discrimination, which also applies to HPH Trust.

The Trust aims to incorporate different perspectives into its business by recruiting a range of people, regardless of age, ethnic origin or gender. Gender imbalance is inherent in the port industry, and the operational workforces for both HIT and YANTIAN are predominantly male. However, HPH Trust is committed to creating equal opportunities that address gender imbalance by using technology, digitalisation and other innovative initiatives.

For example, HPH Trust has introduced remote-controlled and automated technology for crane operations to increase recruitment and training of female equipment operators. The Trust will continue to explore initiatives to attract women to join the operations team in the long term. It also promotes equal opportunities and diversity at the management level, and approximately a quarter of the middle and senior management are female.

SUSTAINABILITY
REPORT

EMPLOYMENT PRACTICES AND LABOUR RIGHTS

As a responsible business, the Trust ensures that every stage of its business respects human and labour rights. It fulfils its obligation to provide equal opportunities and a decent workplace for its internal and external workforce. It has implemented stringent standards and policies to ensure its business partners and suppliers adopt labour practices that align with the values of the Trust.

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

The group-wide Human Rights Policy is guided by international human rights principles encompassed in the Universal Declaration of Human Rights, the International Bill of Human Rights and the International Labour Organisation’s 1998 Declaration on Fundamental Principles and Rights at Work. The Trust also draws from the international human rights principles under the United Nations Guiding Principles on Business and Human Rights. The Trust’s Modern Slavery and Human Trafficking Statement demonstrates its commitment to a zero-tolerance approach to modern slavery and human trafficking. In 2023, there were no reported cases of labour rights violations or non-compliance with labour laws or regulations and no reported cases of child or forced labour.

The Trust is committed to the assessment, management and prevention of employment practices and labour rights risks across its value chain. HR departments are responsible for ensuring such risks are managed adequately and that all actions align with the Trust’s policies, procedures and standards. Aside from regular internal audits, external audits are conducted annually by an independent third party covering the Trust’s policies, procedures, AFAB and other relevant risk controls.

The Trust fully respects employees’ right to freedom of association and to collective bargaining. It ensures that employees may join or form a labour union without fear of reprisal, intimidation or harassment. The Trust is also committed to establishing constructive dialogue with employees’ chosen representatives from a legally recognised labour union and to bargaining in good faith with such representatives.

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

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

The Trust ensures fairness and inclusion at all stages of the recruitment process. It recruits potential candidates through regular channels such as company websites, external job boards, staff referral programmes, job fairs organised by local government and academic institutes, and campus recruitment. With keen competition for engineering candidates, HIT has joined the Workplace Learning & Assessment and Earn & Learn Scheme of the Vocational Training Council to attract apprentice candidates.

The Trust also recruits young talents by organising internship programmes in collaboration with different organisations, including Hong Kong universities and the Hong Kong Institute of Vocational Education (IVE). During the year, HIT was awarded the 2023 Partner Employer Award in recognition of its contribution to offering student internship opportunities.

To attract top talent and improve staff retention, the Trust continuously examines and upgrades its competitive remuneration and benefits packages by employee category, local regulatory requirements and market practices. Different employee categories may also receive varied welfare benefits, such as health insurance for full-time employees. Meanwhile, all employees of HIT may enjoy wellbeing perks like access to the sports centre and various sports facilities.

To gain insights into its human resources management, the Trust monitors voluntary employee turnover and conducts exit interviews to understand the reasons for departures. Identifying areas for improvement is vital for reducing the likelihood of other employees leaving for similar reasons and for helping with retention efforts. In 2023, the overall turnover rate was 7.2%¹, which has decreased compared to 7.7% in 2022.



GOING FORWARD

The Trust will continue to safeguard the wellbeing of employees by devising new health and wellness programmes. It will develop employees’ skills and knowledge by introducing new interactive learning opportunities. To maintain the competitiveness of its remuneration and compensation package, it will also periodically review and refine its recruitment processes.

HPH Trust aims to maintain its record of zero reported cases of non-compliance with laws and regulations relating to employee wellbeing, safety, employment practices, labour rights and workplace discrimination.



SAFETY AND SECURITY

A safe and secure working environment is important for maintaining the high productivity and business continuity of HPH Trust. Due to the inherent nature of the port industry, heavy machinery, container boxes and hazardous materials are always present at container terminals, posing health and safety risks to employees, external contractor workers and port users. Moreover, port operations rely on digital infrastructure, technologies with stable and reliable network, such as the terminal management system (nGen). These hazards are prevalent within HIT and YANTIAN's operations.

HPH Trust undertakes reviews of potential hazards through regular, internal and safety inspections and audits. The Safety and Health Committees, comprised of senior executives and frontline supervisors of HIT and YANTIAN, conduct regular assessments of potential workplace hazards and then review and implement safety measures accordingly. It is one of the Trust's top priorities to eliminate any operations-associated risks through its hierarchy of controls. As the Trust digitalises and introduces advanced technology to operations, it has established stringent standards, policies and procedures to safeguard critical information and data from malicious attacks.

WHY IT MATTERS

Cybersecurity threats and confidential data leaks may result in reputational damage, operational damages, fines and financial losses, and a loss of trust from stakeholders.

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

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

HOW HPH TRUST RESPONDS

The Trust enacts proper safeguards to minimise the safety and security risks to its people and data. It has established robust health and safety management systems, standards, and policies to demonstrate its commitment to enhancing safety performance and awareness across the company.

RELATED SDGS



IT SYSTEMS AND DATA SECURITY

Robust cybersecurity is critical to the port industry as operations depend on digital infrastructure and networked technologies. While actively incorporating smart technologies to promote operational efficiency, the Trust upholds high standards for information and data security and aims to safeguard its core IT systems from potential cyberattacks or unauthorised access to any data or sensitive information.

The Information Security Policy, Operational Technology Policy and Code of Conduct are in place to maintain compliance with local laws and regulations, including the Hong Kong Personal Data (Privacy) Ordinance and China's Personal Information Protection Law. The policies and guidelines outline the standard procedures for employees, partners and suppliers to ensure IT infrastructure and customer data security. HIT has applied the International Electrotechnical Commission ("IEC") 62443 standard¹ in its cybersecurity protocols to cover remote control cranes.

The Trust also strives to align its data security strategies with industry best practices. HIT obtained ISO 27017 certification, demonstrating

its information security controls for cloud services aligns with international standards. Both HIT and YANTIAN obtained ISO 27001 Information Security Management certification and conducted an annual external audit in 2023. Furthermore, annual data recovery tests and regular internal and external audits are conducted to ensure cybersecurity management remains effective.

To enhance digital infrastructure and data protection, multi-layered security strategies are implemented. Both HIT and YANTIAN routinely perform phishing simulation and the relevant training to reinforce cybersecurity awareness among its workforce. In the same vein, cybersecurity drills are conducted to strengthen employee capabilities in handling cybersecurity incidents promptly and effectively. Information security drills for critical infrastructures are also carried out in collaboration with local law enforcement agencies.

As a result of such preventive measures, there were no reported cases of unauthorised data leakage or compromised IT infrastructure in 2023. In the coming year, HPH Trust aims to maintain its record of zero reported cases of non-compliance. This target also applies to HPH Trust in the medium and long term.





¹ The IEC 62443 standard sets best practices for maintenance of electronically secure industrial automation and control systems throughout their lifecycle. The standard takes a holistic and risk-based approach to IT security, not only addressing technology but also work processes, countermeasures and employee practices.

SUSTAINABILITY REPORT

OCCUPATIONAL HEALTH AND SAFETY

Protecting employee safety from occupational health risks is a priority for HPH Trust. The Trust’s Safety and Health Policy and Safety Management Plan set out its strategy to provide safe and healthy working conditions. These policy and plan aim to prevent work-related injuries or ill health and to ensure that business activities are conducted in a way that will not compromise human safety or health. The Trust has also developed a health and safety framework (see below) to provide structure and overall guidance to employees on the effective management of occupational health and safety.

HPH Trust’s health and safety framework

<p>1</p> <p>Uphold policies and monitor performance</p> 	<p>2</p> <p>Ensure preparedness</p> 	<p>3</p> <p>Use the right equipment</p> 	<p>4</p> <p>Build a culture of health and safety</p> 
<ul style="list-style-type: none"> • Conduct regular inspections and audits to ensure compliance • Continuously review IT and safety policies for necessary updates <p><i>Please refer to health and safety performance data on page 89</i></p>	<ul style="list-style-type: none"> • Conduct safety and system drills to enhance preparedness and the effectiveness of emergency responses • Review emergency plans and ensure they are well executed and communicated 	<ul style="list-style-type: none"> • Procure protective equipment • Procure hardware and software for data and systems protection • Train users on how to use equipment correctly 	<ul style="list-style-type: none"> • Organise training to raise safety awareness among employees and external contractor workers • Provide updates on the latest safety regulations and related procedures • Initiate communication programmes to promote operational and system safety awareness

HPH Trust is committed to strictly adhering to the safety rules and regulations applicable to the port operations, including but not limited to Hong Kong Occupational Safety and Health Ordinance (CAP 509), the Hong Kong Factories and Industrial Undertakings Ordinance (CAP 59), the Production Safety Law of the PRC, the Special Equipment Safety Law of the PRC, the Production Safety Regulations of Guangdong Province, and the Provisions of Shenzhen Municipality on Responsibilities of Production and Operation Entities.

To ensure effective communication and implementation of safety measures to the workers, HPH Trust strives to maintain two-way communications between leadership and the workforce, such that practical safety initiatives can be formulated using the knowledge of workers’ first-hand experience together with strategic support from managers. HIT has a range of departmental safety committees in which at least half of the members of the committees represent workers, while all chairmen are members of the top management from safety steering committee. Meanwhile, YANTIAN has set up a departmental Safety Production Management Committee, which coordinates its safety risk classification management and control matters. It also formulated and implemented various systems and measures, such as the YANTIAN Accident Reporting and Investigation Measures, the YANTIAN Security Risk Hierarchical Control System, and the YANTIAN Labour Protection Equipment Management System, to coordinate and monitor the safety performance, ensuring its compliance with relevant laws and regulations.

Workers may report work-related hazards and hazardous situations to a department Safety Supervisor or members of the departmental Safety Committees. Workers can also refuse to work in unsafe or unhealthy environments that endanger their personal safety, as well as evacuate a workspace after taking emergency measures. HPH Trust strictly prohibits dismissal due to workers providing evidence and/or information in proceedings or inquiries related to work accidents and work safety regulations.

Furthermore, HPH Trust ensures that its employees and external contractor workers understand the occupational health and safety standards and systems in place. At HPH Trust level, quarterly Safety and Security meetings are conducted by Head of Safety and Security of various business units of HPH Trust. The Trust ensures safety control measures are properly implemented by conducting meetings on a regular basis to review effectiveness and implementation status of the measures. For example, HIT conducts bi-weekly Operations Managers meetings, monthly Safety and Health Committee meetings, and quarterly Safety and Health Steering Committee meetings. Meanwhile, YANTIAN conducts monthly departmental Safety and Health Committee meetings and quarterly Safety and Health Steering Committee meetings.

The Trust follows international best practices in occupational health and safety to protect the interests of stakeholders. YANTIAN received Grade 1 Standardisation in Safety Production Certification issued by China’s Ministry of Transport.

SUSTAINABILITY REPORT

Occupational health and safety management are the most important assessment indicators under this certification. HIT is certified with ISO 45001:2018, demonstrating a robust Occupational Health and Safety Management System (“OHSMS”) is in place to improve safety culture and reduce incidents through a standardised framework. The OHSMS at HIT is also aligned with stringent standards, namely the Factories and Industrial Undertakings (Safety Management) Regulation. A team of Registered Safety Officers and Registered Safety Auditors is employed by HIT to oversee the implementation status of OHSMS. Moreover, the OHSMS is audited annually by external Registered Safety Auditors and International Registered Certified Auditors. HIT continually improves the suitability, adequacy and effectiveness of the OHSMS through regular management review and other safety committees. External contractor workers, self-employed persons, suppliers, customers and agency workers are covered by HIT’s OHSMS.

In the event of a work-related incident, the Safety and Security department (“S&S”) is responsible for conducting a thorough investigation. Details of the incident must be recorded in the Incident Investigation Report System. S&S also determines all corresponding corrective and preventive actions, which must be implemented within an agreed timeline.

Regretfully, a HIT contractor worker was fatally injured at the yard area of HIT terminal in 2023. While the incident was purely accidental and was not a result of non-compliance by the Trust, the Trust has further improved its safety management and promoted safety awareness to prevent a re-occurrence of a similar event by:

- re-assessing the contractor management system, including the training and supervision mechanism, the work permission system and the site handover system to seek continuous enhancements
- identifying work locations and activities with similar potential risks such as civil work at yard, RTGC maintenance work, and upgrading its existing control measures to minimise the risk of accidents
- studying further implementation of technological and engineering devices to minimise the risk of collisions and improve safety on the worksite.

At the end of each year, HIT and YANTIAN assess all relevant departments against accident indicators and safety and hygiene metrics, and conduct several different inspections. If any department is not meeting the stringent expectations across any category, the Trust senior management is promptly notified and appropriate follow-up actions will be taken in a timely manner. In the coming year, in the medium and long term, the Trust will dedicate effort to achieving the target of zero fatalities. The Trust will also strive to reduce and minimise the number of work-related injuries and illnesses for employees and external contractor workers.

CASE STUDY: SAFETY AWARENESS PROMOTION AT HIT



As part of HIT’s ongoing efforts to promote work safety, a video campaign was launched to raise safety awareness among staff and contractor workers. They were encouraged to create videos highlighting the theme of family love and emphasising the importance of taking care of oneself and others to ensure workers can return home from daily operations safely and healthily.

HIT also presented cartoon videos of workplace hazards to promote a greater sense of safety awareness among workers. The most recent cartoon video was used as the foundation for developing an e-quiz, which helped to reinforce the essential safety points emphasised in the video.

In addition, HIT fostered awareness in heart health through exhibitions, game booths, and poster displays, emphasising the importance of regular exercise and healthy diet. These promotions were communicated through internal emails and the company’s mobile apps.

SUSTAINABILITY REPORT

To raise the workplace health and safety awareness of employees and external contractor workers, the Trust delivered numerous port-specific training and initiatives including:

- providing general and work-specific safety awareness training, examinations and work assignments, for example on crane operations, with examinations before any work assignment. A Safety Education and Training System was developed at HPH Trust to stipulate mandatory training hours and several forms of port-specific safety education. YANTIAN employees and external contractor workers also receive learning materials through its mobile application
- distributing copies of the safety handbook and standard operating procedures to employees and external contractor workers, as well as knowledge sharing by the Safety Team in monthly meetings with subcontracting company representatives
- conducting safety risk assessments for high-risk activities (for example, RTGC operations, QC lift maintenance and crane

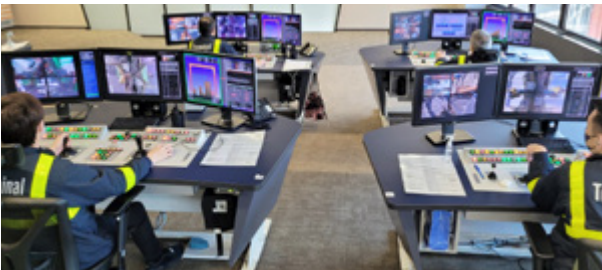
structure inspection) with corresponding work procedures laid down and residual risks measured

- ensuring container handling equipment are operated by licensed workers, and maintaining a database of workers' details, including regular checking on their licence particulars to ensure the validity of such licence
- providing follow-up guidance after an incident on working premises, with safety refresher training delivered to employees and external contractor workers to reinforce safety requirements.

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

CASE STUDY:

REMOTE CONTROLLED OPERATIONS AT HPH TRUST



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

Today, at HIT, all RMGCs are remote-controlled, and at YANTIAN, 4 quay cranes and 16 RTGCs are equipped with remote-controlled functions. At Kwai Tsing Terminals (including HIT), following the consolidation of two remote centres previously located in Kwai Chung and Tsing Yi into one centre at Terminal 8 in 2022, Kwai Tsing Terminals relocated 12 remote RTGCs from Terminal 9 and Terminal 8 in 2023. More remote control units are expected to come online at HPH Trust in the near future.

Remote control to enhance industry safety

- All remote crane operators have to receive proper training and obtain a licence for operating remote-controlled cranes.
- The cabin and spreader in each remote-controlled crane are equipped with at least 19 monitoring cameras and more than 30 sensors to improve visibility and handling precision during operations.
- Crane operators use real-time video in Remote Operation Centres to load and unload containers.
- No injuries from accidents have been caused by the remote RTGC since its introduction in 2018.

Load Positioning System – Magic Eye

- Developed in Japan, the Magic Eye system is specially designed for RTGCs and automated container stacking systems. With the Magic Eye, cranes with remote-controlled function can ground and stack containers accurately and neatly.
- The Magic Eye system consists of two cameras ('mark' and 'laser' cameras), a laser light source, an infrared-ray LED light, an operating system and communication equipment.
- When the spreader lowers a container, the Magic Eye detects reference markers on the ground (when grounding a container) or the corners of grounded containers (when stacking containers). The Magic Eye then collects and sends data to the central computer system, which then controls the cranes and the movement of spreaders to accurately lower the containers.

CASE STUDY:

**DANGEROUS GOODS SAFETY
MANAGEMENT AT HPH TRUST**

▲ *The firefighting squad at YANTIAN*

Port operations involve handling hazardous materials and dangerous goods containers. To ensure the wellbeing of workers at its terminals, the Trust places significant emphasis on the proper storage and handling of dangerous goods (DG). This is achieved through various safety measures, including regular safety inspections and dedicated stacking yards. The Trust ensures compliance with local laws and regulations, such as the Dangerous Goods Ordinance of Hong Kong and the Safety Requirements for Port Operation – Part 3: Dangerous Cargo Container of the PRC, is top priority. It has obtained necessary permits, including the Dangerous Goods License and Annexed Certificate for Hazardous

Goods Operations at Ports, issued by relevant government bodies in Hong Kong and the PRC. HPH Trust also maintains close dialogues with relevant government bodies to understand the latest expectations and requirements on handling hazardous containers.

To ensure a safe working environment, HPH Trust provides mandatory training before work assignment and regular refreshment updates on safety measures and knowledge in handling DG to relevant employees and external contractor workers. HIT has implemented restrictions on stacking heights and storage locations of gas/liquid tank containers, along with rigorous inspections on high-risk DG, such as monitoring gas concentration in flammable gas cabinets. Responsible government departments conduct regular inspections and annual audits to ensure DG safety management at HIT.

YANTIAN received Grade 1 Standardisation in Safety Product Certification (Port Dangerous Goods Operation) issued by China's Ministry of Transport. It has installed a range of safety and security equipment, including intelligent surveillance cameras, sprinkler systems, alarm devices, spill containment pools, lightning rods, fire hydrants, and fire extinguishers, to monitor stacked DG containers. The DG storage yard is staffed around the clock, with licensed personnel conducting inspections every two hours. Additionally, YANTIAN has a dedicated firefighting squad stationed on-site to respond to DG emergencies within and beyond the port. Specifically in handling containers filled with lithium batteries, licensed personnel conduct temperature checking and inspections every two hours at general yards. YANTIAN also conducts water spraying for cooling the lithium battery containers every two hours under extreme hot weather to minimise the risk of self-ignition.

SUSTAINABILITY REPORT

KEY HEALTH AND SAFETY INITIATIVES IN 2023

HIT

HIT collaborated with other HKSPA members to address unsafe driving behaviour, specifically focusing on the issue of drivers getting off tractors in yards. To eliminate unsafe driving behaviour, written warnings are issued and any vehicle with more than two violations will be banned from entering HKSPA terminals for a month.

HIT organised a safety video competition to encourage all workers to prioritise working safely, to protect themselves and their families.

HIT developed a series of posters focused on heart health. An e-quiz has also been organised to enhance staff knowledge about maintaining a healthy heart.



◀ Awardees of the safety video competition at HIT

YANTIAN

YANTIAN has strengthened its supervision and management of lithium battery cabinet storage and enhanced its emergency preparedness by acquiring an intelligent fire extinguishing robot. This improves the port's ability to respond to fire incidents promptly and efficiently.

YANTIAN conducted a status evaluation of occupational hazards, facilitating the formulation of safety control measures for posts at risk.

In June, YANTIAN recorded nearly 8,000 participations in its Safety Month organised for staff and external contractor workers, with activities including safety training utilising VR technology, emergency drill competition to raise typhoon preparedness, quizzes and lectures on safety knowledge and skills.

The VR-based safety training covered and visualised common hazardous and dangerous behaviors and accidents at workplace, such as simulated fire-fighting and scenarios on falling from height, helmet smash and electrocution.



Safety Risk Management

The Trust implements a robust management system with rigorous executive oversight to prioritise the health and safety of its workforce.



SAFETY AND HEALTH COMMITTEES

Represented by senior executives and frontline supervisors

Oversee safety risk management of HPH Trust

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

HPH Trust continuously reviews potential health and safety risks related to port operations to eliminate relevant impacts on its staff members, external contractor workers and terminal users. The Trust's Incident Response Playbook provides clear and consistent guidelines to ensure quick recovery of terminal operations from an emergency or disaster in the safest possible manner. Meanwhile, HIT obtained the ISO 45001:2018 Occupational Health and Safety certification, demonstrating its strong commitment to incorporating health and safety considerations into management approaches and preventive measures.

In the event of an incident, a Crisis Management Team is formed that is responsible for handling the situation and resuming operations as safely and quickly as possible. The team is guided by the Trust's Business Continuity Management System, which was established in accordance with ISO 22301. A Business Continuity Plan is established for each incident, stipulating specific responses and recovery actions to be co-ordinated.

In terms of risk identification and assessment, at the operational level, department and section managers are responsible for ensuring that risk assessment programmes are developed for all routine and non-routine activities. S&S departments at HIT and YANTIAN provide advice and guidance as necessary. For more comprehensive or high-impact risk assessment programmes, the S&S departments solicit the expert opinions of relevant professors at their respective local universities.

At HIT, risk assessments are also conducted in accordance with the guidebook from the Hong Kong Labour Department, the requirements of ISO 45001 and other applicable standards. Risk control measures will then be developed, implemented and monitored accordingly.

Meanwhile, to coordinate the unique safety risk management needs of YANTIAN, a Production Safety Accident Emergency Plan, covering the comprehensive plan, 9 special contingency plans and 38 on-site contingency plans, is developed to manage response procedures in various emergency scenarios and clearly lays out the responsibilities of personnel at all department levels. YANTIAN Labour Protection Equipment Management System is also in place to ensure compliance with local laws and regulations on the provision of safety equipment for workers

SUSTAINABILITY
REPORT

against physical, chemical, biological, and noise hazards, as well as falling at heights. Besides, YANTIAN established a safety inspection and potential danger investigation and management system covering all employees and processes, which runs 24/7 to realise real-time safety control.

During the year, YANTIAN purchased two firefighting robots and 11 automated external defibrillators at buildings and terminals to better equip its workers for emergencies. Personal protective equipment is well stocked and provided to all personnel as required. Other existing professional rescue equipment, including two water and foam fire trucks, one ambulance, two sets of heavy chemical protective clothing, and 10 air breathing apparatus, are well maintained.

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

GOING
FORWARD

Holistic safety and security risk management across both physical and virtual domains is imperative for the sustainable business growth of the Trust. The Trust continues to aim for zero fatalities and incidents of health and safety non-compliance to reduce the overall injury rate of employees and external contractor workers. The Trust will consistently strengthen its safety and security frameworks to adhere to industry best practices.

CASE STUDY:

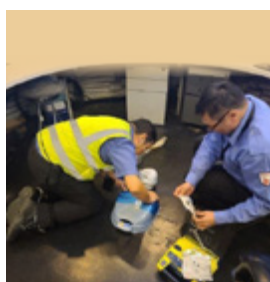
EMERGENCY DRILLS AT HPH TRUST

In 2023, HIT conducted **62** drills to ensure employees are well prepared and familiar with emergency responses if an emergency occurs. It conducted:

- **24** firefighting drills in which security teams staged an exercise in using firefighting equipment
- **24** emergency rescue equipment drills in which security teams practiced using first aid equipment
- **9** fire evacuation drills in which workers evacuated from different workplaces, including offices
- **2** liquefied petroleum gas leakage drills, simulating a scenario in which an LPG container leaked, and staff responses were observed and evaluated
- **1** chemical leakage drill supported by the Fire Services Department to stage an exercise for terminal workers in handling chemical leakage in stacking areas
- **2** cybersecurity drills

Similarly, YANTIAN conducted **44** drills to enhance the emergency response capabilities of relevant teams to different crisis and incidents. The following drills were conducted:

- **17** fire drills for buildings and key locations in the port area
- **10** special equipment emergency drills
- **3** emergency drills for bad weather (e.g., typhoon, rainstorm)
- **4** emergency drills for dangerous goods in the port area
- **3** emergency drills for oil and gas stations
- **6** emergency drills for oil pollution, black-out and occupation health etc.
- **1** cybersecurity drill



MEMBERSHIPS AND ASSOCIATIONS

HIT

- British Chamber of Commerce in Hong Kong
- Business Environment Council
- Employers' Federation of Hong Kong
- Hong Kong Computer Society
- Hong Kong Container Terminal Operators Association
- Hong Kong General Chamber of Commerce
- Hong Kong Logistics Association
- Hong Kong Maritime and Port Board
- Hong Kong Maritime Museum Trust
- The Sailors Home and Mission to Seafarers

YANTIAN

- China Local Railway Association
- China Ocean Shipping Magazine Council
- China Port Association
- Container Branch of China Port Association
- Guangdong Cold Chain Association
- Guangdong Import Food Association
- Multimodal Transport Branch of China Association of Transportation and Communications
- Shenzhen Container Yard Industry Association
- Shenzhen Cross border E-commerce Association
- Shenzhen Foreign Investment Enterprise Association
- Shenzhen Logistics Association
- Shenzhen Ports Association
- Yantian District General Chamber of Commerce
- Yantian District Logistics and Supply Chain Chamber of Commerce

PERFORMANCE METRICS¹

ENVIRONMENT – Key Performance Indicators²

	Unit	2023	2022	2021
Energy consumption				
By type				
Natural gas ²ⁱ	m ³	170,869	199,438	223,089
Liquefied natural gas	kg	2,668,880	2,548,642	4,302,742
Petrol	litre	277,877	380,727	384,895
Diesel	litre	31,068,872	38,895,444	44,855,117
Liquefied petroleum gas	kg	138,728	151,459	170,640
Purchased electricity ^{2f}	kWh	190,582,668	222,401,855	241,345,010
By scope				
Direct energy consumption	GJ	1,364,641	1,576,438	1,875,799
Indirect energy consumption	GJ	686,098	800,647	868,842
Total energy consumption	GJ	2,050,739	2,377,085	2,744,641
Energy consumption intensity^{2g}	GJ/TEU	0.113	0.123	0.135
GHG emissions				
Direct GHG emissions (Scope 1) ^{2c}	tonnes CO ₂ e	95,553	113,994	132,585
Indirect GHG emissions (Scope 2) (market-based) ^{2d}	tonnes CO ₂ e	97,124	113,774	155,270
Indirect GHG emissions (Scope 2) (location-based) ^{2d}	tonnes CO ₂ e	116,625	New disclosure in 2023	
Total Scope 1 + 2 GHG emissions (market-based)	tonnes CO₂e	192,677	227,768	287,855
Direct GHG emissions (Scope 1) (%) ^{2c}	%	49.6	50.0	46.1
Indirect GHG emissions (Scope 2) (market-based) (%) ^{2d}	%	50.4	50.0	53.9
Total Scope 1 + 2 GHG emissions (location-based)	tonnes CO₂e	212,178	New disclosure in 2023	
Direct GHG emissions (Scope 1) (%) ^{2c}	%	45.0	New disclosure in 2023	
Indirect GHG emissions (Scope 2) (location-based) (%) ^{2d}	%	55.0	New disclosure in 2023	
Total Scope 1 + 2 GHG emissions (market-based) intensity^{2g}	kg CO₂e/TEU	10.605	11.790	14.176
Total Scope 1 + 2 GHG emissions (location-based) intensity^{2g}	kg CO₂e/TEU	11.678	New disclosure in 2023	
Other Indirect GHG emissions (Scope 3) ^{2e}	tonnes CO ₂ e	228,541	New disclosure in 2023	
Ozone-depleting substances (ODS)				
Production of ODS	kg CFC-11e	0.036	New disclosure in 2023	

SUSTAINABILITY
REPORT

	Unit	2023	2022	2021
Air emissions				
NOx emissions	tonnes	247.7	New disclosure in 2023	
SOx emissions	tonnes	0.4		
Particulate matter emissions	tonnes	15.0		
Water Withdrawal^{2j}				
Total	'000 litre	679,859	766,514	653,610
Waste generation^{2h}				
Solid chemical waste				
Rags contaminated with waste oil [D]	tonnes	138.5	210.4	153.7
Waste wire rope [R]	tonnes	1,285.2	1,531.8	1,428.6
Scrap metal [R]	tonnes	827.8	580.1	610.4
Waste oil drums, paint buckets [R]	tonnes	0.0	4.6	6.6
Other chemical waste				
Waste lead acid battery*	tonnes	6.0	4.0	6.9
Waste oil [R]	tonnes	102.8	132.9	165.6
Waste oil sludge [D]	tonnes	24.0	0.0	0.0
Light bulbs/fluorescent lights [D]	tonnes	0.2	0.2	0.4
Spent non-halogen solvent*	tonnes	8.3	9.6	0.0
Waste oil filter/oil pipe [D]	tonnes	34.1	49.5	14.0
Laboratory waste chemical [D]	tonnes	0.2		New disclosure in 2023
Other waste				
Office paper usage*	tonnes	22.4	27.0	31.0
Tyres [R]	tonnes	473.3	355.4	285.3
Waste wood [D]	tonnes	208.2	New disclosure in 2023	
Waste plastics [R]	tonnes	11.8		
Waste generated	tonnes	3,142.7	2,905.6	2,702.5
Waste diverted (recycled)*	tonnes	2,701.0	2,604.9	New disclosure in 2022
Waste directed to disposal*	tonnes	405.2	260.1	

SUSTAINABILITY
REPORTOUR PEOPLE – Key Performance Indicators³

	2023		2022		2021	
	No. of employees	% of total employees	No. of employees	% of total employees	No. of employees	% of total employees
Employee profile						
By employment type						
Permanent	3,241	98.5%	3,312	97.9%	New disclosure in 2022	
Temporary	50	1.5%	72	2.1%		
Non-guaranteed	0	0.0%	0	0.0%		
By employment mode						
Full time	3,280	99.7%	3,357	99.2%	3,343	98.0%
Part time	11	0.3%	27	0.8%	68	2.0%
By gender						
Male	2,925	88.9%	3,007	88.9%	3,024	88.7%
Female	366	11.1%	377	11.1%	387	11.3%
By age						
Below 30	283	8.6%	296	8.7%	210	6.2%
30–50	2,015	61.2%	2,129	62.9%	2,227	65.3%
Above 50	993	30.2%	959	28.4%	974	28.5%
By employee category						
Senior management	32	1.0%	32	0.9%	34	1.0%
Middle management	182	5.5%	188	5.6%	191	5.6%
Functional areas ^{3c}	3,077	93.5%	3,164	93.5%	3,186	93.4%
By region						
HIT	1,136	34.5%	1,234	36.5%	New disclosure in 2022	
YANTIAN	2,155	65.5%	2,150	63.5%		
Total employees	3,291	100%	3,384	100%		
Board diversity^{3b}						
By gender						
Male	6	66.7%	6	66.7%	6	66.7%
Female	3	33.3%	3	33.3%	3	33.3%
By age						
Below 30	0	0.0%	0	0.0%	0	0.0%
30–50	0	0.0%	0	0.0%	0	0.0%
Above 50	9	100%	9	100%	9	100%
Total	9	100%	9	100%	9	100%

SUSTAINABILITY
REPORT

	2023		2022		2021	
	No. of employees	% of total employees	No. of employees	% of total employees	No. of employees	% of total employees
Management diversity						
By gender						
Male	166	77.6%	171	77.7%	171	76.0%
Female	48	22.4%	49	22.3%	54	24.0%
By age						
Below 30	1	0.5%	3	1.4%	2	0.9%
30-50	106	49.5%	129	58.6%	129	57.3%
Above 50	107	50.0%	88	40.0%	94	41.8%
Total	214	100%	220	100%	225	100%
Functional areas diversity^{3c}						
By gender						
Male	2,759	89.7%	2,836	89.6%	2,853	89.6%
Female	318	10.3%	328	10.4%	333	10.4%
By age						
Below 30	282	9.2%	293	9.3%	208	6.5%
30-50	1,909	62.0%	2,000	63.2%	2,098	65.9%
Above 50	886	28.8%	871	27.5%	880	27.6%
Total	3,077	100%	3,164	100%	3,186	100%

	No.	No.	No.
External contractor workers			
Total	4,982	5,674	New disclosure in 2022

	No. of employees	Hiring rate	No. of employees	Hiring rate	No. of employees	Hiring rate
New hires^{3d}						
By gender						
Male	102	3.5%	233	7.7%	138	4.6%
Female	24	6.6%	51	13.5%	30	7.8%
By age						
Below 30	83	29.3%	181	61.2%	107	51.0%
30-50	35	1.7%	82	3.9%	45	2.0%
Above 50	8	0.8%	21	2.2%	16	1.6%
By region						
HIT	44	3.9%	141	11.4%	New disclosure in 2022	
YANTIAN	82	3.8%	143	6.7%		
Total	126	3.8%	284	8.4%	168	4.9%

SUSTAINABILITY
REPORT

	2023		2022		2021	
	No. of employees	Turnover rate	No. of employees	Turnover rate	No. of employees	Turnover rate
Turnover^{3d}						
By gender						
Male	205	7.0%	205	6.8%	193	6.4%
Female	31	8.5%	55	14.6%	54	14.0%
By age						
Below 30	53	18.7%	82	27.7%	89	42.4%
30–50	65	3.2%	75	3.5%	77	3.5%
Above 50	118	11.9%	103	10.7%	81	8.3%
By region						
HIT	152	13.4%	175	14.2%	New disclosure in 2022	
YANTIAN	84	3.9%	85	4.0%		
Total	236	7.2%	260	7.7%	247	7.2%
Parental leave						
Employees entitled to parental leave by gender						
Male	No. of employees	2,925	New disclosure in 2023			
Female	No. of employees	366				
Employees that took parental leave by gender						
Male	No. of employees	30	New disclosure in 2023			
Female	No. of employees	2				
Employees that returned to work by gender						
Male	No. of employees	30	New disclosure in 2023			
Female	No. of employees	1				
Employees that returned to work and remained in service by gender						
Male	No. of employees	39	New disclosure in 2023			
Female	No. of employees	5				
Return to work rate by gender						
Male	%	100%	New disclosure in 2023			
Female	%	100%				
Retention rate by gender						
Male	%	86.7%	New disclosure in 2023			
Female	%	83.3%				
			Average training hours	Average training hours	Average training hours	
Training						
By gender						
Male			19.2	16.4	15.5	
Female			19.8	10.0	17.6	

SUSTAINABILITY
REPORT

	2023	2022	2021
	Average training hours	Average training hours	Average training hours
Training			
By employee category			
Senior management	25.0	34.0	37.0
Middle management	28.8	25.3	32.5
Functional areas ^{3c}	18.6	15.0	14.5
Total average training hours	19.2	15.7	15.7
	No. of hours	No. of hours	No. of hours
Total training hours	63,276	53,210	53,664

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

Additional GRI-related information on employees by region in 2023

	HIT		YANTIAN		TOTAL	
	No. of employees	% of total employees	No. of employees	% of total employees	No. of employees	% of total employees
By employment type						
Permanent	1,087	95.7%	2,154	100.0%	3,241	98.5%
Temporary	49	4.3%	1	0.0%	50	1.5%
Non-guaranteed	0	0.0%	0	0.0%	0	0.0%
By employment mode						
Full time	1,125	99.0%	2,155	100.0%	3,280	99.7%
Part time	11	1.0%	0	0.0%	11	0.3%
By gender						
Male	989	87.0%	1,936	89.8%	2,925	88.9%
Female	147	13.0%	219	10.2%	366	11.1%
By age						
Below 30	93	8.2%	190	8.8%	283	8.6%
30-50	426	37.5%	1,589	73.7%	2,015	61.2%
Above 50	617	54.3%	376	17.4%	993	30.2%
By employee category						
Senior management	10	0.9%	22	1.0%	32	1.0%
Middle management	105	9.2%	77	3.6%	182	5.5%
Functional areas ^{3c}	1,021	89.9%	2,056	95.4%	3,077	93.5%
Total employees	1,136		2,155		3,291	

SAFETY AND SECURITY – Key Performance Indicators⁴

	2023		2022		2021	
	No. of cases	Fatality/injury/ill health rate (per 1 million working hours)	No. of cases	Fatality/injury/ill health rate (per 1 million working hours)	No. of cases	Fatality/injury/ill health rate (per 1 million working hours)
Work-related incidents						
Fatalities as a result of work-related injury						
Employees	0	0.00	0	0.00	0	0.00
External contractor workers	1	0.10	0	0.00	1	0.08
Total	1	0.06	0	0.00	1	0.05
High-consequence work-related injuries^{4a}						
Employees	2	0.28	0	0.00	0	0.00
External contractor workers	5	0.49	2	0.17	6	0.45
Total	7	0.40	2	0.11	6	0.29
Recordable work-related injuries^{4b}						
Employees	15	2.10	14	1.98	19	2.62
External contractor workers	34	3.35	32	2.69	34	2.55
Total	49	2.83	46	2.42	53	2.57
Work-related ill health						
Fatalities as a result of work-related ill health						
Employees	0	0.00	New disclosure in 2023			
External contractor workers	0	0.00				
Total	0	0.00				
Recordable work-related ill health^{4c}						
Employees	0	0.00	New disclosure in 2023			
External contractor workers	0	0.00				
Total	0	0.00				
Number of hours worked						
Employees	7,145,057		7,086,056		7,255,314	
External contractor workers	10,158,692		11,885,032		13,343,958	
Total	17,303,749		18,971,088		20,599,272	
Emergency drills conducted						
Total	106		103		100	

SUSTAINABILITY
REPORT

RESPONSIBLE BUSINESS – Key Performance Indicators

	2023		2022		2021	
	No. of employees	% of employee category	No. of employees	% of employee category	No. of employees	% of employee category
AFAB-related communications to employees						
By employee category						
Senior management	32	100.0%	32	100.0%	34	100.0%
Middle management	182	100.0%	188	100.0%	191	100.0%
Functional areas	3,076	100.0%	3,164	100.0%	3,183	99.9%
By region						
HIT	1,135		1,234		New disclosure in 2022	
YANTIAN	2,155		2,150			
AFAB-related training to employees						
By employee category						
Senior management	32	100.0%	32	100.0%	34	100.0%
Middle management	182	100.0%	188	100.0%	191	100.0%
Functional areas	3,076	100.0%	3,164	100.0%	3,183	99.9%
By region						
HIT	1,135		1,234		New disclosure in 2022	
YANTIAN	2,155		2,150			
Community contributions						
	Unit	2023	2022	2021		
Monetary donations	HK\$m	0.4	5.3	1.2		
In-kind contribution	HK\$m	0.1	0.0	0.0		
Total contributions	HK\$m	0.5	5.3	1.2		
New supplier screening						
New suppliers screened for environmental and social issues	%	100%	100%	100%		

Notes:

1. Figures shown include HIT and YANTIAN as per the reporting scope.
2. For Environment Key Performance Indicators:
 - a. kg = kilogram, kWh = kilowatt hour, GJ = gigajoule, CO₂e = carbon dioxide equivalent
 - b. The following standards and sources of emissions factors were adopted:
 - i. Scope 1 emissions: UK Government GHG Conversion Factors for Company Reporting and USEPA's Emission Factors for Greenhouse Gas Inventories
 - ii. Scope 2 emissions: (market-based) CLP Sustainability Report, MEE of PRC's Notice on Doing a Good Job in Reporting and Management of Greenhouse Gas Emissions of Power Generation Enterprises, HKEPD's Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings in Hong Kong (2010 Edition), Guidance for Quantification and Reporting of the Organisation's Greenhouse Gas Emissions (SZDB/Z 69-2018) and Baseline emission factors for China's regional power grid emission reduction projects in 2019; (location-based) IEA's Energy Statistics Manual
 - iii. Scope 3 emissions: GHG Protocol standards and guidelines
 - iv. NO_x, SO_x and particulate matter emissions: National Atmospheric Emissions Inventory's Emission Factors
 - c. Scope 1 emissions are direct GHG emissions from sources controlled by HPH Trust, including natural gas, liquefied natural gas, petrol, diesel and liquefied petroleum gas used on-site. HPH Trust's GHG emissions inventory includes CO₂, CH₄, N₂O and HFCs
 - d. Scope 2 emissions are indirect GHG emissions generated from electricity purchased by HPH Trust. HPH Trust's Scope 2 GHG emissions are majority as a result of electricity use, and as such the Trust refers to its electricity providers for the GHG inventory coverage
 - e. Scope 3 emissions are indirect GHG emissions that occur upstream and downstream from HPH Trust. The estimated Scope 3 emissions covered eight Scope 3 categories relevant to port terminals under operational control of the Trust, including purchased goods and services, capital goods, fuel- and energy-related activities, upstream transportation and distribution, waste generated in operations, business travel, employee commuting and investments
 - f. Due to guidance from local government authorities, shore power used by berthed vessels is not considered as HPH Trust's Scope 2 emissions
 - g. The HIT throughput used in generating the per TEU metrics represented total handling throughput at HIT terminals instead of the allocated throughput from HKSPA presented in the rest of the Annual Report
 - h. All waste materials are handled by licensed contractors and properly treated offsite. Materials are marked [D] = Disposed; [R] = Recycled. (Note for *: Certain waste categories are handled by licensed contractors and are required where appropriate, but total diversion from landfill is currently not possible. Due to data collection difficulties, HPH Trust is not able to provide a detailed breakdown of the generated totals by the recycled or disposed categories)
 - i. The unit of measurement for natural gas consumption in 2021–2023 is converted from litres to cubic metres for clearer presentation
 - j. 2022 and 2021 figures were previously reported as total water consumption and are corrected to total water withdrawal this year to better reflect the actual conditions.
3. For Our People Key Performance Indicators:
 - a. Figures under all tables (except Board diversity) do not include the Board of Directors of the Trustee-Manager of HPH Trust
 - b. Figures under Board diversity relate to the Board of Directors of the Trustee-Manager of HPH Trust
 - c. Functional areas include administration, technical and production
 - d. The percentage presented under New hires and Turnover represent the number of new hires/employee turnover in each category divided by the total employees in the respective categories.
4. For Safety and Security Key Performance Indicators:
 - a. High-consequence work-related injury represents work-related injury arising out of or in the course of work that results in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status with six months. This excludes fatalities
 - b. Recordable work-related injury represents work-related injury arising out of or in the course of work that results in any of the following: death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness; or significant injury diagnosed by a physician or other licensed healthcare professional, even if it does not result in death, days away from work, restricted work or job transfer, medical treatment beyond first aid, or loss of consciousness
 - c. Recordable work-related ill health represents work-related ill health arising out of or in the course of work that results in any of the following:
 - i. death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness; or
 - ii. ill health diagnosed by a physician or other licensed healthcare professional, even if it does not result in death, days away from work, restricted work or job transfer, medical treatment beyond first aid, or loss of consciousness.

General Disclosures

GRI topic disclosure	Description	Page, reference or additional comment
GRI 2: General Disclosures 2021		
The organisation and its reporting practices		
2-1	Organisational details	Pages 2 to 7
2-2	Entities included in the organisation's sustainability reporting	Page 38 (<i>Reporting Scope</i>) HIT and YANTIAN are included in HPH Trust's sustainability reporting.
2-3	Reporting period, frequency and contact point	Page 38 (<i>About This Report & Contact Us</i>) HPH Trust published its 2023 annual report in April 2024.
2-4	Restatements of information	Please refer to Page 91 for the restatement of water consumption and water withdrawal.
2-5	External assurance	No external assurance was sought for this sustainability report.
Activities and workers		
2-6	Activities, value chain and other business relationships	Page 2 to 7, 43, 53 to 54 (<i>Stakeholder Engagement Channels & Supply Chain Management</i>)
2-7	Employees	Page 85 to 88 (<i>Our People – Key Performance Indicators</i>) In 2023, there were no significant fluctuations in the number of employees compared with the previous year. Similarly, the number of employees remains consistent throughout the year.
2-8	Workers who are not employees	Page 53 to 54, 85 to 88 (<i>Supply Chain Management & Our People – Key Performance Indicators</i>)
Governance		
2-9	Governance structure and composition	Page 28 to 32, 39 to 41, 85 to 88 (<i>Board of Directors, Sustainability Governance & Our People – Key Performance Indicators</i>)
2-10	Nomination and selection of the highest governance body	Page 108 to 110 (<i>Corporate Governance Report – Board Membership section</i>)
2-11	Chair of the highest governance body	Pages 28 (<i>Board of Directors</i>)
2-12	Role of the highest governance body in overseeing the management of impacts	Page 39 to 41 (<i>Sustainability Governance</i>)
2-13	Delegation of responsibility for managing impacts	Page 39 to 41 (<i>Sustainability Governance</i>)
2-14	Role of the highest governance body in sustainability reporting	Page 39 to 41 (<i>Sustainability Governance</i>)
2-15	Conflicts of interest	Page 123 to 126 (<i>Corporate Governance Report</i>)
2-16	Communication of critical concerns	Page 46 to 47, 90 (<i>Business Ethics and Compliance & Responsible Business – Key Performance Indicators</i>) In 2023, there were no critical concerns reported through HPH Trust's Whistleblowing mechanism.
2-17	Collective knowledge of the highest governance body	Page 72 to 73, 90 (<i>Sustainability Trainings at HPH Trust & Responsible Business – Key Performance Indicators</i>)
2-18	Evaluation of the performance of the highest governance body	Page 108 to 111 (<i>Corporate Governance Report</i>) Management of HPH Trust's sustainability-related impacts is included as performance criteria in the Board evaluation questionnaires.
2-19	Remuneration policies	Page 111 to 114 (<i>Corporate Governance Report</i>) Link to HPH Trust's Remuneration Committee – Terms of Reference: https://www.hphtrust.com/corporate_governance.html

GRI topic disclosure	Description	Page, reference or additional comment
2-20	Process to determine remuneration	Page 111 to 114 (<i>Corporate Governance Report</i>) Link to HPH Trust's Remuneration Committee – Terms of Reference: https://www.hphtrust.com/corporate_governance.html
2-21	Annual total compensation ratio	Due to confidentiality constraints, HPH Trust is unable to disclose information regarding annual total compensation ratios.
Strategy, policies and practices		
2-22	Statement on sustainable development strategy	Page 39 (<i>Board Statement</i>)
2-23	Policy commitments	Page 41, 46 to 47, 53 to 54, 55, 69 to 70, 75, 80 to 81 (<i>Sustainability Governance set of policies & Business Ethics and Compliance & Supply Chain Management & Environment & Our People & People Engagement and Wellbeing & IT Systems and Data Security & Occupational Health and Safety</i>) Link to HPH Trust's Sustainability Policies: https://www.hphtrust.com/sustainability_policies.html Link to HPH Trust's Corporate Governance Policies: https://www.hphtrust.com/corporate_governance.html
2-24	Embedding policy commitments	Page 41, 46 to 47, 53 to 54, 55, 69 to 70, 75, 80 to 81 (<i>Sustainability Governance set of policies & Business Ethics and Compliance & Supply Chain Management & Environment & Our People & People Engagement and Wellbeing & IT Systems and Data Security & Occupational Health and Safety</i>) While the Board has ultimate accountability for the management and implementation of policy commitments, HPH Trust emphasises that everyone has a duty to contribute to its sustainability performance. Heads of business units and departments are responsible to ensure that all day-to-day actions are consistent with HPH Trust's policies, while function employees are accountable to uphold HPH Trust's commitments.
2-25	Processes to remediate negative impacts	Page 47
2-26	Mechanisms for seeking advice and raising concerns	Page 46 to 47 (<i>Business Ethics and Compliance</i>) For details regarding the HPH Trust Whistleblowing Policy, please refer to https://www.hphtrust.com/corporate_governance.html
2-27	Compliance with laws and regulations	Page 46 to 47 (<i>Business Ethics and Compliance</i>) In 2023, there were no cases of non-compliance with laws or regulations in the environmental, social and economic areas.
2-28	Membership associations	Page 82 (<i>Memberships and Associations</i>)
Stakeholder engagement		
2-29	Approach to stakeholder engagement	Page 43 (<i>Stakeholder Engagement Channels</i>)
2-30	Collective bargaining agreements	Page 74 (<i>Employment Practices and Labour Rights</i>) Approximately 66% of total employees (100% of local staff at YANTIAN) are covered by collective negotiation. Collective bargaining agreements are not applicable to HIT as there is no collective negotiation process with staff or union representatives.
GRI 3: Material Topics 2021		
3-1	Process to determine material topics	Page 43 to 45 (<i>Stakeholder Engagement Channels and Materiality Assessment</i>)
3-2	List of material topics	Page 44 to 45 (<i>Materiality Assessment</i>)

GRI
INDEX

Specific Disclosures

GRI topic disclosure	Description	Page, reference or additional comment
GRI 201: Economic Performance 2016		
3-3	Management of material topics	Page 43, 55 to 62 (<i>Stakeholder Engagement Channels & Environment & Climate Change</i>)
201-2	Financial implications and other risks and opportunities due to climate change	Page 57 to 62 (<i>Climate Change</i>)
GRI 205: Anti-corruption 2016		
3-3	Management of material topics	Page 43, 46 to 47 (<i>Stakeholder Engagement Channels & Responsible Business & Business Ethics and Compliance</i>)
205-1	Operations assessed for risks related to corruption	Page 46 to 47 (<i>Business Ethics and Compliance</i>)
205-2	Communication and training about anti-corruption policies and procedures	Page 46 to 47, 90 (<i>Business Ethics and Compliance & Responsible Business – Key Performance Indicators</i>)
205-3	Confirmed incidents of corruption and actions taken	Page 46 to 47 (<i>Business Ethics and Compliance</i>) In 2023, there were no reported cases of fraud or bribery.
GRI 302: Energy 2016		
3-3	Management of material topics	Page 43, 55 to 56, 62 to 64 (<i>Stakeholder Engagement Channels & Environment & Energy and Emissions</i>)
302-1	Energy consumption within the organisation	Direct GHG emissions from sources controlled by HPH Trust include fuels such as natural gas, liquefied natural gas, petrol, diesel and liquefied petroleum gas used on-site.
302-2	Energy consumption outside of the organisation	
302-3	Energy intensity	
302-4	Reduction of energy consumption	Page 62 to 64 (<i>Energy and Emissions</i>)
302-5	Reductions in energy requirements of products and services	Page 62 to 64 (<i>Energy and Emissions</i>)
GRI 303: Water and Effluents 2018		
3-3	Management of material topics	Page 43, 55 to 56, 65 to 66 (<i>Stakeholder Engagement Channels & Environment & Water and Waste Management</i>)
303-1	Interactions with water as a shared resource	Page 65 to 66 (<i>Water and Waste Management</i>) HIT and YANTIAN do not operate in areas of high water stress.
303-2	Management of water discharge-related impacts	Page 65 to 66 (<i>Water and Waste Management</i>)
303-3	Water withdrawal	Page 83 to 84 (<i>Environment – Key Performance Indicators</i>)
303-4	Water discharge	Total water discharge is not available due to data collection constraints, hence total water consumption is also not available.
303-5	Water consumption	
GRI 304: Biodiversity 2016		
3-3	Management of material topics	Page 43, 55 to 56, 67 to 68 (<i>Stakeholder Engagement Channels & Environment & Biodiversity</i>)
304-2	Significant impacts of activities, products and services on biodiversity	Page 67 to 68 (<i>Biodiversity</i>)
GRI 305: Emissions 2016		
3-3	Management of material topics	Page 43, 55 to 56, 62 to 64 (<i>Stakeholder Engagement Channels & Environment & Energy and Emissions</i>)
305-1	Direct (Scope 1) GHG emissions	Page 62 to 64, 83 to 84 (<i>Energy and Emissions & Environment – Key Performance Indicators</i>) Emissions are consolidated based on operational control.
305-2	Energy indirect (Scope 2) GHG emissions	

GRI topic disclosure	Description	Page, reference or additional comment
305-3	Other indirect (Scope 3) GHG emissions	Page 62 to 64, 83 to 84 (<i>Energy and Emissions & Environment – Key Performance Indicators</i>) Emissions calculation covering eight scope 3 categories (purchased goods and services, capital goods, fuel- and energy-related activities, upstream transportation and distribution, waste generated in operations, business travel, employee commuting and investments) and consolidated based on operational control.
305-4	GHG emissions intensity	Page 62 to 64, 83 to 84 (<i>Energy and Emissions & Environment – Key Performance Indicators</i>) Emissions are consolidated based on operational control.
305-5	Reduction of GHG emissions	Page 62 to 64 (<i>Energy and Emissions</i>)
305-6	Emissions of ozone-depleting substances (ODS)	Page 83 to 84 (<i>Environment – Key Performance Indicators</i>)
305-7	Nitrogen oxides (NO _x), sulphur oxides (SO _x), and other significant air emissions	Page 83 to 84 (<i>Environment – Key Performance Indicators</i>)
GRI 306: Waste 2020		
3-3	Management of material topics	Page 43, 55 to 56, 65 to 66 (<i>Stakeholder Engagement Channels & Environment & Water and Waste Management</i>)
306-1	Waste generation and significant waste-related impacts	Page 65 to 66 (<i>Water and Waste Management</i>)
306-2	Management of significant waste-related impacts	Page 53 to 54, 65 to 66 (<i>Supply Chain Management & Water and Waste Management</i>)
306-3	Waste generated	Page 53 to 54, 65 to 66, 83 to 84 (<i>Supply Chain Management & Water and Waste Management & Environment – Key Performance Indicators</i>)
306-4	Waste diverted from disposal	
306-5	Waste directed to disposal	
GRI 308: Supplier Environmental Assessment 2016		
3-3	Management of material topics	Page 43, 53 to 54 (<i>Stakeholder Engagement Channels & Supply Chain Management</i>)
308-1	New suppliers that were screened using environmental criteria	Page 53 to 54, 90 (<i>Supply Chain Management & Responsible Business – Key Performance Indicators</i>)
308-2	Negative environmental impacts in the supply chain and actions taken	Page 53 to 54 (<i>Supply Chain Management</i>) HPH Trust did not identify any new or existing suppliers with significant environmental risks in 2023.
GRI 401: Employment 2016		
3-3	Management of material topics	Page 43, 69, 74 (<i>Stakeholder Engagement Channels & Our People & Employment Practices and Labour Rights</i>)
401-1	New employee hires and employee turnover	Page 85 to 88 (<i>Our People – Key Performance Indicators</i>)
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Page 69 to 70, 74 (<i>People Engagement and Wellbeing & Employment Practices and Labour Rights</i>) Employment benefits that are standard to YANTIAN full-time employees but are not provided to temporary or part-time employees include life insurance, medical benefits, disability coverage, parental leave and retirement provisions. Employment benefits that are standard to HIT full-time employees but are not provided to temporary or part-time employees include life insurance, medical benefits and supplemental leave such as paid parental, marriage and compassionate leave.
401-3	Parental leave	Page 85 to 88 (<i>Our People – Key Performance Indicators</i>)
GRI 403: Occupational Health and Safety 2018		
3-3	Management of material topics	Page 43, 75 to 81 (<i>Stakeholder Engagement Channels & Safety and Security & Occupational Health and Safety</i>)
403-1	Occupational health and safety management system	Page 76 to 81 (<i>Occupational Health and Safety</i>)

GRI
INDEX

GRI topic disclosure	Description	Page, reference or additional comment
403-2	Hazard identification, risk assessment, and incident investigation	Page 75 to 81 (<i>Safety and Security & Occupational Health and Safety</i>)
403-3	Occupational health services	Page 76 to 81 (<i>Occupational Health and Safety</i>)
403-4	Worker participation, consultation, and communication on occupational health and safety	Page 75 to 81 (<i>Safety and Security & Occupational Health and Safety</i>)
403-5	Worker training on occupational health and safety	Page 76 to 81 (<i>Occupational Health and Safety</i>)
403-6	Promotion of worker health	Page 69 to 70, 76 to 81 (<i>People Engagement and Wellbeing & Occupational Health and Safety</i>)
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Page 76 to 81 (<i>Occupational Health and Safety</i>)
403-8	Workers covered by an occupational health and safety management system	Page 76 to 81 (<i>Occupational Health and Safety</i>)
403-9	Work-related injuries	Page 75 to 81, 89 (<i>Safety and Security & Occupational Health and Safety & Safety and Security – Key Performance Indicators</i>)
403-10	Work-related ill health	Page 75 to 81, 89 (<i>Safety and Security & Occupational Health and Safety & Safety and Security – Key Performance Indicators</i>)
GRI 404: Training and Education 2016		
3-3	Management of material topics	Page 43, 69, 71 to 73 (<i>Stakeholder Engagement Channels & Our People & Knowledge Empowerment & Sustainability Training at HPH Trust</i>)
404-1	Average hours of training per year per employee	Page 85 to 88 (<i>Our People – Key Performance Indicators</i>)
404-2	Programmes for upgrading employee skills and transition assistance programmes	Page 71 to 73 (<i>Knowledge Empowerment</i>) HPH Trust provides training to develop the skills and knowledge of its employees that are industry-specific and improve their ability to carry out their duties. At this time, the Trust does not provide any training specific to transition or pre-retirement assistance.
404-3	Percentage of employees receiving regular performance and career development reviews	Page 71 to 73, 85 to 88 (<i>Knowledge Empowerment & Our People – Key Performance Indicators</i>)
GRI 405: Diversity and Equal Opportunity 2016		
3-3	Management of material topics	Page 43, 69, 73 to 74 (<i>Stakeholder Engagement Channels & Our People & Diversity and Inclusion & Employment Practices and Labour Rights</i>)
405-1	Diversity of governance bodies and employees	Page 85 to 88 (<i>Our People – Key Performance Indicators</i>)
GRI 406: Non-Discrimination 2016		
3-3	Management of material topics	Page 43, 69, 73 (<i>Stakeholder Engagement Channels & Our People & Diversity and Inclusion</i>)
406-1	Incidents of discrimination and corrective actions taken	Page 69, 73 (<i>Our People & Diversity and Inclusion</i>) There were no reported cases of non-compliance with laws and regulations relating to workplace discrimination in 2023.
GRI 407: Freedom Of Association And Collective Bargaining 2016		
3-3	Management of material topics	Page 43, 53 to 54, 69, 74 (<i>Stakeholder Engagement Channels & Supply Chain Management & Our People & Employment Practices and Labour Rights</i>)
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Page 53 to 54, 74 (<i>Supply Chain Management & Employment Practices and Labour Rights</i>) HPH Trust did not identify any new or existing operations and suppliers with significant social risks in 2023.

GRI topic disclosure	Description	Page, reference or additional comment
GRI 408: Child Labour 2016		
3-3	Management of material topics	Page 43, 53 to 54, 69, 74 (<i>Stakeholder Engagement Channels & Supply Chain Management & Our People & Employment Practices and Labour Rights</i>)
408-1	Operations and suppliers at significant risk for incidents of child labour	Page 53 to 54, 69, 74 (<i>Supply Chain Management & Our People & Employment Practices and Labour Rights</i>) HPH Trust did not identify any new or existing operations and suppliers with significant social risks in 2023.
GRI 409: Forced or Compulsory Labour 2016		
3-3	Management of material topics	Page 43, 53 to 54, 69, 74 (<i>Stakeholder Engagement Channels & Supply Chain Management & Our People & Employment Practices and Labour Rights</i>)
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Page 53 to 54, 69, 74 (<i>Supply Chain Management & Our People & Employment Practices and Labour Rights</i>) HPH Trust did not identify any new or existing operations and suppliers with significant social risks in 2023.
GRI 413: Local Communities 2016		
3-3	Management of material topics	Page 43, 46, 51 to 53 (<i>Stakeholder Engagement Channels & Responsible Business & Community Engagement</i>)
413-1	Operations with local community engagement, impact assessments, and development programmes	Page 51 to 53, 90 (<i>Community Engagement & Responsible Business – Key Performance Indicators</i>) 100% of HPH Trust's reporting scope covering HIT and YANTIAN includes community engagement initiatives.
413-2	Operations with significant actual and potential negative impacts on local communities	Page 51 to 53 (<i>Community Engagement</i>) HPH Trust did not identify any new or existing operations with significant social risks in 2023.
GRI 414: Supplier Social Assessment 2016		
3-3	Management of material topics	Page 43, 53 to 54 (<i>Stakeholder Engagement Channels & Supply Chain Management</i>)
414-1	New suppliers that were screened using social criteria	Page 53 to 54, 90 (<i>Supply Chain Management & Responsible Business – Key Performance Indicators</i>)
414-2	Negative social impacts in the supply chain and actions taken	Page 53 to 54 (<i>Supply Chain Management</i>) HPH Trust did not identify any new or existing suppliers with significant social risks in 2023.
GRI 416: Customer Health and Safety 2016		
3-3	Management of material topics	Page 43, 48, 75, 80 to 81 (<i>Stakeholder Engagement Channels & Customer Service & Safety and Security & Occupational Health and Safety</i>)
416-1	Assessment of the health and safety impacts of product and service categories	Page 48, 80 to 81 (<i>Customer Service & Occupational Health and Safety</i>) Due to the nature of HPH Trust's port business, all aspects of health and safety within its port premises are monitored and assessed for improvement as per HPH Trust's relevant policies and procedures.
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Page 48, 80 to 81 (<i>Customer Service & Occupational Health and Safety</i>) There were no reported incidents of non-compliance at HIT and YANTIAN concerning the health and safety impacts of products and services in 2023.
GRI 418: Customer Privacy 2016		
3-3	Management of material topics	Page 43, 75 (<i>Stakeholder Engagement Channels & Safety and Security & IT Systems and Data Security</i>)
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 75 (<i>IT Systems and Data Security</i>) There was no reported cases of unauthorised data leakage or compromised IT infrastructure in 2023.

INVESTOR RELATIONS



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

FINANCIAL RESULTS AND CORPORATE LITERATURE

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

HPH Trust published its 2023 annual report in April 2024. Besides posting it on SGXNet and our corporate website, hphtrust.com, the Trust also provided printed copies on request.

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

The Trustee-Manager periodically organises both physical and virtual briefings for analysts, fund managers, equity stakeholder representatives and various other investor groups. Following the release of its full-year results, the management team holds its Annual General Meeting in Singapore. Unitholders are encouraged to attend and receive updates in person from the Board and the Management Team, and to participate in a question-and-answer session.

Besides, the management team proactively communicate with investor through electronic means by addressing all substantial and relevant questions received from unitholders prior to the meeting both directly at the AGM via SGXNet announcement one week before the AGM.

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

CONFERENCES, BRIEFINGS AND ROADSHOWS

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

In 2023, being the first post-pandemic year, the management team continued to engage with different stakeholders, and there were around 140 engagements from analysts and investors around the world in individual discussions and larger group events such as investor conferences. The management team participated in road shows and key investor conferences, such as the Goldman Sachs China+ Conference, the HSBC 17th Annual Transport and Logistics Conference and SGX Corporate Days.

RESEARCH COVERAGE

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

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

CORPORATE GOVERNANCE REPORT

HPH Trust is a business trust constituted under the Business Trusts Act 2004 of Singapore (“BTA”). Hutchison Port Holdings Management Pte. Limited (“Trustee-Manager”) as the trustee-manager of HPH Trust is responsible for managing the business of HPH Trust as defined in the deed of trust dated 25 February 2011 and as amended and supplemented by the first supplemental deed dated 28 April 2014 and the second supplemental deed dated 8 June 2020 (collectively, “Trust Deed”).

The Trustee-Manager strives to attain and maintain high standards of corporate governance best suited to the needs and interests of HPH Trust group of companies (“Group”) as it believes that an effective corporate governance framework is fundamental to promoting and safeguarding the interests of unitholders and other stakeholders and enhancing unitholder value. Accordingly, the Trustee-Manager has adopted and applied corporate governance principles and practices that emphasise a quality Board of Directors (“Board”), effective risk management and internal control systems, stringent disclosure practices, transparency and accountability as well as effective communication and engagement with unitholders and other stakeholders. It is, in addition, committed to continuously enhancing these standards and practices and inculcating a robust culture of compliance and ethical governance underlying the business operations and practices across the Group.

The Board sets out in this report the corporate governance principles and practices put in place for the financial year ended 31 December 2023 with reference to the BTA, the Business Trusts Regulations (“BTR”), the Code of Corporate Governance 2018 (“Code”) and the Listing Manual of Singapore Exchange Securities Trading Limited (“SGX-ST Listing Manual”).

HPH Trust has complied throughout the financial year ended 31 December 2023 with all the principles and provisions of the Code, where applicable. The reasons for deviations from the provisions of the Code are explained in this report.

BOARD MATTERS

The Board’s Conduct of Affairs

Principle 1

Role of the Board

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

The Board, led by the Chairman and Non-executive Director, Mr. Fok Kin Ning, Canning, fosters and oversees the culture, determines and monitors Group-wide strategies and policies, annual budgets and business plans, evaluates the performance of HPH Trust, and supervises the management of HPH Trust (“Management”). Management is responsible for the day-to-day operations of the Group under the leadership of Mr. Ivor Chow, the Chief Executive Officer (“CEO”), and putting in place mechanisms for ensuring that the desired culture of HPH Trust is understood and shared at all levels of the Group.

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

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

CORPORATE GOVERNANCE REPORT

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

Board Process

The Board meets at least four times a year at approximately quarterly intervals, with all Board and board committee meetings and the Annual General Meeting dates scheduled well in advance, in consultation with the Board. Among other things, the Board approves the half-yearly and full year financial results for release to Singapore Exchange Securities Trading Limited ("SGX-ST") and material transactions requiring announcements under the SGX-ST Listing Manual and notes perceptions of the key stakeholder groups on HPH Trust. Whenever warranted, additional meetings are held. Board meetings are also supplemented by resolutions circulated to Directors for decisions as and when necessary.

The Trustee-Manager has adopted and documented internal guidelines setting forth matters reserved for Board approval ("Reserved Matters"). The Reserved Matters include:

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

Board Committees

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

In 2023, the Board held four Board meetings with 100% Director attendance. The Company Secretary and the Deputy Company Secretary attended all Board meetings held in 2023.

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

CORPORATE GOVERNANCE
REPORT

NAME OF DIRECTOR	ATTENDED / ELIGIBLE TO ATTEND
Independent Non-executive Directors	
Mr. Chan Tze Leung, Robert ⁽¹⁾	3/3
Prof. Chan Fan-cheong, Tony ⁽²⁾	2/2
Dr. Fong Chi Wai, Alex	4/4
Mr. Graeme Allan Jack ⁽³⁾	2/2
Mr. Lee Kah Lup ⁽⁴⁾	1/1
Ms. Seah Bee Eng (alias Jennifer Loh) ⁽²⁾	2/2
Mrs. Sng Sow-Mei (alias Poon Sow Mei) ⁽³⁾	2/2
Mr. Wong Kwai Lam	4/4

(1) Retired with effect from 26 July 2023

(2) Appointed with effect from 26 April 2023

(3) Retired with effect from 26 April 2023

(4) Appointed with effect from 26 July 2023

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

The Board does not set the maximum number of board representations which a Director may hold but confirmation is received from each Director that he or she has provided sufficient time and attention to the affairs of HPH Trust. In addition, Directors disclose to the Trustee-Manager in a timely manner their other principal commitments, such as directorships in other public listed companies and major appointments as well as update the Trustee-Manager on any subsequent changes. The Board and the NC, on the basis of the foregoing, is satisfied that the Directors have given sufficient time and attention to the affairs of the Trustee-Manager and HPH Trust. Further details on the basis of such determination are set out under the section "Board Membership" below.

Access to information

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

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

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

Between scheduled meetings of the Board, Management provides to Directors, on a regular basis, financial performance reports of key operating entities of the Group and other relevant information with respect to the performance, business activities and development of the Group. Throughout the year, in addition to the Board meetings, Directors participate in the deliberation and approval of routine and operational matters of the Trustee-Manager, on behalf of HPH Trust, by way of written resolutions with supporting explanatory materials, supplemented by additional verbal and/or written information from the CEO, CFO or other executives as and when required. Details of material or notable transactions of subsidiaries and associated companies are provided to the Directors as appropriate. Whenever warranted, additional Board meetings are held.

In addition, Directors have unrestricted access to Management, the Company Secretary, Deputy Company Secretary and independent professional advisers at the expense of HPH Trust at all times whenever deemed necessary by Directors. They are at liberty to propose appropriate matters for inclusion in Board agendas.

CORPORATE GOVERNANCE REPORT

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

Directors' induction and training

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

The Trustee-Manager arranges and provides continuous professional development ("CPD") training in the forms of seminars, webcasts and selected reading materials to Directors to help them to keep abreast of current trends and issues facing the Group, including the latest changes in the commercial (including industry-specific and innovative changes), legal and regulatory environment in which the Group conducts its businesses and to refresh their knowledge and skills on the roles, functions and duties of a listed entity director. In addition, CPD may take the form of attendance at external forums or briefing sessions (including delivery of speeches) on relevant topics. CPD training of approximately 54 hours had been provided to the Directors during the year.

The Directors are required to provide the Trustee-Manager with details of the CPD training undertaken by them from time to time. Based on the details so provided, the CPD training undertaken by the Directors in 2023 is summarised as follows, representing an average of approximately 32 hours undertaken by each Director during the year:

NAME OF DIRECTOR	AREAS				
	LEGAL AND REGULATORY	CORPORATE GOVERNANCE / SUSTAINABILITY PRACTICES	FINANCIAL REPORTING / RISK MANAGEMENT	GROUP'S BUSINESSES / DIRECTORS' DUTIES	DIGITAL / INFORMATION TECHNOLOGY
Chairman and Non-executive Director					
Mr. Fok Kin Ning, Canning	✓	✓	✓	✓	✓
Executive Director					
Mr. Ip Sing Chi	✓	✓	✓	✓	✓
Non-executive Directors					
Ms. Edith Shih	✓	✓	✓	✓	✓
Ms. Lee Tung Wan, Diana	✓	✓	✓	✓	✓
Independent Non-executive Directors					
Mr. Chan Tze Leung, Robert ⁽¹⁾	✓	✓	✓	✓	✓
Prof. Chan Fan-cheong, Tony ⁽²⁾	✓	✓	✓	✓	–
Dr. Fong Chi Wai, Alex	✓	✓	✓	✓	✓
Mr. Graeme Allan Jack ⁽³⁾	✓	✓	✓	✓	–
Mr. Lee Kah Lup ⁽⁴⁾	✓	✓	✓	✓	✓
Ms. Seah Bee Eng (alias Jennifer Loh) ⁽²⁾	✓	✓	✓	✓	✓
Mrs. Sng Sow-Mei (alias Poon Sow Mei) ⁽³⁾	✓	✓	✓	✓	–
Mr. Wong Kwai Lam	✓	✓	✓	✓	✓

CORPORATE GOVERNANCE REPORT

- (1) Retired with effect from 26 July 2023
- (2) Appointed with effect from 26 April 2023
- (3) Retired with effect from 26 April 2023
- (4) Appointed with effect from 26 July 2023

All Directors of the Trustee-Manager attended the mandatory sustainability training prescribed by SGX-ST. During the year ended 31 December 2023, Prof. Chan Fan-cheong, Tony, Ms. Seah Bee Eng (alias Jennifer Loh) and Mr. Lee Kah Lup were appointed as Independent Non-executive Directors to succeed Mr. Graeme Allan Jack, Mrs. Sng Sow-Mei (alias Poon Sow Mei) and Mr. Chan Tze Leung, Robert respectively. Since Prof. Chan and Mr. Lee do not have prior experience as a director of a listed issuer listed on the SGX-ST, they have attended the mandatory training prescribed by Rule 210(5)(a) of SGX-ST Listing Manual.

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

During the year, Ms. Edith Shih resigned as Deputy Company Secretary of the Trustee-Manager and the Board had collectively decided to appoint Ms. Chow Yan Hing, Agnes as the new Deputy Company Secretary.

The Company Secretary, Ms. Wong Yoen Har and the Deputy Company Secretary are accountable to the Board for ensuring that Board procedures are followed and Board activities are efficiently and effectively conducted. These objectives are achieved through adherence to proper Board processes and timely preparation of and dissemination to Directors comprehensive Board meeting papers. Minutes of all meetings of the Board and board committees are prepared and maintained by the Company Secretary or Deputy Company Secretary to record in sufficient details the matters considered and decisions reached by the Board or board committees, including any concerns raised or dissenting views voiced by any Director. All draft and final minutes of the Board meetings and meetings of board committees are sent to Directors or board committee members as appropriate for comments, approval and records. Board records are available for inspection by any Director upon request.

Board Composition and Guidance

Principle 2

Board Independence

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

The current composition of the Board (comprising a majority of independent and non-executive Directors) and the AC (comprising all independent non-executive Directors) comply with the requirements of the Code. Board appointment has been, and will continue to be, made based on merit and the contribution such appointment can bring to the Board as a whole, taking into account the following principles:

- (a) The majority of Board members should be non-executive and independent Directors;
- (b) The chairman of the Board should be a non-executive Director;
- (c) At least a majority of the Directors should be independent from management and business relationships with the Trustee-Manager and from every substantial shareholder of the Trustee-Manager; and
- (d) The Board should comprise Directors with a wide range of commercial and management experience, which provides an appropriate balance of diversity of skills, experience, gender and industry knowledge.

CORPORATE GOVERNANCE REPORT

Directors' Independence

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

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

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

A Director is considered to be independent in accordance with the provisions of the BTR if he or she is independent from Management and business relationships with the Trustee-Manager and from every substantial shareholder of the Trustee-Manager.

Mr. Lee Kah Lup (appointed with effect from 26 July 2023), Ms. Seah Bee Eng (alias Jennifer Loh) and Prof. Chan Fan-cheong, Tony (both appointed with effect from 26 April 2023) are considered to be independent from Management and business relationships with the Trustee-Manager, and from every substantial shareholder of the Trustee-Manager.

Construed within the context of the BTR, Dr. Fong Chi Wai, Alex and Mr. Wong Kwai Lam are considered to be independent from Management and business relationships with the Trustee-Manager, but not independent from the substantial shareholder(s) of the Trustee-Manager. With respect to Dr. Fong and Mr. Wong, the Board has in its review taken the following into consideration:

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

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

Having carried out the review, the Board and the NC are satisfied that the relationships described above will not interfere with the independent judgment and ability to act with regard to the interests of all the unitholders of HPH Trust as a whole of Dr. Fong or Mr. Wong. Accordingly, the Board has, pursuant to Regulation 12(6) of the BTR, determined that Dr. Fong Chi Wai, Alex and Mr. Wong Kwai Lam are independent.

Neither of Dr. Fong nor Mr. Wong participates nor will they participate in any discussion of the Board in relation to any transaction with a company of whom he is a director thereof or any matters that might give rise to a conflict of interests with such company and they shall abstain from voting on any such proposals at any meeting of the Board.

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

The Board and the NC are satisfied that the independent Directors are considered to be independent.

Board Composition and Diversity

The Board and the NC considered the structure, size and composition as appropriate for the current scope and nature of the Group’s operations, requirement of the business and facilitates effective decision making. Throughout the year, the number of Independent Non-executive Directors on the Board fulfilled the minimum requirement of the BTA. The Board has the appropriate balance of Independent Directors and the five Independent Directors are particularly aware of their responsibility to constantly place the interests of unitholders as a whole foremost in the consideration of all relevant matters.

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

CORPORATE GOVERNANCE REPORT

As shown in the Board Skills Matrix on page 107 of this Report, (i) all Directors have experience in business management, strategic planning and risk management and are able to apply their expertise and experience to further the interests of HPH Trust, (ii) more than half of the Directors have related industry knowledge and experience, and (iii) more than one-third of the Directors have financial reporting, banking and other experience in legal/regulatory/sustainability. These are in line with the targets set by the Board and the NC in relation to the skills, experience, values and background necessary to support the long-term strategic objectives of the Trust.

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

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

For gender diversity, the target is to have the Board comprise at least 30% female directors, which has been achieved by HPH Trust. Out of the nine Directors, three are female, which also exceeds the target to be met by 2030 recommended by the Council for Board Diversity of Singapore. Female representation at the Board stands at a relatively high level (33%, three out of nine Directors) amongst companies listed on the SGX-ST.¹ In 2023, Ms. Seah Bee Eng (alias Jennifer Loh) was appointed as an Independent Non-executive Director following the retirement of Mrs. Sng Sow-Mei (alias Poon Sow Mei) as an Independent Non-executive Director. HPH Trust targets the Board to have at least 30% female Directors in the coming years. For other diversity criteria based on ethnicity and age, please refer to the diversity profile chart set out on page 107 of this Report.

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

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

The Board comprises 9 Directors including the Chairman, one Executive Director, two Non-executive Directors and five Independent Non-executive Directors.

Biographical details of the Directors are set out on pages 28 to 32 of the Annual Report and on HPH Trust's corporate website.

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

CORPORATE GOVERNANCE
REPORT

The table below shows the Board structure, and skills set, expertise and competencies of the Directors:

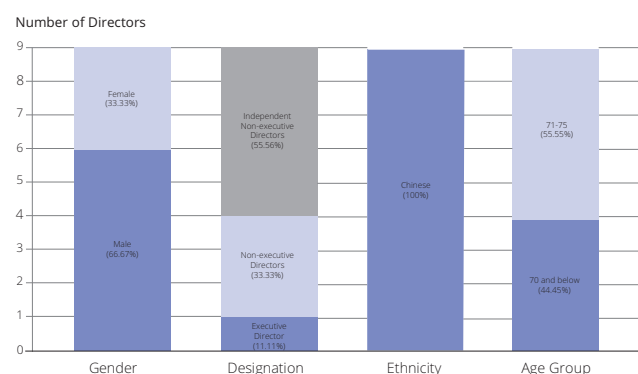
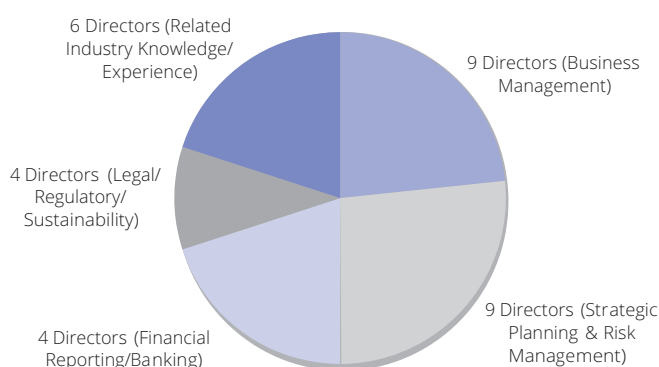
Structure and size					Committees				Skills and Expertise				
Name	Age	Gender	Ethnicity	ED/NED/INED	Audit	Nominating	Remuneration	Sustainability	Business Management	Strategic Planning & Risk Management	Financial Reporting/ Banking	Legal/Regulatory/ Sustainability	Related Industry Knowledge/ Experience
Mr. Fok Kin Ning, Canning	72	M	C	NED					✓	✓	✓		✓
Ms. Edith Shih	72	F	C	NED		✓		✓	✓	✓		✓	✓
Mr. Ip Sing Chi	70	M	C	ED					✓	✓			✓
Ms. Lee Tung Wan, Diana	55	F	C	NED			✓	✓	✓	✓	✓	✓	✓
Prof. Chan Fan-cheong, Tony	72	M	C	INED	✓				✓	✓			
Dr. Fong Chi Wai, Alex	67	M	C	INED		✓	✓	✓	✓	✓			✓
Mr. Lee Kah Lup	57	M	C	INED				✓	✓	✓		✓	✓
Ms. Seah Bee Eng (alias Jennifer Loh)	71	F	C	INED	✓			✓	✓	✓	✓	✓	
Mr. Wong Kwai Lam	74	M	C	INED	✓	✓	✓		✓	✓	✓		

F : Female
M : Male

C : Chinese

ED : Executive Director
NED : Non-executive Director
INED : Independent Non-executive Director

The charts below show the diverse skills set of the Directors and the diversity profile of the Board as at 31 December 2023:



Mr. Wong Kwai Lam has been appointed as the Lead Independent Director following the retirement of Mrs. Sng Sow-Mei (alias Poon Sow Mei) during the year. The Lead Independent Director provides feedback to the Chairman as appropriate should there be any issue coming to her/his attention from the periodic meetings among the independent non-executive Directors without the presence of the other Directors or Management.

CORPORATE GOVERNANCE REPORT

Chairman and CEO

Principle 3

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

The Chairman, Mr. Fok Kin Ning, Canning is responsible for providing leadership to, and overseeing the functioning of, the Board to ensure that it acts in the best interests of the Group. He is also responsible for ensuring that Board meetings are planned and conducted effectively, including setting the agenda for each Board meeting, taking into account, where appropriate, matters proposed by the Directors, the Company Secretary and the Deputy Company Secretary. With the support of the Executive Director, the Company Secretary, the Deputy Company Secretary and Management, the Chairman seeks to ensure that all Directors are properly briefed on issues to be deliberated at Board meetings and are provided with adequate and accurate information in a timely manner.

The Chairman promotes a culture of openness and actively encourages Directors to voice their opinion and be fully engaged in the Board's affairs so as to contribute to the Board's effective functioning. The Board, under the leadership of the Chairman, has adopted good corporate governance practices and procedures and taken appropriate steps to promote effective communication and ongoing engagement with unitholders and other stakeholders, as outlined later in this report.

Mr. Wong, the Lead Independent Director is appointed to provide leadership in situations where the Chairman has a conflict of interests. He is accessible to the unitholders of HPH Trust in cases where they have concerns for which contact through normal channels of the Chairman, the CEO or the CFO has failed to resolve the issue or is inappropriate. His contact details are available on HPH Trust's corporate website (https://www.hphtrust.com/corporate_governance.html).

The CEO is responsible for managing the businesses of the Group, attending to the formulation and successful implementation of Group policies and assuming full accountability to the Board for all Group operations. Acting as the principal manager of the Group's businesses, the CEO attends to developing strategic operating plans that reflect the long-term objectives and priorities established by the Board and is directly responsible for overseeing and delivering operational performance of the Group.

Working with the CFO, and the executive management team of each core business division, the CEO presents annual budgets to the Board for consideration and approval, and ensures that the Board is fully apprised of the funding requirements of the Group. With the assistance of the CFO, the CEO ensures that the funding requirements of the businesses are met and monitors the operating and financial performance of the businesses against plans and budgets. The CEO maintains an ongoing dialogue with the Chairman and all Directors to keep them fully informed of all major business development and issues relating to HPH Trust. In addition, he is also responsible for building and maintaining an effective executive team to support him in his role.

Board Membership

Principle 4

Nominating Committee

The NC, currently chaired by Mr. Wong Kwai Lam, an Independent Non-executive Director and the Lead Independent Director with Ms. Edith Shih, a Non-executive Director and Dr. Fong Chi Wai, Alex, an Independent Non-executive Director as members, was established by the Board and meets the requirements of the Code.

The Board, with the support of the NC, has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

CORPORATE GOVERNANCE REPORT

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

The NC held two meetings in 2023 with 100% attendance:

NAME OF MEMBER	ATTENDED / ELIGIBLE TO ATTEND
Mr. Wong Kwai Lam (Chairman)	2/2
Dr. Fong Chi Wai, Alex [#]	N.A./N.A.
Ms. Edith Shih	2/2
Mrs. Sng Sow-Mei (alias Poon Sow Mei) [*]	2/2

* Retired with effect from 26 April 2023

Appointed with effect from 26 April 2023

During the year, Mrs. Sng Sow-Mei (alias Poon Sow Mei) retired as a member of NC and Dr. Fong Chi Wai, Alex was appointed as a member of the NC.

Nomination Process

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

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

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

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

No alternate director is appointed to the Board.

CORPORATE GOVERNANCE REPORT

In 2023, the NC considered the long-term succession planning of the independent non-executive Directors who had served the Board for more than nine years, and had then conducted the nomination process in accordance with the Director Nomination Policy and the Board Diversity Policy.

After taking into consideration of the structure, diversity profile and skills set of the existing Board and the profile of candidates as well as assessing the independence of the candidates and reviewing the training requirements and materials to be provided to the new director(s) to ensure new director(s) is/are aware of his/her duties and obligations, the NC recommended to the Board the appointment of Prof. Chan Fan-cheong, Tony, Ms. Seah Bee Eng (alias Jennifer Loh) and Mr. Lee Kah Lup as Independent Non-executive Directors in anticipation of retirement of Mr. Graeme Allan Jack, Mrs. Sng Sow-Mei (alias Poon Sow Mei) and Mr. Chan Tze Leung, Robert whose retirement took effect on 26 April 2023 or 26 July 2023 (as the case maybe) with no overlapping of tenure. The appointment of Prof. Chan, Mrs. Loh and Mr. Lee were subject to stringent assessment process in accordance with Director Nomination Policy and Board Diversity Policy, to ensure the Board possesses the necessary skills, experience and knowledge in alignment with the Group's strategy. The Board is of the view that their respective qualifications, experience in the areas of management, technologies and engineering and/or financial and accounting could provide further diversity to the core competencies and skills set of the Board. They have also provided their independence confirmation in respect of the provisions of the SGX-ST Listing Manual, the code and the BTR, and the Company is not aware of any factor adversely affecting their independence. Having taken into account the above and the independence criteria set out in the applicable laws and regulations, the Board is satisfied with the independence of each of Prof. Chan, Mrs. Loh and Mr. Lee in acting as Independent Non-executive Directors.

Multiple Directorships

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

For the year 2023, the NC was of the view that each Director has devoted sufficient time and attention to the affairs of the Trust and has been able to discharge his/her duties as director effectively. The NC noted that based on the attendance at meetings of the Board and its committees during the year, all Directors were able to participate in all such meetings to carry out their duties. The NC is satisfied that all Directors have been able to and had adequately carried out their duties notwithstanding, their multiple board representations, where applicable and other principal commitments.

Review of Board Diversity Policy and Director Nomination Policy; Independence and Trainings

In 2023, the NC also reviewed (i) the Board Diversity Policy; (ii) the Director Nomination Policy; (iii) their respective implementation in the previous financial year; (iv) the objective performance criteria and process for evaluation of the performance of the Board and board committee; (v) the contribution by the Chairman and the Directors; and (vi) the training and professional development programmes provided to the Board during the previous financial year, and affirmed the independence of the Independent Non-executive Directors having regard to their annual independence confirmation and the assessment of their independence with reference to the independence criteria set out in the SGX-ST Listing Manual, the BTR and the Code. In particular, the NC considered that the Independent Non-executive Directors continue to provide a balanced and independent view to the Board and play a leading role in the board committees and bring independent and external dimension as well as constructive and informed comments on issues of the Group's strategy, policy, performance, accountability, resources, key appointments and standards of conduct. The Board endorsed the NC's view on the independence of the Independent Non-executive Directors. Further details on the review of the directors' independence are set out under the section "Directors' Independence" above.

CORPORATE GOVERNANCE REPORT

Board Performance

Principle 5

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

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

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

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6

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

The RC comprises three members. During the year, Mr. Chan Tze Leung, Robert and Mrs. Sng Sow-Mei (alias Poon Sow Mei) retired as chairman and member of RC respectively and Dr. Fong Chi Wai, Alex and Mr. Wong Kwai Lam were appointed as chairman and member of RC respectively. It is currently chaired by Dr. Fong Chi Wai, Alex, an Independent Non-executive Director, with Ms. Lee Tung Wan, Diana, a Non-executive Director, and Mr. Wong Kwai Lam, an Independent Non-executive Director and the Lead Independent Director, as members. The composition of the RC meets the requirements of chairmanship and independence under the Code.

The RC held one meeting in 2023 with 100% attendance.

NAME OF MEMBER	ATTENDED / ELIGIBLE TO ATTEND
Dr. Fong Chi Wai, Alex (Chairman) [#]	1/1
Mr. Chan Tze Leung, Robert (Chairman) [*]	N.A./N.A.
Ms. Lee Tung Wan, Diana	1/1
Mrs. Sng Sow-Mei (alias Poon Sow Mei) ^{**}	N.A./N.A.
Mr. Wong Kwai Lam ^{##}	1/1

[#] Appointed with effect from 26 July 2023

^{*} Retired with effect from 26 July 2023

^{##} Appointed with effect from 26 April 2023

^{**} Retired with effect from 26 April 2023

CORPORATE GOVERNANCE REPORT

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

During the year, the RC reviewed background information on market data (including economic indicators, statistics and the remuneration bulletin), the Group's business activities and human resources issues, and headcount and staff cost. It also reviewed and recommended the proposed 2024 directors' fees. The RC reviewed and approved the 2023 year end bonus and 2024 remuneration package of senior executives of the Group. No director or any of his/her associates is involved in deciding his/her own remuneration. No remuneration consultant was engaged during the year.

Level and Mix of Remuneration

Principle 7

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

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

The remuneration of the Trustee-Manager which is paid out of HPH Trust is provided for in the Trust Deed, fees paid to the Trustee-Manager for the financial year ended 31 December 2023 are set out on page 185 of the Annual Report.

Disclosure on Remuneration

Principle 8

Notwithstanding that the Directors are remunerated directly by the Trustee-Manager, and not the Trust, for the benefit of the unitholders, the table below sets out the remuneration of individual directors of the Trustee-Manager for the financial year ended 31 December 2023:

Name	Directors' fee (USD)					Total
	Executive or Non-executive director	Member or chairperson of AC	Member or chairperson of NC	Member or chairperson of RC	Member or chairperson of SC	
FOK Kin Ning, Canning ^{(i) & (xi)}	60,000.00					60,000.00
Edith SHIH ^{(i), (v), (x) & (xi)}	60,000.00		4,000.00		6,000.00	70,000.00
IP Sing Chi ^{(ii) & (xii)}	60,000.00					60,000.00
LEE Tung Wan, Diana ^{(i), (vii), (ix) & (xii)}	60,000.00			4,000.00	5,000.00	69,000.00
CHAN Tze Leung, Robert ^{** (i), (iii) & (viii)}	33,863.01**	11,287.67**		2,821.92**		47,972.60
CHAN Fan-cheong, Tony ^{# (i) & (iii)}	41,095.89#	13,698.63#				54,794.52
FONG Chi Wai, Alex ^{(i), (viii) & (ix)}	60,000.00		2,739.73#	2,178.08##	5,000.00	69,917.81
Graeme Allan JACK ^{* (i), (iv)}	18,904.11*	9,452.05*				28,356.16
SEAH Bee Eng (alias Jennifer LOH) ^{# (i), (iii) & (ix)}	41,095.89#	13,698.63#			3,424.66#	58,219.18
SNG Sow-Mei (alias POON Sow-Mei) ^{* (i), (iii), (v) & (vii)}	18,904.11*	6,301.37*	1,260.27*	1,260.27*		27,726.02
LEE Kah Lup ^{## (i) & (ix)}	26,136.99##				2,178.08##	28,315.07
WONG Kwai Lam ^{(i), (iv), (vi) & (vii)}	60,000.00	20,547.95#	5,000.00	2,739.73#		88,287.68
Total	540,000.00	74,986.30	13,000.00	13,000.00	21,602.74	662,589.04

CORPORATE GOVERNANCE
REPORT**Notes:**

- (i) Non-executive director
- (ii) Executive director
- (iii) Member of Audit Committee
- (iv) Chairperson of Audit Committee
- (v) Member of Nominating Committee
- (vi) Chairperson of Nominating Committee
- (vii) Member of Remuneration Committee
- (viii) Chairperson of Remuneration Committee
- (ix) Member of Sustainability Committee
- (x) Chairperson of Sustainability Committee
- (xi) Such Directors' fees were paid to his/her employer, Hutchison International Limited, a subsidiary of CK Hutchison Holdings Limited
- (xii) Such Directors' fees were paid to his/her employer, Hutchison Ports Limited, a subsidiary of CK Hutchison Holdings Limited
- * Retired with effect from 26 April 2023
- ** Retired with effect from 26 July 2023
- # Appointed with effect from 26 April 2023
- ## Appointed with effect from 26 July 2023

The table below disclosed (a) the remuneration of the CEO and (b) in bands of S\$250,000, the remuneration of the key management personnel (other than the CEO) for the financial year ended 31 December 2023:

Key management personnel	Salary (%)	Variable (%)	Benefits (%)	Total (%)
<i>S\$1,000,001 to S\$1,250,000</i>				
Mr. Ivor Chow				
CEO				
Managing Director, HIT	47	48	5	100 ¹
<i>S\$750,001 to S\$1,000,000</i>				
Mr. Lawrence Shum				
Managing Director, YANTIAN	54	41	5	100 ³
<i>S\$500,001 to S\$750,000</i>				
Mr. Jimmy Ng				
CFO and Investor Relations Officer	63	30	7	100 ²
Ms. Ma Xiaoli				
Managing Director, COSCO-HIT	54	40	6	100 ³
Mr. Raymond Lam				
Chief Operating Officer of Hong Kong Seaport Alliance Director – Operations, HIT	61	32	7	100 ³
Mr. Raymond Chan				
Director – Operations, YANTIAN	64	31	5	100 ³

Notes:

- 1 The total remuneration paid to Mr. Ivor Chow, the CEO, was S\$1,028,348, of which S\$896,348 (48% as salary, 47% as variable and 5% as benefits) was paid by HIT in relation to his role as Managing Director of HIT and S\$132,000 (44% as salary and 56% as variable) was paid by the Trustee-Manager (out of its own account).
- 2 Most of the total remuneration paid to Mr. Jimmy Ng, the CFO and Investor Relations Officer, was paid by HPHT Limited and the remainder was paid by the Trustee-Manager (out of its own account).

CORPORATE GOVERNANCE REPORT

- 3 Most of the aggregate compensation of the relevant key management personnel was paid by the relevant operating subsidiaries of the Group (i.e. YANTIAN to Mr. Lawrence Shum in relation to his role as Managing Director of YANTIAN; YANTIAN to Mr. Raymond Chan in relation to his role as Director – Operations of YANTIAN; HIT to Mr. Raymond Lam in relation to his role as Chief Operating Officer of Hong Kong Seaport Alliance and Director – Operations of HIT; and COSCO-HIT to Ms. Ma Xiaoli in relation to her role as Managing Director of COSCO-HIT). In 2023, the total remuneration paid to the above key executives (excluding the CEO) was S\$2,958,781.
- 4 Remuneration of key management personnel are paid in Hong Kong dollar (“HK\$”) while the table above reflects the remuneration translated in Singapore dollar (“S\$”) based on the 2023 average HK\$/S\$ exchange rate. Therefore, the remuneration set out in the table above are subject to currency exchange rates fluctuations.

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

There is no employee of the Trustee-Manager and the Group who is a substantial shareholder of the Trustee-Manager or a substantial unitholder of the Trust, an immediate family member of a Director, the CEO or a substantial shareholder of the Trustee-Manager or a substantial unitholder of the Trust, and whose remuneration exceeded S\$100,000 during the financial year ended 31 December 2023.

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

The remuneration of the Trustee-Manager is provided for in the Trust Deed. The Trustee-Manager is entitled under the Trust Deed to management fees, acquisition fee, divestment fee and development fee based on pre-agreed mechanisms set out in the Trust Deed. Fees paid to the Trustee-Manager for the financial year ended 31 December 2023 are set out on page 185 of the Annual Report.

Remuneration Policy

The remuneration of key management personnel is determined with reference to their expertise and experience in the industry, the performance and profitability of the Group as well as remuneration benchmarks from other local and international companies and prevailing market conditions.

The employees also participate in bonus arrangements which are determined in accordance with the performance of the Group and individual performance.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9

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

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

CORPORATE GOVERNANCE REPORT

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

Whilst these procedures are designed to identify and manage risks that could adversely impact the achievement of the Group's business objectives, they do not provide absolute assurance against material mis-statement, errors, losses, fraud or non-compliance.

Internal Control Environment and Systems

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

The internal control procedures of the Group include a comprehensive system for reporting information to the executive management teams of each core business units and the Executive Director.

Business plans and budgets are prepared annually by management of individual businesses and subject to review and approval by both the executive management teams and the Executive Director as part of the Group's five-year corporate planning cycle. Reforecasts for the current year are prepared on a quarterly basis, reviewed for variances to the budget and for approval. When setting budgets and reforecasts, management identifies, evaluates and reports on the likelihood and potential financial impact of significant business risks.

The Executive Director reviews monthly management reports on the financial results and key operating statistics of each business and holds monthly meetings with the executive management team and senior management of business operations to review these reports, business performance against budgets, forecasts, significant business risk sensitivities and strategies. In addition, finance directors and financial controllers of each of the major businesses attend monthly meetings with the CFO to review monthly performance against budget and forecast, and to address accounting and finance related matters.

The Group maintains a centralised cash management system for its subsidiary operations. The Group's Finance Department oversees the Group's investment and lending activities and also evaluates and monitors financial and operational risks, and makes recommendations to the Management to mitigate those risks. Treasury reports on the Group's cash and liquid investments, borrowings and movements thereof are distributed weekly.

The Group has established guidelines and procedures for the approval and control of expenditures. Operating expenditures are subject to overall budget control and are controlled within each business with approval levels set by reference to the level of responsibility of each executive and officer. Capital expenditures are subject to overall control within the annual budget review and approval process, and more specifically, material expenditures within the approved budget as well as unbudgeted expenditures are subject to approval by the Executive Director, the CEO or the CFO prior to commitment. Quarterly reports of actual versus budgeted and approved expenditures are also reviewed.

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

In terms of formal review of the Group's risk management and internal control systems, a risk management and internal control self-assessment process that requires the executive management team and senior management of each core business unit to review, evaluate and declare the effectiveness of such systems covering all material controls, including financial, operational and compliance controls over the operations and devise action plans to address the issues, if any, is in place. These assessment results, together with the risk management report described later in this report and the independent assessments by the internal and external auditors, form part of the bases on which the AC formulates its opinion on the effectiveness of the Group's risk management and internal control systems.

CORPORATE GOVERNANCE REPORT

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

Review of Risk Management and Internal Controls Systems

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

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

In terms of formal risk review and reporting, the Group adopts a "top-down and bottom-up" approach, involving regular input from each core business unit as well as discussions and reviews by the Management, CEO and CFO and the Board, through the AC. More specifically, on a half-yearly basis, each core business unit is required to formally identify and assess the significant risks (including sustainability and cybersecurity risks) their business faces, whilst the CEO and CFO provide input after taking a holistic assessment of all the significant risks that the Group faces. Relevant risk information including key mitigation measures and plans are recorded in a risk register to facilitate the ongoing review and tracking of progress.

The composite risk register together with the risk heat map, as confirmed by the CEO and CFO, form part of the risk management report for review and approval by the AC on a half-yearly basis. The AC, on behalf of the Board, reviews the report, discuss the risk management and internal control systems, including matters related to cybersecurity risks, with the Internal Audit General Manager, CEO and CFO, and provides input as appropriate so as to ensure effective systems in place.

The Board has received assurance from (i) the CEO and the CFO that the Group's financial records have been properly maintained and the financial statements give a true and fair view of HPH Trust's operations and finances and (ii) the CEO and other relevant key management personnel that the internal controls (including financial, operational, compliance and information technology controls) and risk management systems in place within the Group are adequate and effective in addressing the material risks in the Group in its current business environment for the financial year ended 31 December 2023.

The Board, through the AC, has conducted a review of the adequacy and effectiveness of the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems for the financial year ended 31 December 2023. Based on such reviews and the work performed by the internal and external auditors, the Board, with the concurrence of the AC, is of the opinion that the Group's risk management and internal control systems addressing material financial, operational, compliance and information technology risks are adequate and effective to meet the needs of the Group in its current business environment as at 31 December 2023. Such review covered reviews on the Group's compliance with terms provided for in the right of first refusal agreement ("ROFR Agreement") and the non-compete agreement ("Non-Compete Agreement"), both dated 28 February 2011 and amended by the respective amendment agreement dated 22 December 2015, entered into between HPH and the Trustee-Manager, in its capacity as the trustee-manager of HPH Trust. Details of the ROFR Agreement and Non-Compete Agreement are set out in the "Statement of Policies and Practices" section on page 124 of the Annual Report. The Board notes that the system of risk management and internal controls established by the Management provides reasonable assurance that the Group, as it strives to achieve its business objectives, will not be significantly affected by any event that can be reasonably foreseen or anticipated. However, the Board also notes that no system of risk management and internal controls can provide absolute assurance in this regard, or absolute assurance against poor judgement in decision-making, human error, losses, fraud or other irregularities.

CORPORATE GOVERNANCE REPORT

Audit Committee

Principle 10

The AC comprised three Independent Non-executive Directors who possessed the relevant business, accounting and/or financial management experience and skills to understand financial statements and contribute to the financial governance, internal controls and risk management of HPH Trust. During the year, Mr. Graeme Allan Jack, Mr. Chan Tze Leung, Robert and Mrs. Sng Sow-Mei (alias Poon Sow Mei) retired as chairman or member (as the case maybe) of the AC and Mr. Wong Kwai Lam, Prof. Chan Fan-cheong, Tony and Ms. Seah Bee Eng (alias Jennifer Loh) were appointed as chairman or member (as the case maybe) of the AC. It is currently chaired by Mr. Wong Kwai Lam with Prof. Chan Fan-cheong, Tony and Ms. Seah Bee Eng (alias Jennifer Loh) as members.

The AC held four meetings in 2023 with 100% attendance. All members attended the AC meetings held in 2023.

NAME OF MEMBER	ATTENDED / ELIGIBLE TO ATTEND
Mr. Graeme Allan Jack (Chairman)*	2/2
Mr. Wong Kwai Lam (Chairman)#	2/2
Mr. Chan Tze Leung, Robert**	3/3
Prof. Chan Fan-cheong, Tony#	2/2
Ms. Seah Bee Eng (alias Jennifer Loh)#	2/2
Mrs. Sng Sow-Mei (alias Poon Sow Mei)*	2/2
* Retired with effect from 26 April 2023	
** Retired with effect from 26 July 2023	
# Appointed with effect from 26 April 2023	

In 2023, the AC performed the duties and responsibilities under its terms of reference and other duties of the Code.

Acting in accordance with its terms of reference, throughout the year the AC oversees the relationship between the Trustee-Manager and its external auditor and external audit process, reviews the Group's half-yearly and full-year results and financial statements, and formal announcements relating to the Group's financial performance, oversees the Group's internal control and risk management function, monitors compliance with statutory and the SGX-ST Listing Manual requirements, reviews the scope, extent and effectiveness of the activities of the Group's internal audit function, and also oversees interested person transactions of the Group. Under its terms of reference, the AC is also required to report to the Board any inadequacies or deficiencies or matters of concern within its terms of reference and engage independent legal and other advisers and perform investigations as it determines to be necessary. The AC considers and makes recommendations to the Board on the appointment, re-appointment and removal of the external auditors, their remuneration and terms of engagement.

The AC meets with the CEO and CFO and other senior management of the Group from time to time to review the half-yearly and full-year results and financial statements, and any formal financial performance-related announcements and other financial, internal control, corporate governance and risk management matters of the Group. It receives, considers and discusses the reports and presentations of the Management, the Group's internal and external auditors, PricewaterhouseCoopers LLP ("PwC"), to ensure that the Group's consolidated financial statements are prepared in accordance with accounting principles generally accepted in Hong Kong and Singapore and comply with the applicable disclosure requirements of the BTA, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. It also meets at least four times a year with PwC to consider their reports on the scope, strategy, progress and outcome of its independent review of the half-yearly financial information, its annual audit of the consolidated financial statements as well as to discuss other matters arising from their audit of the Group. In addition, the AC holds regular private meetings with PwC, the CFO and the internal auditor separately without the presence of the Management. During these meetings, the following key audit matters as reported by the external auditor for the year ended 31 December 2023 were addressed as follows:

CORPORATE GOVERNANCE REPORT

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

To assist the Board in assessing the overall governance, financial reporting, risk management and internal control framework and maintaining effective risk management and internal control systems covering all material controls, including financial, operational and compliance controls, in 2023, the AC also reviewed the process by which the Group evaluated its control environment and managed significant risks (including cybersecurity risks). It received, considered and provided feedback on the risk management report, the composite risk register, risk heat map, the presentation of Internal Audit General Manager and Management on their review with respect to the effectiveness of the risk management and internal control systems of the Group. Based on these reviews, the AC concurred with Management confirmation that such systems are effective and adequate.

In addition, the AC reviewed, in conjunction with the Group's Internal Audit, the 2023 work plans and resource requirements, and deliberated on the reports regarding the effectiveness of risk management and internal controls systems (including cybersecurity risks) of the Group. Further, it also considered the reports from the Legal Department on the Group's material litigation proceedings and compliance status on legal and regulatory requirements. These reviews and reports were taken into consideration by the AC when it made its recommendation to the Board for approval of the consolidated financial statements. During 2023, the AC also received periodic presentations on, and reviewed, the compliance status of the Group with respect to the Code as well as other corporate governance topics including the Group's policies and practices on compliance with legal and regulatory requirements, and ensured that any deviation from the Code was properly explained and disclosed in this report. In 2023, the AC also reviewed and recommended to the Board updates to certain corporate governance policies including Anti-Fraud and Anti-Bribery Policy and Whistleblowing Policy. The AC has adequate resources, including access to external consultants and auditors, to enable it to discharge its responsibilities properly.

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

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

External Auditor Fees For FY2023	HK\$'000	% of total fees
Total Audit Fees	15,962	93%
Total Non-Audit Fees	1,287	7%
Total Fees Paid	17,249	100%

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

CORPORATE GOVERNANCE REPORT

Whistleblowing

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

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

Internal Audit

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

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

Internal audit is responsible for assessing the Group's risk management and internal control systems, including reviewing the interested person transactions of HPH Trust, formulating an impartial opinion on the systems, and reporting its findings to the AC, the CEO, the CFO and the senior management concerned as well as following up on the issues to ensure that they are satisfactorily resolved within the agreed timeline. In addition, internal audit maintains a regular dialogue with the Group's external auditor so that the parties are aware of the significant factors which may affect their respective scope of work.

Depending on the nature of business and risk exposure of individual business units, the scope of work performed by the internal audit function includes financial, IT, operations, business ethics, governance policy and regulatory compliance reviews, recurring and surprise audits, as well as productivity efficiency reviews.

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

CORPORATE GOVERNANCE REPORT

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

Reports from the external auditor on internal controls and relevant financial reporting matters are presented to the General Manager of the Group's internal audit function and, as appropriate, to the CFO and the finance director or financial controller of the relevant executive management team. These reports are reviewed and the appropriate actions are taken.

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

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

UNITHOLDER RIGHTS AND ENGAGEMENT

Unitholder Rights and Conduct of General Meetings

Principle 11

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

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

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

All Directors, the respective chairperson of Board committees and the representatives from the external auditors attended the Annual General Meeting of the unitholders of HPH Trust ("Annual General Meeting") held on 25 April 2023.

CORPORATE GOVERNANCE REPORT

Voting at all general meetings are conducted by way of poll. Electronic polling was adopted for the Annual General Meeting held on 25 April 2023. Unitholders are informed of the rules of the Annual General Meeting and voting procedures by the electronic polling vendor. Detailed results of the outcome are announced after the meeting via SGXNet.

The Company Secretary prepares minutes of unitholders' meetings. The minutes of the Annual General Meeting held on 25 April 2023 are announced via SGXNet and are available on HPH Trust's corporate website (<https://www.hphtrust.com/download.html>).

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

Engagement with Unitholders

Principle 12

In order to stay attuned to changing expectations of stakeholders, the Group gives high priority to, and actively promotes investor relations and communication with the investment community throughout the year. An Investor Relations Policy, which is available on HPH Trust's corporate website, was adopted by the Board and is subject to regular review to ensure its effectiveness and compliance with the prevailing regulatory and other requirements. Through its CEO and CFO and the Group's Corporate Affairs function, the Group responds to requests for information and queries from the investment community including unitholders, analysts and the media through regular briefing meetings, announcements, conference calls and presentations. In addition, based on the Trust's Investor Relations Policy, unitholders may, at any time, direct questions, request for publicly available information and provide comments and suggestions to Directors or Management of HPH Trust via HPH Trust's Investor Relations team, whose contact details are available from HPH Trust's corporate website.

The Board also provides clear and full information on the Group to unitholders through the publication of notices, announcements, circulars, half-yearly and full-year financial results. The Trustee-Manager does not practise selective disclosures and releases its financial results and other material information to the unitholders of HPH Trust on a timely basis in accordance with the requirements of the SGX-ST Listing Manual, via the SGXNet system. All announcements made on behalf of HPH Trust are also available on HPH Trust's corporate website throughout the year.

All unitholders of HPH Trust will receive a copy of the Annual Report, and Notice of Annual General Meeting of the unitholders annually. Notices of all general meetings of the unitholders will also be advertised in a major newspaper in Singapore and will be made available on the SGX-ST's website.

The 2022 Annual Report and the Notice for Annual General Meeting held on 25 April 2023 were dispatched in accordance with the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (as amended).

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

The Group values feedback from unitholders and other stakeholders on its efforts to promote transparency and foster investor relationships. Further information concerning the Group and its business can be located on corporate website. Comments and suggestions to the Board or HPH Trust are welcome and can be addressed to the Group Corporate Affairs function by mail at 150 Beach Road, #17-03 Gateway West, Singapore 189720 or by email to the Group at ir@hphtrust.com.

CORPORATE GOVERNANCE REPORT

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

Principle 13

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Group are served. For details, please refer to the Sustainability Report and Investor Relations section set out on pages 38 to 97 and page 98 of the Annual Report respectively. Information on the Group is also available at its corporate website (<https://www.hphtrust.com>).

SUSTAINABILITY

Sustainability Governance

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

During the year, Ms. Seah Bee Eng (alias Jennifer Loh) and Mr. Lee Kah Lup were appointed as members of the SC. The SC is currently chaired by Ms. Edith Shih with Dr. Fong Chi Wai, Alex, Ms. Lee Tung Wan, Diana, Ms. Seah Bee Eng (alias Jennifer Loh) and Mr. Lee Kah Lup as members.

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

The SC held two meetings in 2023 with 100% attendance.

NAME OF MEMBER	ATTENDED / ELIGIBLE TO ATTEND
Ms. Edith Shih (Chairperson)	2/2
Dr. Fong Chi Wai, Alex	2/2
Mr. Lee Kah Lup**	N.A./N.A.
Ms. Lee Tung Wan, Diana	2/2
Ms. Seah Bee Eng (alias Jennifer Loh)*	1/1

* Appointed with effect from 26 April 2023

** Appointed with effect from 26 July 2023

During 2023, the SC reviewed and discussed the proposed revision to the target of reducing overall emission intensity, endorsed the 2022 Sustainability Report published in April 2023 and reviewed the sustainability KPIs and related activities, framework of the 2023 sustainability report and 2023 sustainability initiatives of HPH Trust.

CORPORATE GOVERNANCE REPORT

At its meeting in February 2024, the SC reviewed the 2024 sustainability initiatives of HPH Trust and endorsed the 2023 Sustainability Report, which will be published together with the 2023 annual report.

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

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

For other sustainability aspects of the Group, please refer to the Sustainability Report set out on pages 38 to 97 of the Annual Report, which had been reviewed and approved by the SC at its meeting on 7 February 2024.

Legal and Regulatory

The Group is committed to ensuring its businesses are operated in compliance with local and international laws, rules and regulations. The Legal Department has the responsibility of safeguarding the legal interests of the Group. It is responsible for monitoring the day-to-day legal affairs of the Group, including preparing, reviewing and approving all legal documentation of Group companies, working in conjunction with finance, tax, treasury, corporate secretarial and business unit personnel on the review and co-ordination process, and advising the Management on legal and commercial issues of concern. In addition, the Legal Department is also responsible for overseeing regulatory compliance matters of all Group companies. It analyses and monitors the regulatory frameworks within which the Group operates, including reviewing applicable laws and regulations and preparing and submitting responses or filings with relevant regulatory and/or government authorities on regulatory issues and consultations. The department also determines and approves the engagement of external legal advisers, ensuring the requisite professional standards are adhered to as well as most cost effective services are rendered.

DEALING IN SECURITIES

The Trustee-Manager has adopted its own internal compliance code to provide guidance to all officers of the Trustee-Manager with regard to dealings in units of HPH Trust ("Policies on Dealing in Securities") in compliance with Rule 1207(19) of the SGX-ST Listing Manual. Pursuant to the Policies on Dealing in Securities effective for the year 2023, the Directors and officers of the Trustee-Manager and the Group are prohibited from dealing in the Units:

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

The Directors and officers of the Group are also expected not to deal in the units of HPH Trust on short-term considerations and to observe insider-trading laws at all times even when dealing with units of HPH Trust within the permitted trading period.

In response to specific enquiries made, all Directors have confirmed that they have complied with the relevant Policies on Dealing in Securities in their securities transactions throughout their tenure during the year 2023. Key officers may, as requested by the Trustee-Manager, be required to confirm annually that they have complied with and are not in breach of the provisions of the relevant Policies on Dealing in Securities.

CORPORATE GOVERNANCE REPORT

STATEMENT OF POLICIES AND PRACTICES

The Trustee-Manager has established the following policies and practices in relation to its management and governance:

- (a) The trust property of HPH Trust is properly accounted for and the trust property is kept distinct from the property of the Trustee-Manager held in its own capacity. Different bank accounts are maintained for the Trustee-Manager in its capacity as trustee-manager of HPH Trust and the Trustee-Manager in its own capacity, and regular internal reviews are carried out to ascertain that all trust property has been fully accounted for.
- (b) The Management provides regular updates to the Board and the AC about potential projects that it is looking into on behalf of HPH Trust and the Board and the AC ensure that all such projects are within the permitted business scope under the Trust Deed. Prior to the carrying out of any significant business transaction, the Board, the AC and/ or the Management will have careful regard to the provisions of the Trust Deed and when in doubt seek advice from professional advisers.
- (c) The Trustee-Manager is not involved in any other businesses other than managing HPH Trust. All potential conflicts, if they arise, will be identified and reviewed by the Board and the Management. In addition, the majority of the Board are Independent Directors of the Trustee-Manager who do not have management or business relationships with the Trustee-Manager and are independent from any substantial shareholder of the Trustee-Manager and are therefore able to examine independently and objectively, any potential conflicts between the interest of the Trustee-Manager in its own capacity and the interests of all unitholders of HPH Trust. In respect of matters in which a Director has an interest, direct or indirect, such interested Director will abstain from participating in the review and approval process with regard to the matter. There is (i) the Non-Compete Agreement pursuant to which HPH has undertaken not to invest in, develop, operate and manage deep-water container ports in the Guangdong Province, Hong Kong and Macau and HPH Trust has undertaken not to invest in, develop, operate and manage deep-water container ports in any part of the world outside of the Guangdong Province, Hong Kong and Macau, save that HPH may pursue any investment opportunity (including undertaking greenfield port development) declined by HPH Trust; and (ii) the ROFR Agreement pursuant to which (aa) a right of first refusal has been granted by HPH to HPH Trust to acquire a port development project or a developed port falling within the investment mandate of HPH Trust and owned by HPH or its subsidiaries and (bb) a right of first refusal has been granted by the Trustee-Manager as the trustee-manager of HPH Trust to HPH to acquire a port development project or a developed port of HPH Trust, both on terms and conditions contained in the ROFR Agreement. The Trustee-Manager maintains a register of all opportunities/transactions arising from the implementation of the Non-Compete Agreement and the ROFR Agreement. Also, the Trustee-Manager incorporates in its internal audit plan, a review of the implementation of the Non-Compete Agreement and the ROFR Agreement and the AC reviews the internal audit reports at least twice a year to ascertain that the terms of the Non-Compete Agreement and the ROFR Agreement have been complied with.
- (d) The Management identifies interested person transactions in relation to HPH Trust. The Trustee-Manager maintains a register to record all interested person transactions which are entered into by HPH Trust and the bases, including any quotations from unrelated parties obtained to support such bases, on which they are entered into. The Trustee-Manager incorporates into its internal audit plan a review of all interested person transactions entered into by HPH Trust. The AC reviews the internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor interested person transactions have been complied with and conducts an annual review of all such transactions to determine if such transactions have been conducted on normal commercial terms and will not be prejudicial to the interests of HPH Trust and the unitholders. In addition, all such interested person transactions conducted and any contract entered into by the Trustee-Manager on behalf of HPH Trust with a related party of the Trustee-Manager or HPH Trust, shall comply with and be in accordance with all applicable requirements of the SGX-ST Listing Manual and the BTA as well as such other guidelines as may from time to time be prescribed to apply to business trusts.
- (e) The expenses payable to the Trustee-Manager in its capacity as the trustee-manager of HPH Trust out of the Trust property are appropriate and in accordance with the Trust Deed, and regular internal reviews are carried out to ensure such expenses payable are in order. Fees and expenses paid to the Trustee-Manager out of HPH Trust property for the financial year ended 31 December 2023 are disclosed in note 29(i)(f) to the financial statements, on page 186 of the Annual Report.
- (f) The Trustee-Manager has engaged the services of and obtained advice from professional advisers and consultants from time to time, and has complied with the requirements of the BTA and the SGX-ST Listing Manual.

CORPORATE GOVERNANCE
REPORT

INTERESTED PERSON TRANSACTIONS

The aggregate of transactions entered into with interested persons of HPH Trust during the financial year ended 31 December 2023 pursuant to Rule 907 of the SGX-ST Listing Manual are as follows:

Name of Interested Person	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under unitholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under unitholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
		2023 HK\$'000	2022 HK\$'000	2023 and 2022 HK\$'000
(a) Sales of Goods and Services				
CKHH and its subsidiaries and its associates				
- AS Watson Group (HK) Limited (formerly known as A. S. Watson Group (HK) Limited)		2,663	4,081	
- AS Watson Retail (HK) Limited (formerly known as A. S. Watson Retail (HK) Limited)		9,184	77,817	
- Hong Kong Air Cargo Terminals Limited		-	3,985	
- Hutchison Logistics Limited - F.Z.E.		-	2,709	NIL
- Hutchison Logistics (UK) Limited		1,603	7,000	
- Hutchison Port Holdings Limited		43,283	43,498	
- Hutchison Telephone Company Limited		2,691	654	
- PARKnSHOP (HK) Limited		10,224	10,167	
- Watson's Water (HK) Limited		1,704	1,255	
(b) Purchases				
CKHH and its subsidiaries and its associates				
- Bigboxx.com Limited	CKHH is the controlling unitholder of HPH Trust and controlling shareholder of the Trustee-Manager	-	638	
- CKHH		1,000	-	
- HPH Corporate Services Limited		2,847	9,216	
- HUD General Engineering Services Limited		3,375	5,337	
- Hutchison International Limited		5,528	9,198	
- Hutchison Logistics (Shanghai) Limited		1,061	3,727	
- Hutchison Logistics Centre Management Limited		5,498	5,529	
- Hutchison Port Holdings Limited		161,322	146,041	NIL
- Hutchison Ports nGen Services Limited		14,864	13,256	
- Hutchison Telecommunications (Hong Kong) Limited		944	2,395	
- Hutchison Telephone Company Limited		2,841	-	
- Hutchison Travel Limited		1,278	-	
- South Asia Pakistan Terminals Limited		3,903	3,203	
- Whampoa Property Management Limited		1,184	1,102	
(c) Management Fee Expenses				
CKHH and its subsidiaries and its associates				
- Hutchison Port Holdings Management Pte. Limited		57,865	30,967	NIL
Total		334,862	381,775	

CORPORATE GOVERNANCE REPORT

MATERIAL CONTRACTS

There are no material contracts between HPH Trust and its subsidiaries involving the interests of the CEO, each Director or controlling unitholder¹ of HPH Trust, either still subsisting at the end of the financial year ended 31 December 2023, or if not then subsisting, entered into since the end of the previous financial year, other than, where applicable:

- (a) as disclosed on pages 305 to 330 of the IPO Prospectus²;
- (b) as disclosed in note 29 to the financial statements of the Annual Report; and
- (c) interested person transactions as listed in the Interested Person Transactions section of the Annual Report.

1 "Controlling unitholder" refers to a person with an interest in the units of HPH Trust consisting not less than 15% of all outstanding units

2 The Prospectus dated 7 March 2011 and registered with the Monetary Authority of Singapore on 7 March 2011

SUMMARY OF DISCLOSURES

Summary of Disclosures of Code of Corporate Governance 2018 (“Code”)

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

Board Matters	Remuneration Matters	Unitholder Rights and Engagement
<p>The Board’s Conduct of Affairs</p> <p>Principle 1</p> <p>Provision 1.1 Page 99</p> <p>Provision 1.2 Pages 100 to 103</p> <p>Provision 1.3 Page 100</p> <p>Provision 1.4 Pages 100, 108, 109, 110, 111, 112, 117, 118, 119, 120, 122 and 123</p> <p>Provision 1.5 Pages 100, 101, 109, 111, 117 and 122</p> <p>Provision 1.6 Pages 101 to 102</p> <p>Provision 1.7 Pages 101 and 103</p> <p>Board Composition and Guidance</p> <p>Principle 2</p> <p>Provision 2.1 Pages 104 to 105</p> <p>Provision 2.2 Pages 103, 105 and 106</p> <p>Provision 2.3 Pages 103, 105 and 106</p> <p>Provision 2.4 Pages 103, 105, 106 and 107</p> <p>Provision 2.5 Page 107</p> <p>Chairman and Chief Executive Officer</p> <p>Principle 3</p> <p>Provision 3.1 Page 108</p> <p>Provision 3.2 Page 108</p> <p>Provision 3.3 Page 108</p> <p>Board Membership</p> <p>Principle 4</p> <p>Provision 4.1 Pages 108 and 109</p> <p>Provision 4.2 Page 108</p> <p>Provision 4.3 Pages 109 and 110</p> <p>Provision 4.4 Pages 104 to 105</p> <p>Provision 4.5 Pages 28 to 32, 101 and 110</p> <p>Board Performance</p> <p>Principle 5</p> <p>Provision 5.1 Page 111</p> <p>Provision 5.2 Page 111</p>	<p>Procedures for Developing Remuneration Policies</p> <p>Principle 6</p> <p>Provision 6.1 Page 111</p> <p>Provision 6.2 Page 111</p> <p>Provision 6.3 Page 111</p> <p>Provision 6.4 Page 112</p> <p>Level and Mix of Remuneration</p> <p>Principle 7</p> <p>Provision 7.1 Page 112</p> <p>Provision 7.2 Pages 111 and 112</p> <p>Provision 7.3 Pages 111, 112 and 114</p> <p>Disclosure on Remuneration</p> <p>Principle 8</p> <p>Provision 8.1 Pages 111 to 114</p> <p>Provision 8.2 Page 114</p> <p>Provision 8.3 Pages 112 to 114</p> <p style="background-color: black; color: white; text-align: center;">Accountability and Audit</p> <p>Risk Management and Internal Controls</p> <p>Principle 9</p> <p>Provision 9.1 Pages 114 to 115</p> <p>Provision 9.2 Page 116</p> <p>Audit Committee</p> <p>Principle 10</p> <p>Provision 10.1 Pages 117 to 120</p> <p>Provision 10.2 Page 117</p> <p>Provision 10.3 Page 118</p> <p>Provision 10.4 Pages 119 to 120</p> <p>Provision 10.5 Page 117</p>	<p>Unitholder Rights and Conduct of General Meetings</p> <p>Principle 11</p> <p>Provision 11.1 Pages 120 and 121</p> <p>Provision 11.2 Page 120</p> <p>Provision 11.3 Page 120</p> <p>Provision 11.4 Page 120</p> <p>Provision 11.5 Page 121</p> <p>Provision 11.6 Page 121</p> <p>Engagement with Unitholders</p> <p>Principle 12</p> <p>Provision 12.1 Page 121</p> <p>Provision 12.2 Page 121</p> <p>Provision 12.3 Page 121</p> <p style="background-color: black; color: white; text-align: center;">Managing Stakeholders Relationships</p> <p>Engagement with Stakeholders</p> <p>Principle 13</p> <p>Provision 13.1 Pages 38 to 97, 98, and 122</p> <p>Provision 13.2 Pages 38 to 97, 98, and 122</p> <p>Provision 13.3 Pages 38 to 97, 98, and 122</p>

FINANCIAL CONTENTS

129	REPORT OF THE TRUSTEE-MANAGER
132	STATEMENT BY THE TRUSTEE-MANAGER
133	STATEMENT BY THE CHIEF EXECUTIVE OFFICER
134	INDEPENDENT AUDITOR'S REPORT
139	CONSOLIDATED INCOME STATEMENT
140	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
141	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
142	STATEMENT OF FINANCIAL POSITION OF HUTCHISON PORT HOLDINGS TRUST
143	CONSOLIDATED STATEMENT OF CASH FLOWS
144	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
146	STATEMENT OF CHANGES IN EQUITY OF HUTCHISON PORT HOLDINGS TRUST
147	NOTES TO THE FINANCIAL STATEMENTS

REPORT OF THE TRUSTEE-MANAGER

The directors of Hutchison Port Holdings Management Pte. Limited, the trustee-manager of Hutchison Port Holdings Trust (“HPH Trust” or the “Trust” and the trustee-manager of HPH Trust, the “Trustee-Manager”) present their report to the unitholders of the Trust together with the audited financial statements of the Trust and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2023.

Directors

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

Mr. Fok Kin Ning, Canning (Chairman)	
Ms. Edith Shih	
Mr. Ip Sing Chi	
Ms. Lee Tung Wan, Diana	
Professor Chan Fan-cheong, Tony	(appointed with effect from 26 April 2023)
Dr. Fong Chi Wai, Alex	
Mr. Lee Kah Lup	(appointed with effect from 26 July 2023)
Ms. Seah Bee Eng (alias Jennifer Loh)	(appointed with effect from 26 April 2023)
Mr. Wong Kwai Lam	

Mrs. Sng Sow-Mei (alias Poon Sow Mei) and Mr. Graeme Allan Jack were directors of the Trustee-Manager during the year up to their resignations which took effect from 26 April 2023. Mr. Chan Tze Leung, Robert was a director of the Trustee-Manager during the year up to his resignation which took effect from 26 July 2023.

Arrangements to enable directors to acquire units and debentures

Neither at the end of nor at any time during the year was the Trustee-Manager a party to any arrangement whose object was to enable the directors of the Trustee-Manager to acquire benefits by means of the acquisition of units in, or debentures of, the Trust.

Directors’ interests in units or debentures

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

	Holdings registered in name of director		Holdings in which a director is deemed to have an interest	
	At 31.12.2023	At 1.1.2023	At 31.12.2023	At 1.1.2023
Number of units held by:				
Mr. Fok Kin Ning, Canning	–	–	676,000	676,000
Ms. Edith Shih	–	–	626,440	626,440
Mr. Ip Sing Chi	–	–	–	–
Ms. Lee Tung Wan, Diana	–	–	–	–
Professor Chan Fan-cheong, Tony ⁽¹⁾	–	N.A.	–	N.A.
Dr. Fong Chi Wai, Alex	–	–	–	–
Mr. Lee Kah Lup ⁽²⁾	–	N.A.	–	N.A.
Ms. Seah Bee Eng (alias Jennifer Loh) ⁽¹⁾	–	N.A.	–	N.A.
Mr. Wong Kwai Lam	–	–	–	–

(1) Denotes unitholding at the date of appointment (26 April 2023) and end of the year

(2) Denotes unitholding at the date of appointment (26 July 2023) and end of the year

There were no changes in any of the above mentioned interests in the Trust between the end of the financial year and 21 January 2024.

REPORT OF THE TRUSTEE-MANAGER

Options

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

No units have been issued during the year by virtue of the exercise of options to take up unissued units of the Trust.

There were no unissued units of the Trust under option at the end of the year.

Audit Committee

The members of the audit committee of the Trustee-Manager (the "Audit Committee") during the year, at the end of the year and at the date of this report were as follows:

Mr. Wong Kwai Lam (Chairman)	(appointed with effect from 26 April 2023)
Professor Chan Fan-cheong, Tony	(appointed with effect from 26 April 2023)
Ms. Seah Bee Eng (alias Jennifer Loh)	(appointed with effect from 26 April 2023)
Mr. Graeme Allan Jack	(resigned with effect from 26 April 2023)
Mrs. Sng Sow-Mei (alias Poon Sow Mei)	(resigned with effect from 26 April 2023)
Mr. Chan Tze Leung, Robert	(resigned with effect from 26 July 2023)

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

The Audit Committee carried out its functions in accordance with its terms of reference and the relevant regulations including Regulation 13(6) of the Business Trusts Regulations. During the year ended 31 December 2023, the Audit Committee has, among others, reviewed:

- the scope and the results of internal audit procedures with the internal auditor of the Trustee-Manager;
- with the independent auditor of the Trust, the audit plan of the Trust and the independent auditor's report in relation to significant accounting, tax and internal control matters of the Trust arising from the statutory audit;
- the assistance given by the officers of the Trustee-Manager to the independent auditor; and
- the statement of financial position and statement of changes in equity of the Trust and the consolidated financial statements of the Group for the year ended 31 December 2023 before their submission to the Board of Directors of the Trustee-Manager (the "Board"), as well as the independent auditor's report on the statement of financial position and statement of changes in equity of the Trust and the consolidated financial statements of the Group.

The Audit Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment as the auditor of the Trust at the forthcoming Annual General Meeting of the unitholders.

Board Opinion on the Adequacy of Internal Controls

The Board, through the Audit Committee, has conducted a review of the adequacy and effectiveness of the Group's systems of internal controls (including financial, operational, compliance and information technology controls) and risk management systems for the year ended 31 December 2023, and is of the opinion that the Group's internal control and risk management systems addressing material financial, operational, compliance and information technology risks are adequate and effective to meet the needs of the Group in its current business environment as at 31 December 2023. The Board notes that the system of risk management and internal controls established by Management provides reasonable assurance that the Group, as it strives to achieve its business objectives, will not be significantly affected by any event that can be reasonably foreseen or anticipated. However, the Board also notes that no system of risk management and internal controls can provide absolute assurance in this regard, or absolute assurance against poor judgement in decision-making, human error, losses, fraud or other irregularities.

REPORT OF THE
TRUSTEE-MANAGER

Independent auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

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

Ip Sing Chi
Director

7 February 2024

Lee Tung Wan, Diana
Director

STATEMENT BY THE TRUSTEE-MANAGER

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

- (a) the financial records of the Group for the financial year have been properly maintained and the financial statements give a true and fair view of the operations and finances of the Group for the year ended 31 December 2023;
- (b) the consolidated income statement and consolidated statement of comprehensive income set out in the financial statements on pages 139 and 140 are drawn up so as to give a true and fair view of the results of the business of the Group for the year ended 31 December 2023;
- (c) the statements of financial position set out on pages 141 and 142 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Trust at 31 December 2023;
- (d) the statements of changes in equity set out on pages 144 to 146 are drawn up so as to give a true and fair view of the changes in equity of the Group and of the Trust for the year ended 31 December 2023;
- (e) the consolidated statement of cash flows set out on page 143 is drawn up so as to give a true and fair view of the cash flows of the Group for the year ended 31 December 2023; and
- (f) at the date of this statement, there are reasonable grounds to believe that the Trustee-Manager will be able to fulfill, out of the Trust's property, the Trust's debts as and when they fall due.

In accordance with Section 86(2) of the Business Trusts Act 2004 of Singapore, we further certify:

- (a) the fees or charges paid or payable out of the trust property of the Trust to the Trustee-Manager are in accordance with the Deed of Trust dated 25 February 2011 (as amended and supplemented by the first supplemental deed dated 28 April 2014 and the second supplemental deed dated 8 June 2020) constituting the Trust;
- (b) the interested person transactions entered into by the Group during the year are not detrimental to the interests of all the unitholders of the Trust as a whole based on the circumstances at the time of the relevant transactions; and
- (c) the Board of Directors of the Trustee-Manager is not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of the Trust or on the interests of all the unitholders of the Trust as a whole.

The Board of Directors has, on the date of this statement, authorised the above statements and the financial statements of the Group as at and for the year ended 31 December 2023 for issue.

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

Ip Sing Chi
Director

Lee Tung Wan, Diana
Director

7 February 2024

STATEMENT BY THE **CHIEF EXECUTIVE OFFICER**

In accordance with Section 86(3) of the Business Trusts Act 2004 of Singapore, I certify that I am not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of the Trust or on the interests of all the unitholders of the Trust as a whole.

Ivor Chow

Chief Executive Officer

7 February 2024

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 ("the Trust") and its subsidiaries ("the Group") and the statement of financial position of the Trust are properly drawn up in accordance with the provisions of the Singapore Business Trusts Act 2004 ("the Act") and Hong Kong Financial Reporting Standards ("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 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Trust for the financial year ended on that date.

What we have audited

The financial statements of the Trust and the Group comprise:

- the consolidated income statement of the Group for the year ended 31 December 2023;
- 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 2023;
- the statement of financial position of the Trust as at 31 December 2023;
- 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, comprising material accounting policy information and other explanatory information.

Basis for Opinion

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

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

Independence

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

Our Audit Approach

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

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Hutchison Port Holdings Trust

Our Audit Approach (Continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2023. 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 whenever there is an indication of impairment, while 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>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>Based on the results of these impairment assessments conducted by the Group, the Group determined that no additional impairment is required on the goodwill and other operating assets, other than the previously provided goodwill impairment amount of HK\$30.4 billion.</p> <p>The significant assumptions are disclosed in note 14(b) to the financial statements.</p>	<p>We have performed the following procedures to evaluate the Group's impairment assessments:</p> <ul style="list-style-type: none"> ● Understanding the management's assessment process of impairment of goodwill and other operating assets and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgements involved in determining the assumptions to be applied; ● Assessed the appropriateness of the valuation methodology used; ● Assessed the reasonableness of key assumptions based on our knowledge of the business and industry and with the involvement of our valuation specialists; ● Considered the potential impact of reasonably possible changes on the key assumptions; and ● Tested source data to supporting evidence on a sample basis, such as approved budgets and available market data and considered the reasonableness of these budgets. <p>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

Our Audit Approach (Continued)

Key Audit Matters (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 2023, revenue from container handling services amounting to HK\$10,053 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 rate applied. If the actual rate differs from the estimated rate applied, this will have an impact on the accuracy of revenue recognised in the current year and accrued as at year end.</p>	<p>We have performed the following procedures in relation to the accuracy of net 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. ● Checked to bank advices or credit notes on a sample basis for the net settlement and reviewed aged items for any disputed amounts. <p>We found the judgement made by management in estimating tariff in the revenue recognised and accrued to be supportable and reasonable based on available evidence.</p>

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.

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Hutchison Port Holdings Trust

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 the Trustee-Manager either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustee-Manager.
- Conclude on the appropriateness of the Trustee-Manager'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.

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Hutchison Port Holdings Trust

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

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Trustee-Manager have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Debra Ann Ker.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 7 February 2024

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2023

	Note	2023 HK\$'000	2022 HK\$'000
Revenue and other income	4(a)	10,635,522	12,166,251
Cost of services rendered		(3,624,818)	(4,174,560)
Staff costs		(258,355)	(265,661)
Depreciation and amortisation		(2,894,820)	(3,003,976)
Other operating income		67,418	146,167
Other operating expenses		(604,824)	(587,283)
Total operating expenses		<u>(7,315,399)</u>	<u>(7,885,313)</u>
Operating profit	5	3,320,123	4,280,938
Interest and other finance costs	6	(872,022)	(673,345)
Share of net losses after tax of associated companies		(84,727)	(81,423)
Share of net (losses)/profits after tax of joint ventures		(35,298)	74,730
Profit before tax		<u>2,328,076</u>	<u>3,600,900</u>
Tax	7	(846,591)	(1,081,199)
Profit for the year		<u>1,481,485</u>	<u>2,519,701</u>
Allocated as: Profit attributable to non-controlling interests		<u>(1,248,025)</u>	<u>(1,420,667)</u>
Profit attributable to unitholders of HPH Trust	9	<u>233,460</u>	<u>1,099,034</u>
		HK cents	HK cents
Earnings per unit attributable to unitholders of HPH Trust	9	<u>2.68</u>	<u>12.62</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	2023 HK\$'000	2022 HK\$'000
Profit for the year	1,481,485	2,519,701
Other comprehensive income/(loss):		
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit plans	23,365	(138,037)
Investments		
Valuation losses taken to reserves	(36,914)	(12,341)
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 (losses)/gains recognised directly in reserves	(120,719)	339,490
Costs of hedging		
Changes in fair value of currency basis spread	2,495	774
Share of other comprehensive loss of associated companies	(4,588)	(25,488)
Share of other comprehensive loss of joint ventures	(42,086)	(65,875)
Currency translation differences	(108,915)	(473,051)
Total other comprehensive loss for the year	(287,362)	(374,528)
Total comprehensive income for the year	1,194,123	2,145,173
Allocated as: Attributable to non-controlling interests	(1,195,990)	(1,181,801)
Attributable to unitholders of HPH Trust	(1,867)	963,372

Note:

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	Note	2023 HK\$'000	2022 HK\$'000
ASSETS			
Non-current assets			
Fixed assets	10	19,622,016	20,357,742
Projects under development	11	664,194	762,911
Leasehold land and land use rights	12	31,858,286	33,178,968
Railway usage rights	13	8,658	9,400
Customer relationships	14(a)	4,164,948	4,499,154
Goodwill	14(b)	11,270,044	11,270,044
Associated companies	15	778,848	204,026
Joint ventures	16	3,808,234	3,957,599
Other non-current assets	17	466,859	685,042
Pension assets	23	131,938	123,213
Deferred tax assets	18	14,630	5,059
		<u>72,788,655</u>	<u>75,053,158</u>
Current assets			
Cash and bank balances	19	8,194,864	10,395,168
Trade and other receivables	20	3,021,181	3,118,233
Inventories		75,956	79,609
		<u>11,292,001</u>	<u>13,593,010</u>
Current liabilities			
Trade and other payables	21	6,275,962	6,014,844
Bank and other debts	22	4,774,820	5,067,659
Current tax liabilities		286,613	308,015
		<u>11,337,395</u>	<u>11,390,518</u>
Net current (liabilities)/assets		<u>(45,394)</u>	<u>2,202,492</u>
Total assets less current liabilities		<u>72,743,261</u>	<u>77,255,650</u>
Non-current liabilities			
Bank and other debts	22	20,870,364	21,971,912
Deferred tax liabilities	18	8,410,618	8,883,533
Other non-current liabilities	24	107,237	123,459
		<u>29,388,219</u>	<u>30,978,904</u>
Net assets		<u>43,355,042</u>	<u>46,276,746</u>
EQUITY			
Units in issue	25	68,553,839	68,553,839
Reserves		(42,924,633)	(41,746,767)
Net assets attributable to unitholders of HPH Trust		<u>25,629,206</u>	<u>26,807,072</u>
Non-controlling interests		17,725,836	19,469,674
Total equity		<u>43,355,042</u>	<u>46,276,746</u>

STATEMENT OF FINANCIAL POSITION OF HUTCHISON PORT HOLDINGS TRUST

At 31 December 2023

	Note	2023 HK\$'000	2022 HK\$'000
ASSETS			
Non-current asset			
Investment in a subsidiary company	26	20,430,673	21,666,672
Current assets			
Cash and bank balances	19	2,919	5,049
Trade and other receivables	20	1,427	1,014
		4,346	6,063
Current liability			
Trade and other payables	21	31,646	41,153
Net current liabilities		(27,300)	(35,090)
Total assets less current liabilities		20,403,373	21,631,582
EQUITY			
Units in issue	25	68,553,839	68,553,839
Reserves		(48,150,466)	(46,922,257)
Total equity		20,403,373	21,631,582

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Note	2023 HK\$'000	2022 HK\$'000
Operating activities			
Cash generated from operations	27(a)	6,049,892	8,067,306
Interest and other finance costs paid		(840,678)	(644,959)
Tax paid		(1,349,798)	(1,572,662)
Net cash from operating activities		3,859,416	5,849,685
Investing activities			
Investment in a joint venture		-	(1,170,853)
Loan to an associated company		(1,470,950)	(407,400)
Purchase of fixed assets and projects under development		(489,874)	(511,344)
(Payment)/proceeds on disposal of fixed assets		(4,116)	978
Dividends received from investments		21,902	19,034
Dividends received from an associated company and joint ventures		77,810	114,423
Interest received		365,438	136,781
Repayment of loans by an associated company and a joint venture		1,011,200	524,800
Net cash used in investing activities		(488,590)	(1,293,581)
Financing activities			
New borrowings		4,415,500	5,273,500
Repayment of borrowings		(5,875,000)	(7,198,000)
Principal elements of lease payments		(11,294)	(14,381)
Distributions to unitholders of HPH Trust		(1,175,999)	(1,263,110)
Dividends to non-controlling interests		(2,924,337)	(2,006,952)
Net cash used in financing activities		(5,571,130)	(5,208,943)
Net changes in cash and cash equivalents		(2,200,304)	(652,839)
Cash and cash equivalents at beginning of the year		10,395,168	11,048,007
Cash and cash equivalents at end of the year	19	8,194,864	10,395,168

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	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 2023	68,553,839	(256,905)	(309,407)	314,682	(2,495)	458,621	(41,951,263)	26,807,072	19,469,674	46,276,746
Profit for the year	-	-	-	-	-	-	233,460	233,460	1,248,025	1,481,485
Other comprehensive income/(loss):										
Remeasurement of defined benefit plans	-	-	-	-	-	23,365	-	23,365	-	23,365
Investments:										
Valuation losses taken to reserves	-	-	(36,914)	-	-	-	-	(36,914)	-	(36,914)
Cash flow hedges arising from cross currency interest rate swap contracts and interest rate swap contracts:										
Fair value losses recognised directly in reserves	-	-	-	(120,719)	-	-	-	(120,719)	-	(120,719)
Costs of hedging:										
Changes in fair value of currency basis spread	-	-	-	-	2,495	-	-	2,495	-	2,495
Share of other comprehensive loss of associated companies	-	(3,713)	-	-	-	-	-	(3,713)	(875)	(4,588)
Share of other comprehensive loss of joint ventures	-	(33,815)	208	-	-	-	-	(33,607)	(8,479)	(42,086)
Currency translation differences	-	(66,234)	-	-	-	-	-	(66,234)	(42,681)	(108,915)
Total other comprehensive loss	-	(103,762)	(36,706)	(120,719)	2,495	23,365	-	(235,327)	(52,035)	(287,362)
Total comprehensive income	-	(103,762)	(36,706)	(120,719)	2,495	23,365	233,460	(1,867)	1,195,990	1,194,123
Transferred to/(from) reserve	-	360	-	-	-	-	(360)	-	-	-
Transactions with owners:										
Distributions	-	-	-	-	-	-	(1,175,999)	(1,175,999)	-	(1,175,999)
Dividends	-	-	-	-	-	-	-	-	(2,939,828)	(2,939,828)
At 31 December 2023	68,553,839	(360,307)	(346,113)	193,963	-	481,986	(42,894,162)	25,629,206	17,725,836	43,355,042

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	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 year	-	-	-	-	-	-	1,099,034	1,099,034	1,420,667	2,519,701
Other comprehensive (loss)/income:										
Remeasurement of defined benefit plans	-	-	-	-	-	(138,037)	-	(138,037)	-	(138,037)
Investments:										
Valuation losses taken to reserves	-	-	(12,341)	-	-	-	-	(12,341)	-	(12,341)
Cash flow hedges arising from cross currency interest rate swap contracts and interest rate swap contracts:										
Fair value gains recognised directly in reserves	-	-	-	339,490	-	-	-	339,490	-	339,490
Costs of hedging:										
Changes in fair value of currency basis spread	-	-	-	-	774	-	-	774	-	774
Share of other comprehensive loss of associated companies	-	(17,001)	-	-	-	-	-	(17,001)	(8,487)	(25,488)
Share of other comprehensive loss of joint ventures	-	(53,047)	395	-	-	-	-	(52,652)	(13,223)	(65,875)
Currency translation differences	-	(255,895)	-	-	-	-	-	(255,895)	(217,156)	(473,051)
Total other comprehensive loss	-	(325,943)	(11,946)	339,490	774	(138,037)	-	(135,662)	(238,866)	(374,528)
Total comprehensive income	-	(325,943)	(11,946)	339,490	774	(138,037)	1,099,034	963,372	1,181,801	2,145,173
Transferred (from)/to reserve	-	(581)	-	-	-	-	581	-	-	-
Transactions with owners:										
Distributions	-	-	-	-	-	-	(1,263,110)	(1,263,110)	-	(1,263,110)
Dividends	-	-	-	-	-	-	-	-	(2,004,440)	(2,004,440)
At 31 December 2022	68,553,839	(256,905)	(309,407)	314,682	(2,495)	458,621	(41,951,263)	26,807,072	19,469,674	46,276,746

STATEMENT OF CHANGES IN EQUITY OF HUTCHISON PORT HOLDINGS TRUST

For the year ended 31 December 2023

	Units in issue HK\$'000	Accumulated losses HK\$'000	Attributable to unitholders HK\$'000
Trust			
At 1 January 2023	68,553,839	(46,922,257)	21,631,582
Loss and total comprehensive loss for the year	-	(52,210)	(52,210)
Transactions with owners:			
Distributions	-	(1,175,999)	(1,175,999)
At 31 December 2023	68,553,839	(48,150,466)	20,403,373
At 1 January 2022	68,553,839	(45,601,462)	22,952,377
Loss and total comprehensive loss for the year	-	(57,685)	(57,685)
Transactions with owners:			
Distributions	-	(1,263,110)	(1,263,110)
At 31 December 2022	68,553,839	(46,922,257)	21,631,582

NOTES TO THE 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 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, feeder, freight-forwarding, supply chain management, warehousing and distribution services.

2 Basis of preparation and material accounting policies

The consolidated financial statements of HPH Trust and its subsidiaries (together the “Group”), have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The financial statements have been prepared under the historical cost convention except for investments and derivative financial instruments which are stated at fair value, as explained in the material accounting policies set out in Note 2.

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

At 31 December 2023, Hutchison Port Holdings Trust and its subsidiaries (the “Group”) recorded net current liabilities of HK\$45.4 million, mainly resulting from guaranteed notes of US\$0.5 billion (approximately to HK\$3.9 billion), which will mature in November 2024. 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, these consolidated financial statements have been prepared on a going concern basis.

The preparation of financial statements in conformity with HKFRS requires management to exercise its judgements in the process of applying the accounting policies of the Group. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgements or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

NOTES TO THE FINANCIAL STATEMENTS

2 Basis of preparation and material accounting policies (Continued)

Adoption of standards and amendments to existing standards

The Group has adopted all of the new and revised standards and amendments issued by the HKICPA that are relevant to the Group's operations and mandatory for annual period beginning 1 January 2023. The effect of the adoption of these new and revised standards and amendments was not material to the Group's results or financial position.

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
HKFRS 17	Insurance Contracts
Amendments to HKFRS 17	Insurance Contracts
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information

Amendments and interpretations which are not yet effective

At the date of authorisation of the financial statements, the following amendments and interpretations 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
Amendments to HKAS 1 ⁽¹⁾	Non-current Liabilities with Covenants
Amendments to HKFRS 16 ⁽¹⁾	Lease Liability in a Sale and Leaseback
Hong Kong Interpretation 5 (2020) ⁽¹⁾	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7 ⁽¹⁾	Supplier Finance Arrangements
Amendments to HKAS 21 ⁽²⁾	Lack of Exchangeability
Amendments to HKFRS 10 and HKAS 28 ⁽³⁾	Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture

(1) Effective for annual periods beginning 1 January 2024

(2) Effective for annual periods beginning 1 January 2025

(3) New effective date to be determined

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

NOTES TO THE FINANCIAL STATEMENTS

2 Basis of preparation and material accounting policies (Continued)

(a) Basis of consolidation

The consolidated financial statements of the Group for the year ended 31 December 2023 include all its direct and indirect subsidiary companies and also incorporate the interest in associated companies, joint operations and joint ventures on the basis set out in Notes 2(c) and 2(d) below. Results of subsidiary companies, associated companies and joint ventures acquired or disposed of during the year are included as from their effective dates of acquisition to 31 December 2023 or up to the dates of disposal as the case may be. The acquisition of subsidiary companies is accounted for using the acquisition method.

(b) Subsidiary companies

A subsidiary company is an entity over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. In the unconsolidated financial statements of the holding company, investments in subsidiary companies are carried at cost less provision for impairment in value.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of subsidiary companies are the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On the acquisition by acquisition basis, the Group recognises a non-controlling interest in the acquiree either at fair value or at non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

(c) Associated companies

An associated company is an entity, other than a subsidiary company or a joint venture, in which the Group has a long-term equity interest (including long-term interests which form part of the net investment) and over which the Group is in a position to exercise significant influence over its management, which includes participation in the financial and operating policy decisions.

The results and assets and liabilities of associated companies are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under HKFRS 5 "Non-current assets held for sale and discontinued operations". The total carrying amount of such investments is reduced to recognise any identified impairment loss in the value of individual investments.

NOTES TO THE FINANCIAL STATEMENTS

2 Basis of preparation and material accounting policies (Continued)

(d) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control and over which none of the participating parties has unilateral control.

Investments in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations each investor has. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement.

The results and net assets of joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under HKFRS 5 "Non-current assets held for sale and discontinued operations". The total carrying amount of such investments is reduced to recognise any identified impairment loss in the value of individual investments.

(e) Fixed assets

Fixed assets are stated at cost less depreciation and any impairment loss. Properties comprise buildings and civil works. Buildings and civil works are depreciated on the basis of an expected life of 50 years, or the remainder thereof, or over the remaining period of the lease of the underlying leasehold land and land use rights, whichever is lesser. The period of the lease includes the period for which a right of renewal is attached. Other assets comprise motor vehicles, computer equipment and other fixed assets.

Depreciation of fixed assets other than properties is provided at rates calculated to write off their costs to their residual values over their estimated useful lives on a straight line basis as follows:

Container handling equipment	10 - 30 years
Barges	15 years
Motor vehicles	5 years
Computer equipment	5 years
Other fixed assets	5 - 25 years

The gain or loss on disposal or retirement of a fixed asset is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the income statement.

(f) Projects under development

Projects under development are carried at cost and include project development expenditure and capitalised interest on related loans incurred up to the date of completion. On completion, projects under development are transferred to fixed assets.

(g) Leasehold land and land use rights

The acquisition costs and upfront payments made for leasehold land and land use rights are presented on the statement of financial position as leasehold land and land use rights. The prepaid lease payments are right-of-use assets. The balances are expensed in the income statement on a straight-line basis over the period of the lease/ rights.

(h) Customer relationships

Customer relationships, which are acquired in a business combination, are recognised at fair value at the acquisition date. Customer relationships are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the customer relationships, ranging from approximately 23 to 33 years.

NOTES TO THE FINANCIAL STATEMENTS

2 Basis of preparation and material accounting policies (Continued)

(i) Goodwill

Goodwill is initially measured at cost being excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed. Goodwill on acquisition of a foreign operation is treated as an asset of the foreign operation.

Goodwill is subject to impairment test annually and when there are indications that the carrying value may not be recoverable. If the cost of acquisition is less than the fair value of the Group's share of the net identifiable assets of the acquired company, the difference is recognised directly in the income statement.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

The profit or loss on disposal is calculated by reference to the net assets at the date of disposal including the attributable amount of goodwill but does not include any attributable goodwill previously eliminated against reserves.

(j) Railway usage rights

Railway usage rights are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line basis over the period of operation of approximately 45 years.

(k) Current and deferred tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the group companies operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided in full, using the liabilities method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

NOTES TO THE
FINANCIAL STATEMENTS**2 Basis of preparation and material accounting policies (Continued)****(l) Investments**

Investments (other than investments in subsidiary companies, associated companies or joint ventures) are non-derivative equity financial investments which are measured at fair value. Management is eligible to make an irrevocable election, on an instrument-by-instrument basis, on equity investments other than those held for trading, to present changes in fair value through profit or loss or fair value through other comprehensive income ("FVOCI"). The Group has elected to measure as FVOCI, to which any fair value gains or losses accumulated in the revaluation reserve account will no longer be reclassified to profit or loss following the derecognition of such investment. Dividends from investments continued to be recognised as other operating income in the income statement when the right to receive payment is established. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value.

(m) Financial assets at amortised cost

Financial assets at amortised cost are debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets at amortised cost and are subsequently measured at amortised cost less impairment. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement based on expected credit loss ("ECL") model. Interest income using the effective interest method is recognised in the income statement.

(n) Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement based on lifetime ECL.

(o) Inventories

Inventories consist mainly of replacement parts and are stated at the lower of cost and net realisable value. Cost is calculated on the weighted average basis.

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits with maturity less than three months, and bank overdrafts, excluding secured bank balances, if any.

(q) Borrowings and borrowing costs

The borrowings are initially measured at fair value, net of transaction costs, and are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the period of the borrowings using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

(r) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

2 Basis of preparation and material accounting policies (Continued)

(s) Provisions

Provisions are recognised when it is probable that an outflow of economic benefits will be required to settle a present obligation as a result of past events and a reliable estimate can be made of the amount of the obligation.

(t) Asset impairment

Impairment of financial assets

The Group applies the ECL model to assess impairment of financial assets classified at amortised cost and debt instruments measured at FVOCI. The impairment methodology to be applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires lifetime expected losses for amounts due from customers to be recognised from initial recognition of the trade receivables.

As debt instruments at amortised cost are considered to have low credit risk, the impairment provision applied is to recognise 12-month ECL.

Impairment of other assets

Assets that have an indefinite useful life are tested for impairment annually and when there is indication that they may be impaired. Assets that are subject to depreciation and amortisation are reviewed for impairment to determine whether there is any indication that the carrying values of these assets may not be recoverable and have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. Such impairment loss is recognised in income statement except where the asset is carried at valuation and the impairment loss does not exceed the revaluation surplus for that asset, in which case it is treated as a revaluation decrease and is recognised in other comprehensive income.

(u) Derivative financial instruments and hedging activities

Derivative financial instruments are utilised by the Group in the management of its foreign currency and interest rate exposures. The Group's policy is not to utilise derivative financial instruments for trading or speculative purposes. Derivative financial instruments are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates. Changes in fair value are recognised based on whether certain qualifying criteria under HKFRS 9 are satisfied in order to apply hedge accounting, and if so, the nature of the items being hedged.

The Group documents at the inception of the hedging transaction the economic relationship between hedging instruments and hedged items including whether the hedging instrument is expected to offset changes in cash flows of hedged items. The group documents its risk management objective and strategy for undertaking various hedge transactions at the inception of each hedge relationship.

Derivatives designated as hedging instruments to hedge the fair value of recognised assets or liabilities may qualify as fair value hedges. The Group mainly enters into interest rate swap contracts to swap certain fixed interest rate borrowings into floating interest rate borrowings. Changes in the fair value of these derivative contracts, together with the changes in the fair value of the hedged assets or liabilities attributable to the hedged risk are recognised in the income statement. At the same time, the carrying amount of the hedged asset or liability in the statement of financial position is adjusted for the changes in fair value.

NOTES TO THE FINANCIAL STATEMENTS

2 Basis of preparation and material accounting policies (Continued)

(u) Derivative financial instruments and hedging activities (Continued)

Derivatives designated as hedging instruments to hedge against the cash flows attributable to recognised assets or liabilities may qualify as cash flow hedges. The Group mainly enters into (i) cross currency interest rate swap contracts to swap certain fixed interest rate United States dollar debts to fixed interest rate Hong Kong dollar debts; (ii) cross currency interest rate swap contracts to swap certain floating interest rate United States dollar debts to fixed interest rate Hong Kong dollar debts; and (iii) interest rate swap contracts to swap certain floating interest rate United States dollar debts to fixed interest rate United States dollar debts to hedge against the foreign currency and interest rate risk. The Group excludes foreign currency basis spread of these cross currency swaps in the hedge designation. The change in fair value of the foreign currency basis spread (to the extent it relates to the hedged item) is recognised in other comprehensive income and is accumulated in a separate costs of hedging reserve under equity. The amount would be amortised to profit or loss on a systematic and rational basis. Changes in the fair value relating to the effective portion of derivative contracts designated as hedging instruments qualifying as cash flow hedges are recognised in other comprehensive income and accumulated under the heading of hedging reserve. The gain or loss relating to the ineffective portion is recognised in the income statement. Amounts accumulated are removed from hedging reserve and costs of hedging reserve and recognised in the income statement in the periods when the hedged derivative contract matures.

Derivatives that do not qualify for hedge accounting under HKFRS 9 will be accounted for with the changes in fair value being recognised in the income statement.

(v) Pension plans

Pension plans are classified into defined benefit and defined contribution plans.

Pension costs for defined benefit plans are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to income statement so as to spread the regular cost over the future service lives of employees in accordance with the advice of the actuaries who carry out a valuation of the plans. The pension obligation is measured as the present value of the estimated future cash outflows using interest rates determined by reference to market yields at the end of the reporting period based on high quality corporate bonds with currency and term similar to the estimated term of benefit obligations.

Remeasurements arising from defined benefit plans are recognised in other comprehensive income in the year in which they occur and reflected immediately in pension reserve. Remeasurements comprise actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability/asset) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability/asset).

The contributions to the defined contribution plans are charged to the income statement in the year incurred.

Pension costs are charged against the income statement within staff costs. The pension plans are generally funded by the relevant Group companies taking into account the recommendations of independent qualified actuaries and by payments from employees for contributory plans.

(w) Foreign exchange

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

Transactions in foreign currencies are converted at the rates of exchange ruling at the transaction dates. Monetary assets and liabilities are translated at the rates of exchange ruling at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

2 Basis of preparation and material accounting policies (Continued)

(w) Foreign exchange (Continued)

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

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

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

All other exchange differences are recognised in the income statement.

(x) Distributions to the Trust's unitholders

Distributions to the Trust's unitholders are recorded in equity in the period in which they are approved for payment.

(y) Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Such determination is made on an evaluation of the substance of the arrangement, regardless of whether the arrangements take the legal form of a lease.

(i) Assets leased to the Group

Leases are initially recognised as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS

2 Basis of preparation and material accounting policies (Continued)

(y) Leases (Continued)

(i) Assets leased to the Group (Continued)

Assets leased to the Group and the corresponding liabilities are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate; and
- payments of penalties for terminating the lease, if the lease term reflects the Group, as a lessee, exercising an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the incremental borrowing rate of the respective entities. Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date, less any lease incentive received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise equipment and small items of office furniture.

(ii) Assets leased out by the Group

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. Income received under operating leases net of any incentives provided to the leasing company are credited to the income statement on a straight-line basis over the lease periods.

(z) Revenue and other income recognition

Revenues are recognised when or as the control of the good or service is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the good or service may be transferred over time or at a point in time.

Control of the good or service is transferred over time if the Group's performance provides all of the benefits received and consumed simultaneously by the customer.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on direct measurements of the value transferred by the Group to the customer.

NOTES TO THE FINANCIAL STATEMENTS

2 Basis of preparation and material accounting policies (Continued)

(z) Revenue and other income recognition (Continued)

Transaction price of a contract shall be allocated to individual performance obligation (or distinct good or service). The objective when allocating the transaction price is for an entity to allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the entity expects to be entitled in exchange for transferring the promised goods or services to the customer.

Revenue is recognised over time:

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

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

(aa) Government Grant

Subsidy from the government is recognised at their fair values where there is a reasonable assurance that the subsidy will be received and the Group will comply with all attached conditions. The amounts are recognised within "other operating income" in the income statement.

3 Critical accounting estimates and judgements

Note 2 includes a summary of the material accounting policies used in the preparation of the financial statements. The preparation of financial statements often requires the use of judgements to select specific accounting methods and policies from several acceptable alternatives. Furthermore, significant estimates and assumptions concerning the future may be required in selecting and applying those methods and policies in the financial statements. The Group bases its estimates and judgements on historical experience and various other assumptions that it believes are reasonable under the circumstances. Actual results may differ from these estimates and judgements under different assumptions or conditions.

The following is a review of the more significant assumptions and estimates as well as the accounting policies and methods used in the preparation of the financial statements.

(a) Long lived assets

The Group has made substantial investments in tangible long-lived assets in its container terminal operating business. Changes in technology or the intended use of these assets may cause the estimated period of use or value of these assets to change.

The Group considers its assets impairment accounting policy to be a policy that requires one of the most extensive applications of judgements and estimates by management.

Assets that are subject to depreciation are reviewed to determine whether there is any indication that the carrying value of these assets may not be recoverable and have suffered an impairment loss. If any such indication exists, the recoverable amounts of the assets are estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. Such impairment loss is recognised in the income statement except where the asset is carried at valuation and the impairment loss does not exceed the revaluation surplus for that asset, in which case it is treated as a revaluation decrease and is recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

3 Critical accounting estimates and judgements (Continued)

(a) Long lived assets (Continued)

Management's judgements are required in the area of asset impairment, particularly in assessing: (1) whether an event has occurred that may indicate that the related asset values may not be recoverable; (2) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell or net present value of future cash flows which are estimated based upon the continued use of the asset in the Group; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level, if any, of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the income statement.

(b) Goodwill

For the purposes of impairment tests, the recoverable amount of goodwill is determined based on value-in-use calculations. The value-in-use calculations primarily use cash flow projections based on financial projections approved by management. There are a number of assumptions and estimates involved for the preparation of cash flow projections. The key assumptions adopted in the value-in-use calculations are based on management's best estimates, past experience and new business developments. Changes to key assumptions can affect significantly the results of the impairment tests.

Key assumptions are made with respect to the expected growth in revenues and cost of services rendered, timing of future capital expenditures, terminal growth rates and selection of discount rate, which approximately reflect the risks involved. The growth in revenues will be affected by the growth in both the volume of containers handled, tariff and new business developments. The volume of containers handled will be impacted by economic and global market conditions, structural changes within the shipping line industry and influenced by the performance and growth of regional and international trading economies. If key export markets for local exporters experience an economic downturn or recession, export volumes may decrease. The growth of tariff depends on the Group's overall competitiveness, which is determined by a number of factors, such as geographical reach and connectivity, operating efficiency, berth availability, mega vessel handling capability, technology offerings, transportation and logistics network and ancillary services and facilities.

A significant portion of cost of services rendered is labour cost which will be impacted by labour supply, inflation and cost initiatives adopted. In addition, the introduction of ever larger vessels by shipping lines will require upgrading of equipment and new work practices to increase productivity so as to remain competitive.

(c) Customer relationships

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. Customer relationships are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the customer relationships.

The Group considers its impairment accounting policy to be a policy that requires one of the most extensive applications of judgements and estimates by management. Intangible assets with definite useful lives that are subject to amortisation are reviewed to determine whether there is any indication that the carrying value of these assets may not be recoverable and have suffered an impairment loss. If any such indication exists, the recoverable amounts of the intangible assets are estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. Such impairment loss is recognised in the income statement. Management's judgements are required in the area of intangible asset impairment, particularly in assessing: (1) whether an event has occurred that may indicate that the related asset values may not be recoverable; and (2) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell or net present value of future cash flows which are estimated based upon the continued use of the asset in the Group.

NOTES TO THE
FINANCIAL STATEMENTS**3 Critical accounting estimates and judgements (Continued)****(d) Depreciation**

Depreciation of operating assets constitutes a substantial operating cost for the Group. The cost of fixed assets is charged as depreciation expense over the estimated useful lives of the respective assets using the straight-line method. The Group periodically reviews changes in technology and industry conditions, asset retirement activity and residual values to determine adjustments to estimated remaining useful lives and depreciation rates.

Actual economic lives may differ from estimated useful lives. Periodic reviews could result in a change in depreciable lives and therefore depreciation expense in future periods.

(e) Accrual of net revenue

Revenue is accrued at period end with reference to the throughput handled and the terms of agreements for container handling service. Consequently, recognition of revenue is based on the volume of services rendered as well as the latest tariff agreed with customers or best estimated by management. This estimate is based on the latest tariff and other industry considerations as appropriate. If the actual revenue differs from the estimated accrual, this will have an impact on revenue in future periods.

(f) Pension

The Group operates several defined benefit plans. Pension costs for defined benefit plans are assessed using the projected unit credit method in accordance with HKAS 19 (2011), Employee Benefits. Under this method, the cost of providing pensions is charged to the income statement so as to spread the regular cost over the future service lives of employees in accordance with the advice of the actuaries who carry out a valuation of the plans. The pension assets/obligations are measured at the present values of the estimated future cash outflows using interest rates determined by reference to market yields at the end of the reporting period based on high quality corporate bonds with currencies and terms similar to the estimated terms of benefit obligations.

Remeasurements arising from defined benefit plans are recognised in other comprehensive income in the year in which they occur and reflected immediately in pension reserve. Remeasurements comprise actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability/asset) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability/asset).

Management appointed actuaries to carry out a full valuation of these pension plans to determine the pension assets/obligations that are required to be disclosed and accounted for in the financial statements in accordance with the HKFRS requirements.

The actuaries use assumptions and estimates in determining the fair value of the defined benefit plans and evaluate and update these assumptions on an annual basis. Judgements are required to determine the principal actuarial assumptions to determine the present value of defined benefit obligations and service costs. Changes to the principal actuarial assumptions can significantly affect the present value of plan obligations and service costs in future periods.

(g) Tax

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

NOTES TO THE
FINANCIAL STATEMENTS

3 Critical accounting estimates and judgements (Continued)

(g) Tax (Continued)

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. Deferred tax assets are recognised for unused tax losses carried forward to the extent it is probable that future taxable profits will be available against which the unused tax losses can be utilised, based on all available evidence. Recognition primarily involves judgements regarding the future financial performance of the particular legal entity or tax group in which the deferred tax asset has been recognised. A variety of other factors are also evaluated in considering whether there is convincing evidence that it is probable that some portion or all of the deferred tax assets will ultimately be realised, such as the existence of taxable temporary differences, group relief, tax planning strategies and the periods in which estimated tax losses can be utilised. The carrying amount of deferred tax assets and related financial models and budgets are reviewed at the end of the reporting period and to the extent that there is insufficient convincing evidence that sufficient taxable profits will be available within the utilisation periods to allow utilisation of the carry forward tax losses, the asset balance will be reduced and charged to the income statement.

4 Revenue and other income and segment information

(a) Revenue and other income

	2023	2022
	HK\$'000	HK\$'000
Revenue		
Rendering of port and related services	10,053,421	11,687,782
Rendering of transportation and logistics solutions	180,623	261,648
Management and service fee income	36,649	35,743
System development and support fees	6,996	6,953
Others	1,610	1,683
	<u>10,279,299</u>	<u>11,993,809</u>
Other income		
Interest income	356,223	172,442
	<u>10,635,522</u>	<u>12,166,251</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	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	2,515,075	3,266,293	19,071,197	20,140,660
Mainland China	8,120,447	8,899,958	53,717,458	54,912,498
	<u>10,635,522</u>	<u>12,166,251</u>	<u>72,788,655</u>	<u>75,053,158</u>

NOTES TO THE FINANCIAL STATEMENTS

5 Operating profit

Operating profit is stated after crediting and charging the following:

	2023 HK\$'000	2022 HK\$'000
<u>Crediting</u>		
Dividend income from River Ports Economic Benefits (Note 17)	18,567	16,239
Net gain on disposal of fixed assets	–	140
Wage, salary and other subsidies (Note)	237	30,647
<u>Charging</u>		
Auditor's remuneration		
- audit services	15,962	14,884
- non-audit services	1,287	1,183
Amortisation		
- leasehold land and land use rights	1,290,061	1,295,000
- railway usage rights	497	524
- customer relationships	334,206	334,206
Depreciation of fixed assets	1,258,237	1,362,530
Depreciation of right-of-use assets within fixed assets	11,819	11,716
Net loss on disposal of fixed assets	5,059	–
Short-term lease costs for		
- office premises and port facilities	58,334	62,787
Staff costs (including amount charged within cost of services rendered)		
- Wages, salaries and other benefits	1,321,714	1,348,464
- Pension costs	102,895	120,855
Net exchange loss	48,765	53,457

Note:

Mainly benefits received from government under COVID-19 related employment support scheme recognised in other operating income for the year ended 31 December 2022.

6 Interest and other finance costs

	2023 HK\$'000	2022 HK\$'000
Bank loans and overdrafts	581,564	309,844
Guaranteed notes	248,625	317,210
Loans from non-controlling interests	1,547	1,631
Lease liabilities	847	722
Other finance costs	39,439	43,938
	872,022	673,345

NOTES TO THE
FINANCIAL STATEMENTS**7 Tax**

	2023	2022
	HK\$'000	HK\$'000
Current tax	1,316,687	1,458,883
Deferred tax (Note 18)	(470,096)	(377,684)
	<u>846,591</u>	<u>1,081,199</u>

The tax charge on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate of the Group as follows:

	2023	2022
	HK\$'000	HK\$'000
Profit before tax excluding share of net (losses)/profits after tax of joint ventures and associated companies	2,448,101	3,607,593
Tax calculated at weighted average tax rate of 29.3% (2022: 26.2%)	718,214	945,970
Tax exemption in China	(50,176)	(55,663)
Income not subject to tax	(22,830)	(17,778)
Expenses not deductible for tax purposes	109,427	99,803
Withholding tax on unremitted earnings	125,857	128,831
Utilisation of previously unrecognised tax losses	(7)	(4,534)
Overprovision in prior year	(37,056)	(16,378)
Tax losses not recognised	3,836	977
Others	(674)	(29)
Total tax	<u>846,591</u>	<u>1,081,199</u>

The Group is in the process of assessing its exposure to the Pillar Two model rules when it comes into effect. It is not expected to have material impacts to the Group.

8 Distributions

	2023	2022
	HK\$'000	HK\$'000
For the period from 1 July 2021 to 31 December 2021 Distribution of 8.00 HK cents per unit	–	696,888
For the period from 1 January 2022 to 30 June 2022 Distribution of 6.50 HK cents per unit	–	566,222
For the period from 1 July 2022 to 31 December 2022 Distribution of 8.00 HK cents per unit	696,888	–
For the period from 1 January 2023 to 30 June 2023 Distribution of 5.50 HK cents per unit	479,111	–
	<u>1,175,999</u>	<u>1,263,110</u>

On 7 February 2024, the Board of Directors of the Trustee-Manager approved the distribution of 7.70 HK cents per unit for the financial result from 1 July 2023 to 31 December 2023 (2022: 8.00 HK cents per unit) amounting to HK\$670.8 million (2022: HK\$696.9 million) and payable on 27 March 2024. This distribution is not reflected in these financial statements and will be recognised in equity in the financial year ending 31 December 2024.

NOTES TO THE FINANCIAL STATEMENTS

9 Earnings per unit

The calculation of earnings per unit is based on profit attributable to unitholders of HPH Trust of HK\$233,460,000 for the year ended 31 December 2023 (2022: HK\$1,099,034,000) and on 8,711,101,022 units in issue (2022: 8,711,101,022 units in issue).

Diluted earnings per unit is the same as the basic earnings per unit for the years ended 31 December 2023 and 2022.

10 Fixed assets

Group	Properties HK\$'000	Container handling equipment HK\$'000	Barges HK\$'000	Other fixed assets HK\$'000	Total HK\$'000
2023					
Opening net book amount	14,326,129	5,652,204	1,003	378,406	20,357,742
Additions	22,834	66,044	–	1,900	90,778
Transfer from projects under development (Note 11)	70,446	380,013	–	58,971	509,430
Depreciation	(605,184)	(607,984)	(96)	(56,792)	(1,270,056)
Disposals	–	(927)	–	(16)	(943)
Currency translation differences	(50,640)	(11,603)	–	(2,692)	(64,935)
Closing net book amount	<u>13,763,585</u>	<u>5,477,747</u>	<u>907</u>	<u>379,777</u>	<u>19,622,016</u>
At 31 December 2023					
Cost	21,179,460	13,911,329	9,484	1,101,705	36,201,978
Accumulated depreciation	(7,415,875)	(8,433,582)	(8,577)	(721,928)	(16,579,962)
Net book amount	<u>13,763,585</u>	<u>5,477,747</u>	<u>907</u>	<u>379,777</u>	<u>19,622,016</u>
2022					
Opening net book amount	15,065,231	6,152,202	1,098	428,394	21,646,925
Additions	29,840	35,583	–	1,038	66,461
Transfer from projects under development (Note 11)	34,797	187,735	–	25,215	247,747
Depreciation	(625,007)	(681,429)	(95)	(67,715)	(1,374,246)
Disposals	–	(771)	–	(67)	(838)
Currency translation differences	(178,732)	(41,116)	–	(8,459)	(228,307)
Closing net book amount	<u>14,326,129</u>	<u>5,652,204</u>	<u>1,003</u>	<u>378,406</u>	<u>20,357,742</u>
At 31 December 2022					
Cost	21,159,889	13,521,297	9,484	1,071,442	35,762,112
Accumulated depreciation	(6,833,760)	(7,869,093)	(8,481)	(693,036)	(15,404,370)
Net book amount	<u>14,326,129</u>	<u>5,652,204</u>	<u>1,003</u>	<u>378,406</u>	<u>20,357,742</u>

NOTES TO THE
FINANCIAL STATEMENTS**10 Fixed assets (Continued)**

Note:

The Group has the right to control the use of certain assets included in properties, container handling equipment and other fixed assets for a period of time through lease arrangements. Lease arrangements with terms of 1 to 5 years are negotiated on an individual basis and contain a wide range of terms and conditions. During the year ended 31 December 2023, additions to the right-of-use assets under properties and other fixed assets were nil (2022: HK\$24,218,000) and no disposals to the right-of-use assets under container handling equipment due to termination of lease terms for the years ended 31 December 2023 and 2022.

The carrying amounts of right-of-use assets included in fixed assets are as follows:

	2023	2022
	HK\$'000	HK\$'000
Properties	14,855	26,449
Other fixed assets	355	692
	<u>15,210</u>	<u>27,141</u>

Depreciation charge for right-of-use assets recognised in the consolidated income statement is as follows:

	2023	2022
	HK\$'000	HK\$'000
Properties	11,497	11,415
Other fixed assets	322	301
	<u>11,819</u>	<u>11,716</u>

11 Projects under development

Group	2023	2022
	HK\$'000	HK\$'000
At beginning of the year	762,911	654,524
Additions	411,598	361,361
Transfer to fixed assets (Note 10)	(509,430)	(247,747)
Currency translation differences	(885)	(5,227)
At end of the year	<u>664,194</u>	<u>762,911</u>

Projects under development mainly represent the cost of construction of port facilities in Hong Kong and Mainland China.

NOTES TO THE FINANCIAL STATEMENTS

12 Leasehold land and land use rights

Group	2023 HK\$'000	2022 HK\$'000
Net book value		
At beginning of the year	33,178,968	34,579,438
Amortisation	(1,290,061)	(1,295,000)
Currency translation differences	(30,621)	(105,470)
At end of the year	<u>31,858,286</u>	<u>33,178,968</u>
Cost	48,179,829	48,220,758
Accumulated amortisation	<u>(16,321,543)</u>	<u>(15,041,790)</u>
	<u>31,858,286</u>	<u>33,178,968</u>

The net book value of land use rights, which are accounted for as right-of-use assets, was HK\$6,627,945,000 at 31 December 2023 (2022: HK\$6,909,998,000). The corresponding amortisation charge for the year was HK\$282,053,000 (2022: HK\$284,834,000).

13 Railway usage rights

Group	2023 HK\$'000	2022 HK\$'000
Net book value		
At beginning of the year	9,400	10,787
Amortisation	(497)	(524)
Currency translation differences	(245)	(863)
At end of the year	<u>8,658</u>	<u>9,400</u>
Cost	14,331	14,939
Accumulated amortisation	<u>(5,673)</u>	<u>(5,539)</u>
	<u>8,658</u>	<u>9,400</u>

NOTES TO THE
FINANCIAL STATEMENTS**14 Intangible assets****(a) Customer relationships**

Group	2023 HK\$'000	2022 HK\$'000
Net book value		
At beginning of the year	4,499,154	4,833,360
Amortisation	(334,206)	(334,206)
At end of the year	<u>4,164,948</u>	<u>4,499,154</u>
Cost	8,440,000	8,440,000
Accumulated amortisation	(4,275,052)	(3,940,846)
At end of the year	<u>4,164,948</u>	<u>4,499,154</u>

(b) Goodwill

The Group has one business segment and two geographical CGU to which goodwill is allocated as follows:

Group	2023 HK\$'000	2022 HK\$'000
Hong Kong	–	–
Mainland China	11,270,044	11,270,044
	<u>11,270,044</u>	<u>11,270,044</u>
	2023 HK\$'000	2022 HK\$'000
At beginning of the year	11,270,044	11,270,044
Impairment of goodwill (accumulated: HK\$30.4 billion)	–	–
At end of the year	<u>11,270,044</u>	<u>11,270,044</u>

As in the prior year, management performed an impairment assessment based on value-in-use calculations using cash flow projections based on financial budgets approved by Management covering a 5-year period and a further outlook for 5 years, which is considered appropriate in view of the long-term nature of the terminal business and new business developments. Management determined that no further impairment of goodwill is required in 2023. The impairment methodology assumed terminal values and discount rates of 2%-3% (2022: 2%-3%) and 9%-10% (2022: 10%-11%) per annum, respectively. Terminal values are determined by considering both internal and external factors relating to the port operation and discount rates reflect specific risks relating to the relevant business.

The assumptions regarding the growth rates in revenue and cost of services rendered used in the current year's assessments incorporated new business developments planned. For illustration purposes, a hypothetical 0.5% decrease in the revenue growth rate, a 0.5% increase in costs of services rendered and a 0.5% increase in the discount rate, with all other variables and assumptions held constant, would decrease the recoverable amount of the Hong Kong CGU, by HK\$2.0 billion, HK\$0.8 billion and HK\$1.8 billion respectively and of the Mainland China CGU, by HK\$2.3 billion, HK\$0.6 billion and HK\$2.8 billion, respectively.

Actual results in the future may differ materially from the sensitivity analysis due to developments in the global markets and changes in economic conditions which may cause fluctuations in growth and market interest rates to vary and therefore it is important to note that the hypothetical amounts so generated do not represent a projection of likely future events and profits or losses.

NOTES TO THE FINANCIAL STATEMENTS

15 Associated companies

Group	2023 HK\$'000	2022 HK\$'000
Share of net assets	108,498	204,026
Loans to an associated company – non-current	670,350	–
	778,848	204,026

As at 31 December 2023, two 5-year loans of RMB600,000,000 (approximate to HK\$654,000,000) and RMB15,000,000 (approximate to HK\$16,350,000) provided to an associated company are unsecured, interest bearing at a fixed rate of 2.75% per annum and 2.50% per annum, respectively, and repayable in April and December 2028. The carrying amounts of the loans to an associated company approximates their fair values.

Details of the principal associated companies at 31 December 2023 and 2022 are as follows:

Name	Place of establishment	Principal activities	Effective interest held
Shenzhen Huazhou Ocean Development Co., Ltd.	China	Provision of tugboat services in China	23.84%
Huizhou International Container Terminals Limited ⁽¹⁾	China	Development and operation of a container terminal	41.31%

(1) Audited by PricewaterhouseCoopers network firms

There is no associated company as at 31 December 2023, which in the opinion of the directors of the Trustee-Manager, is individually material to the Group.

There are no material contingent liabilities relating to the Group's interests in the associated companies.

Set out below is the Group's share of the year's total comprehensive loss from its associated companies:

	2023 HK\$'000	2022 HK\$'000
Net losses after tax	(84,727)	(81,423)
Other comprehensive loss	(4,588)	(25,488)
Total comprehensive loss	(89,315)	(106,911)

NOTES TO THE
FINANCIAL STATEMENTS

16 Joint ventures

Group	2023 HK\$'000	2022 HK\$'000
Share of net assets	4,738,234	4,887,599
Less: accumulated impairment	(930,000)	(930,000)
	3,808,234	3,957,599

Details of principal joint ventures at 31 December 2023 and 2022 are as follows:

Name	Place of incorporation/ establishment	Principal activities	Effective interest held
COSCO-HIT Terminals (Hong Kong) Limited ⁽¹⁾	Hong Kong	Development and operation of a container terminal	50.00%
Asia Container Terminals Limited ⁽¹⁾	Hong Kong	Development and operation of a container terminal	40.00%
Beijing Leading Edge Container Services Company Limited	China	Provision of logistics services	50.00%
Mercury Sky Group Limited ⁽²⁾	British Virgin Islands	Investment holding	50.00%
Shenzhen Leading Edge Port Services Co. Ltd. ⁽¹⁾	China	Provision of port agency services	49.00%
Yantian East Port International Container Terminals Limited ("YEPICT") ⁽¹⁾	China	Development and operation of a container terminal	39.73%
Yantian Port International Information Company Limited	China	Provision of electronic port community system	28.21%

(1) Audited by PricewaterhouseCoopers network firms

(2) Not required to be audited under the laws of the country of incorporation

There is no joint venture as at 31 December 2023, which in the opinion of the directors of the Trustee-Manager, is individually material to the Group.

There are no material contingent liabilities relating to the Group's interests in the joint ventures.

Set out below is the Group's share of the year's total comprehensive income from its joint ventures:

	2023 HK\$'000	2022 HK\$'000
Net (losses)/profits after tax	(35,298)	74,730
Other comprehensive loss	(42,086)	(65,875)
Total comprehensive (loss)/income	(77,384)	8,855

NOTES TO THE FINANCIAL STATEMENTS

17 Other non-current assets

Group	2023 HK\$'000	2022 HK\$'000
Investments		
Listed equity security	30,039	29,701
River Ports Economic Benefits (Note)	242,857	280,109
Prepayment for fixed assets	–	50,198
Derivative financial instruments		
Interest rate swaps under cash flow hedges	193,963	325,034
	466,859	685,042

Note:

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

18 Deferred tax

Group	2023 HK\$'000	2022 HK\$'000
Deferred tax assets	(14,630)	(5,059)
Deferred tax liabilities	8,410,618	8,883,533
Net deferred tax liabilities	8,395,988	8,878,474

NOTES TO THE
FINANCIAL STATEMENTS**18 Deferred tax (Continued)**

The movements in deferred tax (assets)/liabilities during the year are as follows:

	Unused tax losses HK\$'000	Accelerated depreciation allowances HK\$'000	Fair value adjustments arising from acquisitions HK\$'000	Withholding tax on unremitted earnings HK\$'000	Others HK\$'000	Total HK\$'000
2023						
At 1 January 2023	(5,738)	497,977	7,938,598	453,267	(5,630)	8,878,474
Tax credited to income statement	(26,820)	(12,467)	(342,278)	(86,782)	(1,749)	(470,096)
Other temporary differences	-	8	-	-	(12,398)	(12,390)
At 31 December 2023	(32,558)	485,518	7,596,320	366,485	(19,777)	8,395,988
2022						
At 1 January 2022	(12,353)	519,730	8,294,176	460,431	(5,663)	9,256,321
Tax charged/(credited) to income statement	6,615	(21,781)	(355,578)	(7,164)	224	(377,684)
Other temporary differences	-	28	-	-	(191)	(163)
At 31 December 2022	(5,738)	497,977	7,938,598	453,267	(5,630)	8,878,474

Notes:

- (a) The deferred tax assets and liabilities are offset when there is a legally enforceable right to set off and when the deferred taxes relate to the same fiscal authority.
- (b) Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through the future taxable profit is probable. The Group has unrecognised tax losses of HK\$95,616,000 at 31 December 2023 (31 December 2022: HK\$87,642,000) to carry forward against future taxable income. Of these, HK\$61,406,000 can be carried forward indefinitely (31 December 2022: HK\$63,225,000). The remaining HK\$34,210,000 (31 December 2022: HK\$24,417,000) expires in the following years:

	2023 HK\$'000	2022 HK\$'000
In the first year	6,289	1,007
In the second year	8,969	10,245
In the third year	11	9,215
In the fourth year	3,833	11
In the fifth year	15,108	3,939
	34,210	24,417

- (c) Deferred tax liabilities are calculated in full on temporary differences under the liabilities method using the tax rate of the countries in which the Group operated. The temporary differences are for accelerated depreciation allowances, fair value adjustments arising from acquisitions and withholding taxes arising from unremitted earnings.
- (d) Deferred tax assets and liabilities are expected to be recovered or settled mostly after more than twelve months.

NOTES TO THE FINANCIAL STATEMENTS

19 Cash and bank balances

Group	2023	2022
	HK\$'000	HK\$'000
Cash and cash equivalents		
Cash at bank and on hand	1,221,416	1,614,255
Short-term bank deposits	6,973,448	8,780,913
Cash and bank balances	<u>8,194,864</u>	<u>10,395,168</u>

Trust	2023	2022
	HK\$'000	HK\$'000
Cash and cash equivalents		
Cash at bank and on hand	<u>2,919</u>	<u>5,049</u>

Cash and bank balances are denominated in the following currencies:

Group	2023	2022
	Percentage	Percentage
Hong Kong dollar	45%	34%
Renminbi	14%	10%
United States dollar	41%	56%
	<u>100%</u>	<u>100%</u>

Trust	2023	2022
	Percentage	Percentage
Hong Kong dollar	15%	48%
United States dollar	12%	5%
Singapore dollar	73%	47%
	<u>100%</u>	<u>100%</u>

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

NOTES TO THE
FINANCIAL STATEMENTS**20 Trade and other receivables**

Group	2023 HK\$'000	2022 HK\$'000
Trade receivables	2,096,751	1,897,009
Less: loss allowance provision (Note d)	(47,659)	(47,339)
	<u>2,049,092</u>	<u>1,849,670</u>
Other receivables and prepayments	342,451	393,935
Amounts due from associated companies (Note a)	523	11,805
Amounts due from joint ventures (Note a)	138,615	149,223
Loan to an associated company (Note b)	490,500	593,600
Loan to a joint venture (Note c)	–	120,000
	<u>3,021,181</u>	<u>3,118,233</u>

Trust	2023 HK\$'000	2022 HK\$'000
Other receivables and prepayments	1,037	356
Amounts due from subsidiary companies (Note a)	390	658
	<u>1,427</u>	<u>1,014</u>

Trade and other receivables are denominated in the following currencies:

Group	2023 Percentage	2022 Percentage
Hong Kong dollar	44%	47%
Renminbi	48%	39%
United States dollar	8%	14%
	<u>100%</u>	<u>100%</u>

Trust	2023 Percentage	2022 Percentage
Singapore dollar	100%	100%

Trade receivables are stated at the expected recoverable amount, net of any provision for estimated impairment losses where it is deemed that a receivable may not be fully recoverable. The carrying amounts of these assets approximate their fair values.

Notes:

- (a) The amounts due from associated companies and joint ventures of the Group; and amounts due from subsidiary companies of the Trust are unsecured, interest free and have no fixed terms of repayment.
- (b) As at 31 December 2023, the loan of RMB450,000,000 (approximate to HK\$490,500,000) to an associated company is unsecured, interest bearing at a fixed rate of 2.3% per annum and repayable in one year. As at 31 December 2022, the loan of RMB530,000,000 (approximate to HK\$593,600,000) to an associated company is unsecured, interest bearing at a fixed rate of 4.0% per annum and repayable in one year.

NOTES TO THE FINANCIAL STATEMENTS

20 Trade and other receivables (Continued)

Notes: (Continued)

- (c) As at 31 December 2022, the loan of HK\$120,000,000 to a joint venture is unsecured, interest bearing at Hong Kong Interbank Offered Rate ("HIBOR") plus 2.1% per annum and repayable in one year.
- (d) At 31 December 2023, trade receivables of the Group amounting to HK\$47,659,000 (2022: HK\$47,339,000) were impaired and provided for. The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables.

Movements on the loss allowance provision for trade receivables are as follows:

	2023 HK\$'000	2022 HK\$'000
At beginning of the year	47,339	50,786
Additions	209	12
Write back	-	(3,116)
Written off	-	(335)
Currency translation differences	111	(8)
At end of the year	<u>47,659</u>	<u>47,339</u>

The additions to and write back of loss allowance provision for trade receivables have been included in the income statement.

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above.

21 Trade and other payables

Group	2023 HK\$'000	2022 HK\$'000
Trade payables, other payables and accruals	6,018,097	5,706,185
Loans from non-controlling interests (Note a)	106,656	108,756
Lease liabilities	10,186	12,391
Derivative financial instruments		
Cross currency interest rate swaps under cash flow hedge	-	12,847
Amounts due to related companies (Note b)	101,159	107,473
Amounts due to associated companies (Note b)	2,898	3,016
Amounts due to joint ventures (Note b)	36,966	64,176
	<u>6,275,962</u>	<u>6,014,844</u>

NOTES TO THE
FINANCIAL STATEMENTS**21 Trade and other payables (Continued)**

Trust	2023	2022
	HK\$'000	HK\$'000
Trade payables, other payables and accruals	7,368	6,456
Amounts due to:		
- a related company (Note b)	17,612	32,851
- subsidiary companies (Note b)	6,666	1,846
	<u>31,646</u>	<u>41,153</u>

Trade and other payables are denominated in the following currencies:

Group	2023	2022
	Percentage	Percentage
Hong Kong dollar	67%	87%
Renminbi	31%	10%
United States dollar	2%	3%
	<u>100%</u>	<u>100%</u>

Trust	2023	2022
	Percentage	Percentage
Hong Kong dollar	21%	4%
United States dollar	56%	80%
Singapore dollar	23%	16%
	<u>100%</u>	<u>100%</u>

At 31 December 2023, the carrying amounts of trade and other payables of the Group and of the Trust approximate their fair values.

Notes:

- (a) The loans from non-controlling interests of the Group are unsecured, interest free except for the amount of RMB70,000,000, approximate to HK\$76,300,000 (2022: RMB70,000,000, approximate to HK\$78,400,000) which bears interest at fixed rate of 2.0% per annum and repayable in one year.
- (b) Amounts due to related companies, associated companies and joint ventures of the Group; and amounts due to a related company and subsidiary companies of the Trust are unsecured, interest free and have no fixed terms of repayment.

NOTES TO THE FINANCIAL STATEMENTS

22 Bank and other debts

Group	Current portion HK\$'000	Non-current portion HK\$'000	Total HK\$'000
Unsecured bank loans	390,000	13,155,000	13,545,000
Loans from related companies	490,500	–	490,500
Guaranteed notes	3,900,000	7,800,000	11,700,000
Total principal amount of bank and other debts	4,780,500	20,955,000	25,735,500
Unamortised loan facility fees and discounts related to debts At 31 December 2023	(5,680)	(84,636)	(90,316)
	4,774,820	20,870,364	25,645,184
Unsecured bank loans	5,070,000	10,370,000	15,440,000
Guaranteed notes	–	11,700,000	11,700,000
Total principal amount of bank and other debts	5,070,000	22,070,000	27,140,000
Unamortised loan facility fees and discounts related to debts At 31 December 2022	(2,341)	(98,088)	(100,429)
	5,067,659	21,971,912	27,039,571

The carrying amounts of bank loans of the Group approximate their fair values as the bank loans bear floating interest rates and are repriced within one month at the prevailing market interest rates. The bank loans will be fully repayable from March 2024 to February 2028 (2022: repayable from March 2023 to August 2027).

Loans from related companies of RMB450,000,000, approximate to HK\$490,500,000, bear a fixed interest rate of 2.30% per annum and repayable from November 2024 to December 2024.

In November 2019, the Group issued a 5-year US\$500 million 2.875% guaranteed note due 2024.

In March and September 2021, the Group issued a 5-year US\$500 million 2.00% guaranteed note due 2026 and a 5-year US\$500 million 1.50% guaranteed note due 2026, respectively.

The effective interest rate of the Group's bank and other debts at 31 December 2023 is 3.5% per annum (2022: 3.1% per annum).

Bank and other debts are denominated in the following currencies:

Group	2023 Percentage	2022 Percentage
Hong Kong dollar	36%	20%
Renminbi	2%	–
United States dollar	62%	80%
	100%	100%

NOTES TO THE
FINANCIAL STATEMENTS**23 Pension assets**

Group	2023 HK\$'000	2022 HK\$'000
Defined benefit plans		
Pension assets	131,938	123,213

The Group operates a number of defined benefit and defined contribution plans, the assets of which are held independently of the Group's assets in trustee administered funds.

(a) Defined benefit plans

The Group's defined benefit plans in Hong Kong are a contributory final salary pension plan and a non-contributory guaranteed return defined contribution plan. The Group's plans were valued by Towers Watson Hong Kong Limited, qualified actuaries at 31 December 2023 and 31 December 2022 using the projected unit credit method to account for the pension accounting costs in accordance with HKAS 19 (2011) "Employee Benefits".

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

	2023 Percentage	2022 Percentage
Discount rate	3.40-3.50%	3.70-3.80%
Future salary increases	3.50%	3.50%
Interest credited on plan accounts	5.00-6.00%	5.00-6.00%

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

	2023 HK\$'000	2022 HK\$'000
Fair value of plan assets	1,261,410	1,291,827
Present value of defined benefit obligations	(1,129,472)	(1,168,614)
Net defined benefit assets	131,938	123,213

NOTES TO THE FINANCIAL STATEMENTS

23 Pension assets (Continued)

(a) Defined benefit plans (Continued)

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

	Defined benefits obligations HK\$'000	Fair value of plan assets HK\$'000	Net defined benefit assets HK\$'000
2023			
At 1 January	(1,168,614)	1,291,827	123,213
Net (charge)/credit to the income statement			
Current service cost	(37,431)	(390)	(37,821)
Interest (cost)/income	(41,939)	47,061	5,122
	<u>(79,370)</u>	<u>46,671</u>	<u>(32,699)</u>
Net credit/(charge) to other comprehensive income			
Remeasurements gain/(loss):			
Actuarial gain/(loss) arising from:			
Experience adjustment	1,602	–	1,602
Financial assumptions	(14,401)	–	(14,401)
Demographic assumption	6,940	–	6,940
Return on plan assets excluding interest income	–	29,224	29,224
	<u>(5,859)</u>	<u>29,224</u>	<u>23,365</u>
Other			
Contributions paid by the employer	–	18,059	18,059
Contributions paid by the employee	(5,609)	5,609	–
Benefits paid	125,428	(125,428)	–
Net transfer	4,552	(4,552)	–
At 31 December	<u>(1,129,472)</u>	<u>1,261,410</u>	<u>131,938</u>

NOTES TO THE
FINANCIAL STATEMENTS**23 Pension assets (Continued)****(a) Defined benefit plans (Continued)**

	Defined benefits obligations HK\$'000	Fair value of plan assets HK\$'000	Net defined benefit assets HK\$'000
2022			
At 1 January	(1,395,658)	1,699,440	303,782
Net (charge)/credit to the income statement			
Current service cost	(46,377)	(619)	(46,996)
Interest (cost)/income	(17,373)	21,545	4,172
	<u>(63,750)</u>	<u>20,926</u>	<u>(42,824)</u>
Net credit/(charge) to other comprehensive income			
Remeasurements gain/(loss):			
Actuarial gain/(loss) arising from:			
Experience adjustment	4,607	-	4,607
Financial assumptions	158,689	-	158,689
Demographic assumption	(136)	-	(136)
Return on plan assets excluding interest income	-	(301,197)	(301,197)
	<u>163,160</u>	<u>(301,197)</u>	<u>(138,037)</u>
Other			
Contributions paid by the employer	-	292	292
Contributions paid by the employee	(6,172)	6,172	-
Benefits paid	118,617	(118,617)	-
Net transfer	15,189	(15,189)	-
At 31 December	<u>(1,168,614)</u>	<u>1,291,827</u>	<u>123,213</u>

NOTES TO THE FINANCIAL STATEMENTS

23 Pension assets (Continued)

(a) Defined benefit plans (Continued)

Fair value of the plan assets is analysed as follows:

	2023 Percentage	2022 Percentage
Equity Instruments		
Conglomerates and manufacturing	1%	2%
Construction and materials	1%	–
Consumer markets	2%	2%
Energy and utilities	1%	1%
Financial institutions and units trust	46%	43%
Health and care	4%	3%
Insurance	1%	1%
Information technology	8%	7%
Others	1%	1%
	65%	60%
Debt instruments		
Government (other than US)	6%	7%
Financial institutions	9%	9%
US Treasury	4%	7%
Others	9%	11%
	28%	34%
Cash and others	7%	6%
	100%	100%

NOTES TO THE
FINANCIAL STATEMENTS**23 Pension assets (Continued)****(a) Defined benefit plans (Continued)**

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

	2023	2022
	Percentage	Percentage
Aaa/AAA	19%	16%
Aa1/AA+	13%	21%
Aa2/AA	8%	4%
Aa3/AA-	6%	3%
A1/A+	16%	15%
A2/A	7%	5%
A3/A-	13%	11%
Baa1/BBB+	10%	7%
Baa2/BBB	4%	4%
Other lower grade	1%	2%
No investment grade	3%	12%
	100%	100%

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

Contributions to fund the obligations are based upon the recommendations of independent qualified actuaries for each of the pension plans of the Group to fully fund the relevant schemes on an ongoing basis. The realisation of the deficit is contingent upon the realisation of the actuarial assumptions made which is dependent upon a number of factors including the market performance of plan assets. Funding requirements of the major defined benefit plans of the Group are detailed below.

The Group operates two principal pension plans in Hong Kong. One plan, which has been closed to new entrants since 1994, provides pension benefits based on the greater of the aggregate of the employee and employer vested contributions plus a minimum interest thereon of 6% per annum, and pension benefits derived by a formula based on the final salary and years of service. An independent actuarial valuation, undertaken for funding purposes under the provision of Hong Kong's Occupational Retirement Schemes Ordinance ("ORSO"), on 1 January 2022 reported a funding level of 164% of the accrued actuarial liabilities on an ongoing basis. The valuation used the attained age valuation method and the main assumptions in the valuation are an investment return of 4% per annum, salary increases of 3.5% per annum and interest credited to balances of 6% per annum. The valuation was prepared by Tian Keat Aun, a Fellow of The Institute and Faculty of Actuaries, and Stewart Chan, a Fellow of the Society of Actuaries, of Towers Watson Hong Kong Limited. The second plan provides benefits equal to the employer vested contributions plus a minimum interest thereon of 5% per annum. As at 31 December 2023, vested benefits under this plan are fully funded in accordance with the ORSO funding requirements. During the year ended 31 December 2023, forfeited contributions totalling HK\$564,000 (2022: HK\$1,127,000) were used to reduce the level of contributions of the year ended 31 December 2023 and no forfeited contribution was available at 31 December 2023 (2022: nil) to reduce future year's contributions.

NOTES TO THE FINANCIAL STATEMENTS

23 Pension assets (Continued)

(a) Defined benefit plans (Continued)

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

	Change in assumption	Impact on defined benefit obligation	
		Increase in assumption	Decrease in assumption
Discount rate	0.25%	Decrease by 1.1%	Increase by 1.0%
Salary increase	0.25%	Increase by 0.1%	Decrease by 0.1%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous year.

The Group expects to make contributions of HK\$18,907,000 (2022: HK\$18,401,000) to the defined benefit plans during the next year.

The weighted average duration of the defined benefit obligation is 4.2 years as at 31 December 2023 (2022: 5.0 years).

(b) Defined contribution plans

The Group's cost in respect of defined contribution plans for the year amounted to HK\$70,198,000 (2022: HK\$78,031,000).

24 Other non-current liabilities

Group	2023 HK\$'000	2022 HK\$'000
Lease liabilities	6,479	16,674
Others	100,758	106,785
	107,237	123,459

25 Units in issue

Group and Trust	Number of units	HK\$'000
At 1 January 2022, 31 December 2022 and 31 December 2023	8,711,101,022	68,553,839

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

NOTES TO THE
FINANCIAL STATEMENTS**26 Investment in a subsidiary company**

Trust	2023 HK\$'000	2022 HK\$'000
Investment cost	10,000	10,000
Capital contribution	44,632,724	45,868,723
Less: accumulated impairment	(24,212,051)	(24,212,051)
	<u>20,430,673</u>	<u>21,666,672</u>

Pursuant to an investment agreement between HPH Trust and a wholly-owned subsidiary, HPHT Limited, dated 4 August 2011, HPH Trust made capital contributions of HK\$67,280,000,000 to HPHT Limited ("Capital Contribution") through capitalising the amounts due from the subsidiary. HPH Trust has no right to require HPHT Limited to return any Capital Contribution. HPHT Limited may return to HPH Trust any Capital Contribution at any time in whole or in part. Accordingly, the Capital Contribution is accounted for as investment in a subsidiary company.

Details of subsidiary companies of the Group are disclosed in Note 31.

27 Notes to consolidated statement of cash flows**(a) Reconciliation of operating profit to cash generated from operations is as follows:**

	2023 HK\$'000	2022 HK\$'000
Operating profit	3,320,123	4,280,938
Depreciation and amortisation	2,894,820	3,003,976
Net loss/(gain) on disposal of fixed assets	5,059	(140)
Dividend income	(22,320)	(19,034)
Interest income	(356,223)	(172,442)
Operating profit before working capital changes	<u>5,841,459</u>	<u>7,093,298</u>
Decrease in inventories	3,653	6,955
(Increase)/decrease in trade and other receivables	(168,803)	1,628,943
Movement in balances with associated companies and joint ventures	(5,438)	(9,121)
Increase/(decrease) in trade and other payables	364,381	(695,301)
Decrease in pension assets	14,640	42,532
Cash generated from operations	<u>6,049,892</u>	<u>8,067,306</u>

NOTES TO THE FINANCIAL STATEMENTS

27 Notes to consolidated statement of cash flows (Continued)

(b) Reconciliation of liabilities arising from financing activities is as follows:

	Dividend payable to non-controlling interests HK\$'000	Bank and other loans repayable not exceeding 1 year HK\$'000	Bank and other loans repayable more than 1 year HK\$'000	Guaranteed notes HK\$'000	Interest rate swap contracts held to hedge against fair value risks of bank loans HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
At 1 January 2023	-	5,067,659	10,330,369	11,641,543	(312,187)	29,065	26,756,449
Cash flows (Note)	(2,924,337)	(4,579,500)	3,145,000	-	-	(11,294)	(4,370,131)
Foreign exchange adjustments	(15,491)	-	-	-	-	-	(15,491)
Transfer between categories	-	389,876	(389,876)	-	-	-	-
Dividends to non-controlling interests	2,939,828	-	-	-	-	-	2,939,828
Decrease in lease liabilities	-	-	-	-	-	(1,952)	(1,952)
Other non-cash movements	-	2,341	18,210	19,562	118,224	846	159,183
At 31 December 2023	-	880,376	13,103,703	11,661,105	(193,963)	16,665	25,467,886

Note: The total cash outflow for the leases in 2023 was HK\$49,195,000.

	Dividend payable to non-controlling interests HK\$'000	Bank loans repayable not exceeding 1 year HK\$'000	Bank loans repayable more than 1 year HK\$'000	Guaranteed notes HK\$'000	Cross currency interest rate swap contracts and interest rate swap contracts held to hedge against foreign currency risks and fair value risks of bank loans HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
At 1 January 2022	-	3,294,669	10,107,454	15,518,184	28,077	17,959	28,966,343
Cash flows (Note)	(2,006,952)	(3,298,000)	5,273,500	(3,900,000)	-	(14,381)	(3,945,833)
Foreign exchange adjustments	2,512	-	-	-	-	-	2,512
Transfer between categories	-	5,067,659	(5,067,659)	-	-	-	-
Dividends to non-controlling interests	2,004,440	-	-	-	-	-	2,004,440
Increase in lease liabilities	-	-	-	-	-	24,765	24,765
Other non-cash movements	-	3,331	17,074	23,359	(340,264)	722	(295,778)
At 31 December 2022	-	5,067,659	10,330,369	11,641,543	(312,187)	29,065	26,756,449

Note: The total cash outflow for the leases in 2022 was HK\$53,577,000.

NOTES TO THE
FINANCIAL STATEMENTS

28 Commitments

(a) The Group's capital commitments are as follows:

	2023	2022
	HK\$'000	HK\$'000
Fixed assets and projects under development		
Contracted but not provided for	4,967	62,064

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

	2023	2022
	HK\$'000	HK\$'000
Contracted but not provided for	2,096,399	2,590,767

(c) The Group leases various offices premises and port facilities under non-cancellable leases expiring within six months to fourteen months (2022: eleven months to twelve months). The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

The future minimum lease payments for leases not recognised in the financial statements are as follows:

	2023	2022
	HK\$'000	HK\$'000
Within one year	1,974	2,180
Between one and two years	39	-
	<u>2,013</u>	<u>2,180</u>

(d) At 31 December 2023, the Group leased certain office premises and port facilities to third parties under non-cancellable operating leases. Aggregate minimum lease receivables are as follows:

	2023	2022
	HK\$'000	HK\$'000
Within one year	29,758	48,831
Between one and two years	15,416	28,823
Between two and three years	165	14,690
	<u>45,339</u>	<u>92,344</u>

NOTES TO THE FINANCIAL STATEMENTS

29 Related parties transactions

Significant transactions between the Group and related parties during the year that are carried out in the normal course of business are disclosed below. Outstanding balances with associated companies, joint ventures and group companies are disclosed in Notes 15, 16, 20 and 21.

(i) Income from and expenses to related parties

	2023	2022
	HK\$'000	HK\$'000
Income:		
Container handling fees received from joint ventures and related companies (Note a)	11,949	12,819
Management, service and support fee received from related companies (Note b)	44,535	43,799
Transportation management services fee income from related companies (Note c)	15,729	101,329
Interest income from a joint venture and an associated company (Note d)	20,769	29,308
<hr/>		
Expenses:		
Container handling charges paid to joint ventures and related companies (Note e)	9,980	12,109
Transportation management service charges paid to an associated company and related companies (Note e)	17,127	18,480
Lease rentals on premises and port facilities paid to a joint venture, an associated company and related companies (Note e)	16,552	17,189
Trustee-Manager management fees (Note f)		
- Base fee	26,431	25,809
- Development fee	13,445	21,029
Global support services fees to a related company (Note g)	158,587	154,856
Information technology ("IT") support and maintenance service fees paid to		
- a joint venture (Note h)	28,166	26,000
- related companies (Note h)	24,656	22,676
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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) Interest income was received from the loans provided to a joint venture and an associated company as per Note 15, Note 20(b) and Note 20(c).
- (e) Container handling charges, transportation management service charges and lease rentals paid to joint ventures, associated companies and related companies were charged at terms pursuant to relevant agreements.

NOTES TO THE
FINANCIAL STATEMENTS

29 Related parties transactions (Continued)

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

Notes: (Continued)

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

The base fee was charged at a fixed fee of US\$2,500,000 (equivalent to HK\$19,500,000) per annum which is subject to increase each year from 2012 by such percentage representing the percentage increase in the Hong Kong Composite Consumer Price Index. The base fee for the year ended 31 December 2023 is payable in cash. As the December 2023 figure for the Hong Kong Composite Consumer Price Index is yet to be published as at the date of preparation of these financial statements, the adjustment to the base fee, if required, will be accounted for in the subsequent financial year.

Development fee relates to the development project by YEPICT, a joint venture of HPH Trust, was charged in accordance with the Trust Deed which states that the development fee is payable in arrears for every six months after the commencement of the development project in respect of project costs incurred over the previous six-month period. Pursuant to the Trust Deed,

- (1) where the total project costs incurred in the development project is less than US\$500 million, the Trustee-Manager is entitled to receive a fee of 2.5% of the total project costs incurred (pro-rated to HPH Trust's 39.73% effective interest in the subject development project); and
- (2) where the total project costs incurred in the development project is US\$500 million or more, the Trustee-Manager is entitled to receive a fee of US\$12.5 million plus 1.5% of the total project costs incurred which exceeds US\$500 million (pro-rated to HPH Trust's 39.73% effective interest in the subject development project).

Total project costs incurred since commencement of the project up to 31 December 2023 were less than US\$500 million. Development fees were calculated based on the 2.5% of the project costs incurred for the years ended 31 December 2023 and 2022.

- (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.
- (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:

	2023	2022
	HK\$'000	HK\$'000
Salaries and employee benefits	22,320	25,273

NOTES TO THE FINANCIAL STATEMENTS

30 Financial risk and capital management

(a) Cash management and funding

The major financial instruments of the Group include liquid funds, investments, trade and other receivables, trade and other payables and borrowings. Details of these financial instruments are disclosed in the respective notes to the financial statements. The risk management programme of the Group is designed to minimise the financial risks of the Group. These risks include credit risk, interest rate risk, foreign currency risk and liquidity risk.

The Group generally obtains long-term financing to meet funding requirements. Management of the Group regularly and closely monitors its overall net debt position and reviews its funding costs and maturity profile to facilitate refinancing.

(b) Capital management

The Group's strategy involves adopting and maintaining an appropriate mix of debt and equity to ensure optimal returns to unitholders, while maintaining sufficient flexibility to implement growth strategies.

The Group may consider diversifying its sources of debt financing by accessing the debt capital markets through the issuance of bonds to optimise the debt maturity profile and to make adjustments to the capital structure in light of changes in economic conditions.

The Group has complied with all externally imposed capital requirements which include a leverage ratio.

At 31 December 2023, total equity amounted to HK\$43,355,042,000 (2022: HK\$46,276,746,000), and consolidated net debt, which represents cash less bank and other debts, of the Group was HK\$17,540,636,000 (2022: HK\$16,744,832,000).

(c) Credit exposure

The Group's holdings of cash and cash equivalents, cross currency interest rate swaps contracts and interest rate swaps contracts with financial institutions expose the Group to counterparty credit risk. The Group controls its credit risk to non-performance by its counterparties through regular review and monitoring of their credit ratings.

The receivables from customers and other counterparties also expose the Group to credit risk. The Group controls its credit risk by assessing the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the management. The utilisation of credit limits is regularly monitored.

The Group applies the HKFRS 9 simplified approach to measuring the ECL which uses a lifetime ECL for all trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The ECL on trade receivables is either calculated using a provision matrix where a provision rate applies based on its historical observed default rates or expected default probability and the loss rate, as adjusted by forward-looking information. On that basis, no material additional ECL was recognised as at 31 December 2023 and 2022.

NOTES TO THE
FINANCIAL STATEMENTS**30 Financial risk and capital management (Continued)****(d) Interest rate exposure**

The Group's main interest risk exposures relate to cash and cash equivalents, loans from non-controlling interests, bank and other debts. The Group manages its interest rate exposure with a focus on reducing the Group's overall cost of debt and exposure to changes in interest rates.

The impact of a hypothetical 5 basis points increase in market interest rate at the end of the reporting period would decrease the Group's profit and unitholders' equity by HK\$1,476,000 (2022: HK\$1,244,000).

The Group has entered into cross currency interest rate swap contracts and interest rate swap contracts to achieve an appropriate mix of fixed and floating rate exposure consistent with the Group's policy.

The effects of the interest rate swap contracts and cross currency interest rate swap contracts on the Group's financial position and performance are as follows:

	2023	2022
	HK\$'000	HK\$'000
Carrying amount assets	193,963	312,187
Notional amount (Note)	3,900,000	7,800,000
Maturity date	March 2025	March 2023 to March 2025
Hedge ratio	1:1	1:1
Change in fair value of outstanding hedging instruments since 1 January	(131,071)	135,819
Change in value of hedged item used to determine hedge effectiveness	131,071	(135,819)
Pay average interest rate	1.18%	2.15%
Receive average interest rate	5.99%	2.46%

Note:

The contractual notional amount of interest rate swaps held for hedging which is based on Secured Overnight Financing Rate ("SOFR") is HK\$3,900,000,000 (2022: HK\$7,800,000,000, based on London Inter-bank Offered Rate ("LIBOR")).

The Group has adopted the amendments to HKFRS 9, HKFRS 7 and HKFRS 16 Interest Rate Benchmark Reform – Phase 2 effective on 1 January 2021.

USD LIBOR ceased publication after 30 June 2023, and was replaced by SOFR and had no material effect on the amounts reported for the current and prior financial years.

NOTES TO THE FINANCIAL STATEMENTS

30 Financial risk and capital management (Continued)

(e) Foreign currency exposure

The Group has entered into cross currency interest rate swap contracts to hedge its foreign currency exposure in respect of bank borrowings denominated in United States dollars with principal amount equivalent to HK\$3,900 million to HK dollar borrowings as at 31 December 2022.

The effects of the cross currency interest rate swap contracts on the Group's financial position and performance are as follows:

	2023 HK\$'000	2022 HK\$'000
Carrying amount (liabilities)	–	(12,847)
Notional amount	–	3,900,000
Maturity date	–	March 2023
Hedge ratio	–	1:1
Change in fair value of outstanding hedging instruments since 1 January	–	842
Change in value of hedged item used to determine hedge effectiveness	–	(842)
Average exchange rate	–	HK\$7.84/US\$1

For overseas subsidiaries, associated companies and joint ventures, which consist of non-Hong Kong dollar assets, the Group generally monitors the development of the Group's cash flows and debt market and, when appropriate, would expect to refinance these businesses with local currency borrowings.

Currency risk as defined by HKFRS 7 arises on financial instruments denominated in a currency that is not the functional currency and being of a monetary nature except for the currency risk between United States dollar and Hong Kong dollar given the two currencies are under the linked exchange rate system. Differences resulting from the translation of financial statements of overseas subsidiaries into the Group's presentation currency are therefore not taken into consideration for the purpose of the sensitivity analysis for currency risk.

The impact of a hypothetical 5% weakening of the HK dollar against all exchange rates at the end of the reporting period, with all other variables held constant, on the Group's profit for the year is set out as below.

	Hypothetical (decrease)/ increase in profit	
	2023 HK\$'000	2022 HK\$'000
Renminbi	(12,740)	36,340
Singapore dollar	(210)	(184)
Others	–	17
	<u>(12,950)</u>	<u>36,173</u>

NOTES TO THE
FINANCIAL STATEMENTS**30 Financial risk and capital management (Continued)****(f) Liquidity exposure**

The following tables detail the remaining contractual maturities at the end of the reporting period of the Group's and the Trust's financial liabilities, which are based on contractual undiscounted principal cash flows and the earliest date on which the Group and the Trust can be required to pay:

Group	Contractual maturities				
	Carrying amounts	Total undiscounted cash flows	Within 1 year	Between 1 to 5 years	After 5 years
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
2023					
Trade and other payables	6,275,962	6,276,002	6,276,002	-	-
Bank and other debts	25,645,184	25,735,500	4,780,500	20,955,000	-
Other non-current liabilities	6,479	6,508	-	6,508	-
	31,927,625	32,018,010	11,056,502	20,961,508	-
2022					
Trade and other payables	6,014,844	5,979,030	5,979,030	-	-
Bank and other debts	27,039,571	27,140,000	5,070,000	22,070,000	-
Other non-current liabilities	16,674	16,679	-	16,679	-
	33,071,089	33,135,709	11,049,030	22,086,679	-

Assuming the effect of interest rates with respect to variable rate financial liabilities remaining constant and no change in aggregate principal amount of financial liabilities other than repayment at scheduled maturity as reflected in the table, the Group has interest accruing and payable on certain of these liabilities which is estimated to be HK\$851,529,000 (2022: HK\$696,067,000) in "within 1 year" maturity band and HK\$1,792,180,000 (2022: HK\$1,494,649,000) in "between 1 to 5 years" maturity band. The table above excludes such information.

Trust	Contractual maturities			
	Carrying amounts	Total undiscounted cash flows	Within 1 year	Between 1 to 5 years
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
2023				
Trade and other payables	31,646	31,646	31,646	-
2022				
Trade and other payables	41,153	41,153	41,153	-

NOTES TO THE FINANCIAL STATEMENTS

30 Financial risk and capital management (Continued)

(g) Financial instruments by category

The following table shows the classification category and carrying amount as at 31 December 2023 and 31 December 2022 under HKFRS 9 for the Group's financial assets and financial liabilities:

	Note	Classification	2023 HK\$'000	2022 HK\$'000
Financial assets				
Listed equity security	17	FVOCI	30,039	29,701
River Ports Economic Benefits	17	FVOCI	242,857	280,109
Interest rate swaps	17	Fair value hedges	193,963	325,034
Cash and cash equivalents	19	Amortised cost	8,194,864	10,395,168
Trade and other receivables	20	Amortised cost	2,830,013	3,065,567
			11,491,736	14,095,579
	Note	Classification	2023 HK\$'000	2022 HK\$'000
Financial liabilities				
Bank and other debts	22	Amortised cost	25,645,184	27,039,571
Trade and other payables	21	Amortised cost	6,265,776	5,989,606
Lease liabilities	21,24	Amortised cost	16,665	29,065
Cross currency interest rate swaps	21	Fair value hedges	-	12,847
			31,927,625	33,071,089
Representing :				
Financial assets measured at				
FVOCI			272,896	309,810
Amortised cost			11,024,877	13,460,735
Fair value hedges			193,963	325,034
Financial liabilities measured at				
Amortised cost			31,927,625	33,058,242
Fair value hedges			-	12,847

NOTES TO THE FINANCIAL STATEMENTS

30 Financial risk and capital management (Continued)

(h) Fair value estimation

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

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

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

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

	Note	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 31 December 2023					
Listed equity security	17	30,039	–	–	30,039
River Ports Economic Benefits	17	–	–	242,857	242,857
Cash flow hedges					
Interest rate swaps	17	–	193,963	–	193,963
		30,039	193,963	242,857	466,859
At 31 December 2022					
Listed equity security	17	29,701	–	–	29,701
River Ports Economic Benefits	17	–	–	280,109	280,109
Cash flow hedges					
Interest rate swaps	17	–	325,034	–	325,034
Cross currency interest rate swaps	21	–	(12,847)	–	(12,847)
		29,701	312,187	280,109	621,997

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. The significant unobservable inputs for the Level 3 valuation are average dividend growth rate of 5% (2022: 5%) and discount rate of 11% (2022: 12%). The higher the average dividend growth rate or the lower the discount rate, the higher the fair value of Level 3 valuation.

During the years ended 31 December 2023 and 2022, there were no transfers between the Level 1, Level 2 and Level 3 fair value measurements.

At 31 December 2023, the fair value of bank and other debts (Note 22) was HK\$25,003.0 million (31 December 2022: HK\$26,084.8 million). The carrying amounts of the remaining financial assets and financial liabilities approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS

31 List of subsidiary companies of the Group

(a) Details of principal subsidiary companies of the Group at 31 December 2023 and 2022 are as follows:

Name	Place of incorporation/ establishment	Principal activities	Particulars of issued share capital/registered capital	Effective interest held	
				2023	2022
HPHT Limited ⁽¹⁾	Hong Kong	Investment holding	HK\$10,000,000	100%	100%
Giantfield Resources Limited ⁽²⁾	British Virgin Islands	Investment holding	2 ordinary shares of US\$1 each	100%	100%
HIT Investments Limited ⁽²⁾	British Virgin Islands	Investment holding	201 ordinary "A" shares of US\$1 each ⁽³⁾ 800 non-voting preferred "B" shares of US\$1 each	100%	100%
Pearl Spirit Limited ⁽²⁾	British Virgin Islands	Investment holding	2 ordinary shares of US\$1 each ⁽⁴⁾	100%	100%
Hongkong International Terminals Limited ⁽¹⁾	Hong Kong	Development and operation of container terminals	HK\$8,500,000,020 ⁽⁵⁾	100%	100%
Yantian International Container Terminals Limited ⁽¹⁾	China	Development and operation of container terminals	HK\$2,400,000,000	56.41%	56.41%
Yantian International Container Terminals (Phase III) Limited ⁽¹⁾	China	Development and operation of container terminals	HK\$6,056,960,000	51.64%	51.64%
Shenzhen Pingyan Multimodal Company Limited ⁽¹⁾	China	Provision of various transportation services	RMB150,000,000	51.64%	51.64%
Shenzhen Yantian West Port Terminals Limited ⁽¹⁾	China	Development and operation of container terminals	RMB2,343,300,000	51.64%	51.64%
Hutchison Ports Yantian Limited ⁽¹⁾	Hong Kong	Investment holding	HK\$10,000,000	79.45%	79.45%
Wattrus Limited ⁽¹⁾	British Virgin Islands	Investment holding	32 "A" shares of US\$1 each 593 "B" shares of US\$1 each	94.88%	94.88%
Success Enterprises Limited (formerly known as Sigma Enterprises Limited) ⁽¹⁾	British Virgin Islands	Investment holding	2,005 "A" shares of US\$1 each 8,424 "B" shares of US\$1 each	79.45%	79.45%

NOTES TO THE
FINANCIAL STATEMENTS**31 List of subsidiary companies of the Group (Continued)****(a) Details of principal subsidiary companies of the Group at 31 December 2023 and 2022 are as follows: (Continued)**

Name	Place of incorporation/ establishment	Principal activities	Particulars of issued share capital/registered capital	Effective interest held	
				2023	2022
Hutchison Ports Yantian Investments Limited ⁽²⁾	British Virgin Islands	Investment holding	200 ordinary shares of US\$1 each	100%	100%
Birrong Limited ⁽²⁾	British Virgin Islands	Investment holding	10,000 ordinary shares of US\$1 each	100%	100%
Hutchison Shenzhen East Investments Limited ⁽²⁾	British Virgin Islands	Investment holding	1 ordinary share of US\$1	100%	100%

(1) Audited by PricewaterhouseCoopers network firms

(2) Not required to be audited under the laws of the country of incorporation

(3) 1 ordinary "A" share was issued in 2023

(4) 1 ordinary share was issued in 2023

(5) 1 ordinary share was issued for HK\$8,500,000,000 in 2023

Appointment of auditors

The Trust has complied with Rules 712 and 715 of the Listing Manual of the SGX-ST in relation to its auditors.

(b) Material non-controlling interests

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

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

Summarised statement of financial position

	2023 HK\$'000	2022 HK\$'000
Non-current assets	56,927,721	58,547,303
Current assets	7,189,490	8,550,764
Total assets	<u>64,117,211</u>	<u>67,098,067</u>
Non-current liabilities	5,938,411	6,222,865
Current liabilities	4,601,461	3,613,665
Total liabilities	<u>10,539,872</u>	<u>9,836,530</u>

NOTES TO THE FINANCIAL STATEMENTS

31 List of subsidiary companies of the Group (Continued)

(b) Material non-controlling interests (Continued)

Summarised income statement

	2023	2022
	HK\$'000	HK\$'000
Revenue and other income	7,875,808	8,679,362
Net profit for the year	2,801,985	3,162,437

Summarised statement of cash flows

	2023	2022
	HK\$'000	HK\$'000
Net change in cash and cash equivalents	(2,316,724)	(153,336)
Dividends paid to non-controlling interests	2,924,337	2,006,952

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

32 Approval of the financial statements

The financial statements set out on pages 139 to 195 were approved by the Board of Directors of the Trustee-Manager for issue on 7 February 2024.

FIVE-YEAR FINANCIAL SUMMARY

Consolidated Income Statement

(HK\$'million)	2019	2020	2021	2022	2023
Revenue and other income	11,120.9	10,705.8	13,244.1	12,166.2	10,635.5
Profit after tax	1,821.7	2,012.5	3,527.2	2,519.7	1,481.5
Profit after tax attributable to unitholders of HPH Trust	528.2	831.4	1,747.2	1,099.0	233.5

Consolidated Statement of Financial Position

(HK\$'million)	2019	2020	2021	2022	2023
Assets and liabilities					
Total non-current assets	82,462.1	79,768.4	77,796.1	75,053.1	72,788.6
Current assets	10,198.6	10,899.5	15,167.6	13,593.0	11,292.0
Non-current liabilities	(36,743.1)	(35,277.3)	(31,239.2)	(30,978.9)	(29,388.2)
Current liabilities	(10,354.3)	(9,786.7)	(14,325.4)	(11,390.5)	(11,337.4)
Net assets	45,563.3	45,603.9	47,399.1	46,276.7	43,355.0
Equity					
Units in issue	68,553.8	68,553.8	68,553.8	68,553.8	68,553.8
Reserves	(42,702.9)	(42,551.8)	(41,447.0)	(41,746.8)	(42,924.6)
Net assets attributable to unitholders of HPH Trust	25,850.9	26,002.0	27,106.8	26,807.0	25,629.2
Non-controlling interests	19,712.4	19,601.9	20,292.3	19,469.7	17,725.8
Total equity	45,563.3	45,603.9	47,399.1	46,276.7	43,355.0

Performance Data

	2019	2020	2021	2022	2023
Distribution per unit (HK cents)	11.0	12.0	14.5	14.5	13.2
- <i>Interim distribution</i>	6.0	4.3	6.5	6.5	5.5
- <i>Final distribution</i>	5.0	7.7	8.0	8.0	7.7
Earnings per unit attributable to unitholders of HPH Trust (HK cents)	6.1	9.5	20.1	12.6	2.7
Net attributable debt ¹ (HK\$'billion)	25.2	23.6	21.4	20.1	19.8
Total consolidated debt ² (HK\$'billion)	30.7	29.4	29.0	27.1	25.7

Notes:

- 1 Being bank and other debts less cash, both attributable to unitholders of HPH Trust
- 2 Being bank and other debts excluding unamortised loan facility fees and discounts related to debts

STATISTICS OF UNITHOLDINGS

As at 6 March 2024

There were 8,711,101,022 units (voting rights: 1 vote per unit) in issue as at 6 March 2024. There is only one class of units in HPH Trust. There were no treasury units held by HPH Trust.

DISTRIBUTION OF UNITHOLDINGS

SIZE OF UNITHOLDINGS	NO. OF UNITHOLDERS	%	NO. OF UNITS	%
1 - 99	14	0.05	389	0.00
100 - 1,000	2,869	9.21	2,731,540	0.03
1,001 - 10,000	15,988	51.34	80,220,764	0.92
10,001 - 1,000,000	12,116	38.90	826,941,921	9.49
1,000,001 AND ABOVE	156	0.50	7,801,206,408	89.56
TOTAL	31,143	100.00	8,711,101,022	100.00

SUBSTANTIAL UNITHOLDERS

Based on Register of Substantial Unitholders as at 6 March 2024

Unitholders	Direct interest		Deemed interest	
	No. of Units	%	No. of Units	%
1. CK Hutchison Holdings Limited ⁽¹⁾	–	–	2,619,246,222	30.07
2. Hutchison Port Group Holdings Limited	2,406,227,022	27.62	–	–
3. CK Hutchison Global Investments Limited ⁽²⁾	–	–	2,406,227,022	27.62
4. PortCapital Limited	905,364,000	10.39	–	–
5. PSA International Pte Ltd ⁽³⁾	315,764,400	3.62	905,364,000	10.39
6. Temasek Holdings (Private) Limited ⁽⁴⁾	–	–	1,313,144,754	15.07

Notes:

- (1) CK Hutchison Holdings Limited ("CKHH"), through its wholly-owned subsidiary, CK Hutchison Global Investments Limited ("CKHGI"), is deemed to have the interest held by Hutchison Port Group Holdings Limited ("HPGH") in HPH Trust. CKHH, through its wholly-owned subsidiary, Cheung Kong (Holdings) Limited ("Cheung Kong"), has a deemed interest in 2.45% of the units in HPH Trust held by Cheung Kong's subsidiaries.
- (2) CKHGI, being the immediate holding company of HPGH, is deemed to have the same interest in HPH Trust as HPGH.
- (3) PortCapital Limited ("PortCapital") is a wholly-owned subsidiary of PSA International Pte Ltd ("PSA"). PSA is deemed interested in the HPH Trust units held by PortCapital.
- (4) PSA is a wholly-owned subsidiary of Temasek Holdings (Private) Limited ("Temasek"). Temasek is deemed interested in the HPH Trust units held by PortCapital and Temasek's various other subsidiaries and associated companies.

STATISTICS OF UNITHOLDINGS

As at 6 March 2024

TWENTY LARGEST UNITHOLDERS

NO.	NAME	NO. OF UNITS	%
1	HUTCHISON PORT GROUP HOLDINGS LIMITED	2,406,227,022	27.62
2	CITIBANK NOMINEES SINGAPORE PTE LTD	1,557,655,187	17.88
3	PORTCAPITAL LIMITED	905,364,000	10.39
4	DBS NOMINEES (PRIVATE) LIMITED	718,204,338	8.24
5	RAFFLES NOMINEES (PTE.) LIMITED	550,004,924	6.31
6	PSA INTERNATIONAL PTE LTD	330,814,600	3.80
7	DBSN SERVICES PTE. LTD.	233,323,655	2.68
8	HSBC (SINGAPORE) NOMINEES PTE LTD	233,257,637	2.68
9	BNP PARIBAS NOMINEES SINGAPORE PTE. LTD.	129,258,949	1.49
10	OCBC SECURITIES PRIVATE LIMITED	65,608,901	0.75
11	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	51,506,481	0.59
12	PHILLIP SECURITIES PTE LTD	49,409,750	0.57
13	DB NOMINEES (SINGAPORE) PTE LTD	46,636,203	0.54
14	UOB KAY HIAN PRIVATE LIMITED	42,798,735	0.49
15	BPSS NOMINEES SINGAPORE (PTE.) LTD.	40,313,903	0.46
16	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	38,155,500	0.44
17	IFAST FINANCIAL PTE. LTD.	16,634,025	0.19
18	ESTATE OF NG AH PEE @ NG TENG FONG, DECEASED	15,185,000	0.17
19	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	14,653,150	0.17
20	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	13,638,000	0.16
TOTAL		7,458,649,960	85.62

FREE FLOAT

Based on the information made available to the Trustee-Manager, as at 6 March 2024, approximately 54.84% were held in the hands of the public. Accordingly, HPH Trust complied with Rule 723 of the Listing Manual of the SGX-ST.

ADDITIONAL INFORMATION

	Total volume (‘000)	Highest Price (US\$) (S\$)		Lowest Price (US\$) (S\$)	
Unit performance in 2023	1,317,410	0.220	0.285	0.146	0.196

NOTICE OF ANNUAL GENERAL MEETING

HUTCHISON PORT HOLDINGS TRUST

(A business trust constituted on 25 February 2011 under the laws of the Republic of Singapore)

(Registration No: 2011001)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the unitholders of Hutchison Port Holdings Trust (“**HPH Trust**” and unitholders of HPH Trust, “**Unitholders**”) will be held at Jasmine Ballroom, Level 3, Sands Expo & Convention Centre, 10 Bayfront Avenue, Singapore 018956 on Tuesday, 23 April 2024 at 11:00 a.m. for the following purposes:

ORDINARY BUSINESS:

1. To receive and adopt the Report of the Trustee-Manager, Statement by the Trustee-Manager and the audited financial statements of HPH Trust for the year ended 31 December 2023 together with the Independent Auditor’s Report thereon. **(Ordinary Resolution 1)**
2. To re-appoint PricewaterhouseCoopers LLP as the Auditor of HPH Trust and to authorise the Directors of the Trustee-Manager to fix its remuneration. **(Ordinary Resolution 2)**

SPECIAL BUSINESS:

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

3. General mandate to issue units in HPH Trust (“**Units**”)

That pursuant to Clause 6.1.1 of the deed of trust dated 25 February 2011, the first supplemental deed dated 28 April 2014 and the second supplemental deed dated 8 June 2020 (collectively, “**Trust Deed**”), Section 36 of the Business Trusts Act 2004 of Singapore (“**BTA**”), and Rule 806 of the Listing Manual of Singapore Exchange Securities Trading Limited (“**SGX-ST**”), the Trustee-Manager, on behalf of HPH Trust, be authorised and empowered to:

- (a)
 - (i) issue Units, whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units,

at any time and upon such terms and conditions whether for cash or otherwise and for such purposes and to such persons as the Trustee-Manager may in its absolute discretion deem fit; and
- (b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue Units pursuant to any Instrument made or granted by the Trustee-Manager while this Resolution was in force,

provided that:

- (1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued pursuant to the Instruments, made or granted pursuant to this Resolution) shall not exceed fifty per centum (50.0%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued other than on a pro-rata basis to existing Unitholders shall not exceed twenty per centum (20.0%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below);

NOTICE OF ANNUAL GENERAL MEETING

HUTCHISON PORT HOLDINGS TRUST

(A business trust constituted on 25 February 2011 under the laws of the Republic of Singapore)

(Registration No: 2011001)

- (2) (subject to such calculation as may be prescribed by SGX-ST) for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (1) above, the percentage of issued Units shall be based on the number of issued Units (excluding treasury Units, if any) at the time of the passing of this Resolution, after adjusting for:
 - (a) new Units arising from the conversion or exercise of the Instruments which are issued and outstanding or subsisting at the time of the passing of this Resolution; and
 - (b) any subsequent bonus issue, consolidation or subdivision of Units;
- (3) in exercising the authority conferred by this Resolution, the Trustee-Manager shall comply with the provisions of the Listing Manual of SGX-ST for the time being in force (unless such compliance has been waived by SGX-ST), the Trust Deed and the BTA; and
- (4) unless revoked or varied by HPH Trust in a general meeting, such authority shall continue in force until (i) the conclusion of the next Annual General Meeting of the Unitholders or the date by which the next Annual General Meeting of the Unitholders is required by law to be held, whichever is the earlier; or (ii) in the case of Units to be issued pursuant to the Instruments, made or granted pursuant to this Resolution, until the issuance of such Units in accordance with the terms of the Instruments. **(Ordinary Resolution 3)**

By Order of the Board

Hutchison Port Holdings Management Pte. Limited

(Incorporated in the Republic of Singapore with limited liability)

(as Trustee-Manager of Hutchison Port Holdings Trust)

(Company Registration No.: 201100749W)

WONG YOEN HAR

Company Secretary

Singapore, 1 April 2024

Explanatory Note:

Ordinary Resolution 3

The Ordinary Resolution 3 in item 3 above, if passed, will empower the Trustee-Manager from the date of this Annual General Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held, or the date on which such authority is varied or revoked by HPH Trust in a general meeting of the Unitholders, whichever is the earliest, to issue Units, make or grant Instruments convertible into Units and to issue Units pursuant to such Instruments, up to a number not exceeding, in total, 50.0% of the issued Units, of which up to 20.0% may be issued other than on a pro-rata basis to existing Unitholders.

For determining the aggregate number of Units that may be issued, the percentage of issued Units will be calculated based on the issued Units at the time the Ordinary Resolution 3 in item 3 above is passed, after adjusting for any new Units arising from the conversion or exercise of the Instruments which are issued and outstanding or subsisting at the time the Ordinary Resolution 3 is passed, and any subsequent bonus issue, consolidation or subdivision of Units.

NOTICE OF ANNUAL GENERAL MEETING

HUTCHISON PORT HOLDINGS TRUST

(A business trust constituted on 25 February 2011 under the laws of the Republic of Singapore)

(Registration No: 2011001)

Notes:

The Annual General Meeting will be held, in a wholly physical format, at Jasmine Ballroom, Level 3, Sands Expo & Convention Centre, 10 Bayfront Avenue, Singapore 018956 on Tuesday, 23 April 2024 at 11:00 a.m.. Unitholders, including SRS investors, and (where applicable) duly appointed proxies and representatives will be able to ask questions and vote at the Annual General Meeting by attending the Annual General Meeting in person. There will be no option for Unitholders to participate virtually.

Printed copies of this Notice of Annual General Meeting, the Proxy Form and the Request Form will be sent to Unitholders by post.

Unitholders who wish to receive a printed copy of the Annual Report will have to send in the Request Form which can also be downloaded from HPH Trust's website at <https://www.hphtrust.com/agm.html> or from the SGX website at <https://www.sgx.com/securities/company-announcements>.

Unitholders are able to participate at the Meeting in person in the following manners set out in the paragraphs below:

Submission of Instrument Appointing a Proxy to Vote

1. A Unitholder (who is not a relevant intermediary) entitled to attend and vote at the Annual General Meeting of HPH Trust ("**Meeting**"), is entitled to appoint one or two proxies to attend and vote at the Meeting.
2. A Unitholder (who is a relevant intermediary) entitled to attend and vote at the Meeting may appoint more than two proxies to exercise all or any of its rights to attend and vote at the Meeting, provided that each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder.
3. The proxy form for the Meeting may be accessed at HPH Trust's website at <https://www.hphtrust.com/agm.html> or on the SGX website at <https://www.sgx.com/securities/company-announcements> and is also made available with this Notice of Meeting.
4. Investors who hold their Units through relevant intermediaries (other than SRS investors) and who wish to exercise their votes by appointing a proxy should approach their respective relevant intermediaries as soon as possible in order for the necessary arrangements to be made for their votes to be submitted.

SRS investors who wish to appoint a proxy should approach their respective SRS Approved Banks to submit their voting instructions by 5:00 p.m. on 12 April 2024 in order to allow sufficient time for their SRS Approved Banks to in turn submit a proxy form to appoint the proxy to vote on their behalf by 11:00 a.m. on 21 April 2024. For the avoidance of doubt, for persons who hold Units through relevant intermediaries (including SRS investors), the proxy form is not valid for use and shall be ineffective for all intents and purposes.

5. Where a Unitholder (who is not a relevant intermediary) appoints two proxies, he/she/it must specify the proportion of his/her/its unitholding (expressed as a percentage of the whole) to be represented by each proxy where a unitholder appoints two proxies and does not specify the proportion of his/her/its unitholding to be represented by each proxy, then the Units held by the unitholder are deemed to be equally divided between the proxies. A proxy need not be a Unitholder.
6. The instrument appointing a proxy or proxies must be submitted and deposited at the registered office of Hutchison Port Holdings Management Pte. Limited, the Trustee-Manager of HPH Trust, at 1 Harbourfront Avenue, #14-07, Keppel Bay Tower, Singapore 098632 **by 11:00 a.m. on 21 April 2024** (being at least 48 hours before the time for holding the Meeting).

A unitholder who wishes to submit an instrument of proxy must complete and sign the proxy form, before submitting it to the address provided above.

NOTICE OF ANNUAL GENERAL MEETING

HUTCHISON PORT HOLDINGS TRUST

(A business trust constituted on 25 February 2011 under the laws of the Republic of Singapore)

(Registration No: 2011001)

7. Completion and return of an instrument appointing a proxy shall not preclude a unitholder from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a unitholder attends the Meeting in person, and in such event, the Trustee-Manager reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
8. A depositor shall not be regarded as a Unitholder entitled to attend and vote at the Meeting unless his/her name appears on the Depository Register not less than forty-eight (48) hours before the time of the Meeting.
9. The instrument appointing a proxy or proxies must be under the hand of the appointor or his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.
10. The Trustee-Manager shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies.

“**relevant intermediary**” has the meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore and apply with such modifications and qualifications as may be necessary to the Units.

Submission of questions prior to the Meeting

11. Unitholders may submit questions related to the resolutions to be tabled for approval at the Meeting and questions which are substantial and relevant will be addressed prior to or during the Meeting. All questions must be submitted via any of the following channels:
 - a. by email to agm_enquiry@hphtrust.com; or
 - b. by post to Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07, Keppel Bay Tower, Singapore 098632.

Unitholders are reminded to provide their full names, CDP securities account number (if any), email address and contact number when submitting their questions. Unitholders shall submit their questions related to the resolutions to be tabled at the Meeting by 11:00 a.m. on 9 April 2024.

12. HPH Trust will publish the responses to substantial and relevant questions received on or before 11:00 a.m. on 9 April 2024 via SGXNet and HPH Trust’s website at <https://www.hphtrust.com/agm.html> by 19 April 2024. Substantial and relevant questions, or any subsequent clarifications sought or follow-up questions received after 11:00 a.m. on 9 April 2024 may be addressed at the Meeting.
13. Only substantial and relevant questions relating to the resolutions to be tabled for approval at the Meeting received prior to the Meeting (as may be determined by HPH Trust in its sole discretion) will be addressed. Where substantially similar questions are received, the Trustee-Manager will consolidate such questions and consequently, not all questions may be individually addressed.

Access to all documents relating to the business of the Meeting

14. All documents and information relating to the business of the Meeting (including the Annual Report, this Notice of Meeting, the instrument appointing a proxy and the Request Form) have been published on SGXNet and HPH Trust’s website at <https://www.hphtrust.com/agm.html>.

NOTICE OF ANNUAL GENERAL MEETING

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

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by HPH Trust (or its agents) for the purpose of the processing and administration by HPH Trust, the Trustee-Manager (or its agents) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for HPH Trust (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to HPH Trust (or its agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by HPH Trust, the Trustee-Manager (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify HPH Trust in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

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HUTCHISON PORT HOLDINGS TRUST

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

HUTCHISON PORT HOLDINGS MANAGEMENT PTE. LIMITED

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

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, _____

holder of NRIC / Passport Number or Company Registration Number or UEN Number _____

of _____

being a unitholder/unitholders of Hutchison Port Holdings Trust ("**HPH Trust**"), hereby appoint

Name	NRIC/Passport No.	Proportion of Unitholdings	
		No. of Units	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Unitholdings	
		No. of Units	%
Address			

or failing the person, or either or both of whom failing, referred to the above, the Chairman of the Annual General Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Annual General Meeting of the unitholders of HPH Trust ("**Meeting**") to be held at Jasmine Ballroom, Level 3, Sands Expo & Convention Centre, 10 Bayfront Avenue, Singapore 018956 on Tuesday, 23 April 2024 at 11:00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against or abstain from voting on the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

No.	Ordinary Resolutions relating to:	No. of Votes For**	No. of Votes Against**	No. of Votes Abstain**
1	Adoption of the Report of the Trustee-Manager, Statement by the Trustee-Manager and the audited financial statements of HPH Trust for the year ended 31 December 2023 together with the Independent Auditor's Report thereon*			
2	Re-appointment of PricewaterhouseCoopers LLP as the Auditor of HPH Trust*			
3	Grant of a general mandate to Directors to issue additional new units in HPH Trust*			

* Please refer to the Notice of Annual General Meeting of HPH Trust dated 1 April 2024 for the full text of the resolution.

** If you wish to exercise all your votes "For" or "Against" or "Abstain", please tick (v) within the box provided. Alternatively, please indicate the number of votes as appropriate. If you mark the "Abstain" box for a particular resolution, you are directing your proxy/proxies not to vote on that resolution.

Dated this _____ day of _____ 2024

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

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

IMPORTANT: PLEASE READ THE NOTES TO THE PROXY FORM BELOW

Notes to Proxy Form:

1. Please insert the total number of units in Hutchison Port Holdings Trust (“**HPH Trust**”, and units in HPH Trust, “**Units**”) held by you. If you have Units entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of Units. If you have Units registered in your name in the Register of Unitholders of HPH Trust, you should insert that number of Units. If you have Units entered against your name in the said Depository Register and Units registered in your name in the Register of Unitholders, you should insert the aggregate number of Units entered against your name in the Depository Register and registered in your name in the Register of Unitholders. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Units held by you.
2. The Meeting is being convened and will be held physically. Please refer to the Notice of Meeting dated 1 April 2024 for details on submission of questions in advance of the Meeting, addressing of substantial and relevant questions prior to and/or at the Meeting. The Notice of the Meeting has been sent to unitholders by post and can also be accessed at HPH Trust’s website at <https://www.hphtrust.com/agm.html>, and on the SGX website at <https://www.sgx.com/securities/company-announcements>.
3. A unitholder of HPH Trust (who is not a relevant intermediary as defined in Section 181 of the Companies Act 1967 of Singapore) entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a unitholder of HPH Trust.
4. Where a unitholder of HPH Trust (who is not a relevant intermediary as defined in Section 181 of the Companies Act 1967 of Singapore) appoints two proxies, he/she/it must specify the proportion of his/her/its unitholding (expressed as a percentage of the whole) to be represented by each proxy. Where a unitholder appoints two proxies and does not specify the proportion of his/her/its unitholding to be represented by each proxy, then the Units held by the unitholder are deemed to be equally divided between the proxies.
5. Completion and return of this instrument appointing a proxy shall not preclude a unitholder from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a unitholder attends the Meeting in person, and in such event, Hutchison Port Holdings Management Pte. Limited, the trustee-manager of HPH Trust (“**Trustee-Manager**”), reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
6. The instrument appointing a proxy or proxies must be submitted and deposited at the registered office of the Trustee-Manager at 1 Harbourfront Avenue, #14-07, Keppel Bay Tower, Singapore 098632 not less than forty-eight (48) hours before the time appointed for holding the Meeting.
7. Investors who hold their Units through relevant intermediaries as defined in Section 181 of the Companies Act 1967 of Singapore (other than SRS investors) and who wish to exercise their votes by appointing proxy should approach their respective relevant intermediaries as soon as possible in order for the necessary arrangements to be made for their votes to be submitted. SRS investors who wish to appoint a proxy should approach their respective SRS Approved Banks to submit their voting instructions by 5:00 p.m. on 12 April 2024 in order to allow sufficient time for their respective SRS Approved Banks to in turn submit a proxy form to appoint the proxy to vote on their behalf by 11:00 a.m. on 21 April 2024. For the avoidance of doubt, for persons who hold Units through relevant intermediaries (including SRS investors), the proxy form is not valid for use and shall be ineffective for all intents and purposes.
8. A Unitholder who wishes to submit an instrument of proxy must **complete and sign the proxy form**, before submitting it to the address provided above.
9. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.
10. A corporation which is a unitholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act 1967 of Singapore. The resolution should be sent to the Trustee-Manager to the address provided above.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the unitholder accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 1 April 2024.

General:

The Trustee-Manager shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Units entered in the Depository Register, the Trustee-Manager may reject any instrument appointing a proxy or proxies lodged if the unitholder, being the appointor, is not shown to have Units entered against his name in the Depository Register as at forty-eight (48) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Trustee-Manager.

GLOSSARY

A	
AC or Audit Committee	Audit Committee of the Trustee-Manager
ACRA Code	Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities
ACT	Asia Container Terminals
AeT(s)	Autonomous eTruck(s)
AFAB	Anti-fraud and anti-bribery
AFLAS	Asian Freight, Logistics and Supply Chain
AGM	Annual General Meeting
AI	Artificial intelligence
APS	Asia Port Services Limited
B	
Board	Board of Directors
BTA	Business Trusts Act 2004 of Singapore
BTR	Business Trusts Regulations
C	
Capital Contribution	Pursuant to an investment agreement entered between HPH Trust and a wholly-owned subsidiary, HPHT Limited, dated 4 August 2011, HPH Trust made capital contributions of HK\$67,280,000,000 to HPHT Limited
CCTV	Closed-circuit television
CEO	Chief Executive Officer of the Trustee-Manager
CFO	Chief Financial Officer of the Trustee-Manager
CGI	The Chartered Governance Institute
CGU	Cash-generating units
CKHH	CK Hutchison Holdings Limited
Code	The Code of Corporate Governance 2018
COSCO-HIT	COSCO-HIT Terminals
COSCO SHIPPING Ports	COSCO SHIPPING Ports Limited
COSO	Committee of Sponsoring Organizations of the Treadway Commission
CPD	Continuous professional development
D	
DCR	Damaged container report

GLOSSARY

E	
eBCN	Electronic Booking Confirmation Notice
ECL	Expected credit loss
ERM	Enterprise Risk Management
eRO	Electronic Release Order
eRTGC	Electric Rubber-Tyred Gantry Crane
ESG	Environmental, Social and Governance
F	
FVOCI	Fair value through other comprehensive income
G	
GBA	Greater Bay Area (comprises the two Special Administrative Regions of Hong Kong and Macau, and the nine municipalities of Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen and Zhaoqing in Guangdong Province)
GHG	Greenhouse gas
GPS	Global Positioning System
Group	HPH Trust group of companies / HPH Trust and its subsidiaries
GRI	Global Reporting Initiative
H	
HIBOR	Hong Kong Interbank Offered Rate
HICT	Huizhou International Container Terminals
HIT	Hongkong International Terminals
HKAS	Hong Kong Accounting Standards
HKCGI	The Hong Kong Chartered Governance Institute
HKEx	The Stock Exchange of Hong Kong Limited
HKFRS	Hong Kong Financial Reporting Standards
HKICPA	The Hong Kong Institute of Certified Public Accountants
HKSAR	Hong Kong Special Administrative Region
HKSPA	Hong Kong Seaport Alliance
HPH	Hutchison Port Holdings Limited
HPH Trust	Hutchison Port Holdings Trust
hRTGC(s)	Hybrid Rubber-Tyred Gantry Crane(s)
Hutchison Logistics	HPH E.Commerce Limited

GLOSSARY

I	
ICAC	Independent Commission Against Corruption of HKSAR
IEC	International Electrotechnical Commission
IFRS	International Financial Reporting Standards
ISAs	International Standards on Auditing
ISO	International Organization for Standardization
IT	Information technology
J	
Jiangmen Terminal	Jiangmen International Container Terminals
K	
Kwai Tsing Terminals	HIT, COSCO-HIT and ACT
L	
LNG	Liquefied natural gas
LPG	Liquefied petroleum gas
M	
Management	The management of HPH Trust
MPFSA	Mandatory Provident Fund Schemes Authority
N	
Nanghai Terminal	Nanghai International Container Terminals
NC	Nominating Committee of the Trustee-Manager
NPAT	Net profit after tax
O	
OHSMS	Occupational Health and Safety Management System
ORSO	Occupational Retirement Schemes Ordinance
P	
PoC	Proof-of-Concept
PV	Photovoltaic
PwC	PricewaterhouseCoopers LLP
Q	
QC(s)	Quay crane(s)

GLOSSARY

R	
RC	Remuneration Committee of the Trustee-Manager
RCI	Remote Container Inspection
River Ports	Jiangmen Terminal and Nanhai Terminal
RMGC(s)	Rail-mounted gantry crane(s)
ROFR Agreement	Right of first refusal agreement
RTGC(s)	Rubber-tyred gantry crane(s)
S	
SC	Sustainability Committee of the Trustee-Manager
SDGs	Sustainable Development Goals
SGX	Singapore Exchange
SGX-ST	Singapore Exchange Securities Trading Limited
SGX-ST Listing Manual	The Listing Manual of Singapore Exchange Securities Trading Limited
SHICD	Shenzhen Hutchison Inland Container Depots Co., Limited
S&S	Safety and Security department
T	
TCFD	Task Force on Climate-related Financial Disclosures
TEU(s)	Twenty-foot equivalent unit(s)
TOM	TOM Group Limited
Trust	Hutchison Port Holdings Trust
Trust Deed	The deed of trust dated 25 February 2011 and as amended and supplemented by the first supplemental deed dated 28 April 2014 and the second supplemental deed dated 8 June 2020
Trustee-Manager	Hutchison Port Holdings Management Pte. Limited
Y	
Yantian	Yantian district in Shenzhen
YANTIAN	Yantian International Container Terminals



HUTCHISON PORT HOLDINGS TRUST

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