



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

## HUTCHISON PORT HOLDINGS TRUST (“HPH Trust”) FINANCIAL STATEMENT ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### TABLE OF CONTENTS

Item No.	Description	Page No.
1(a)(i)	Consolidated income statements	1-2
1(a)(ii)	Consolidated statements of comprehensive income	2
1(b)(i)	Statements of financial position	3-4
1(b)(ii)	Aggregate amount of the Group’s borrowings and debt securities	5
1(c)	Consolidated statements of cash flows	6
1(d)(i)	Statements of changes in equity	7-9
1(d)(ii)	Details of any changes in units	10
2&3	Review statement	10
4&5	Changes in accounting policies	10-11
6	Earnings per unit (“EPU”) and distribution per unit (“DPU”)	11
7(a)	Net asset value (“NAV”) attributable to unitholders per unit	12
7(b)	Rate of return	12
8	Value of assets by region	13
9	Review of performance	14-17
10	Variance from forecast / prospect statement	18
11	Outlook and prospects	18
12&13	Distribution	19-21
14	General mandate from unitholders for interested person transaction (“IPT”)	21
15	Segment information	21
16	Factors leading to any material changes	22
17	Breakdown of Group’s revenue and profit after tax before deducting non-controlling interest	22
18	Breakdown of total annual distribution	22
19	Confirmation pursuant to Rule 720(1) of the Listing Manual <sup>(a)</sup>	23
20	Negative confirmation pursuant to Rule 704(13) of the Listing Manual	23
21	Outline of Hutchison Port Holdings Management Pte. Limited as the Trustee-Manager of HPH Trust (“the Trustee-Manager”)	24
22(a)	Financial Information of the Trustee-Manager - Income statement	25
22(b)	Financial Information of the Trustee-Manager - Statement of financial position	26
Appendix 1	Independent auditor’s report	

Footnote:

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

1(a)(i) Consolidated income statements for the year ended 31 December 2017

	Group					
	01/10/2017 to 31/12/2017	01/10/2016 to 31/12/2016	Favorable/ (Unfavorable)	01/01/2017 to 31/12/2017	01/01/2016 to 31/12/2016	Favorable/ (Unfavorable)
	HK\$'M	HK\$'M	%	HK\$'M	HK\$'M	%
<b>Revenue and other income</b>	2,856.8	2,957.5	(3.4)	11,551.0	11,912.3	(3.0)
Cost of services rendered	(1,111.2)	(1,097.5)	(1.2)	(4,131.6)	(4,251.1)	2.8
Staff costs	(70.4)	(70.6)	0.3	(288.0)	(297.4)	3.2
Depreciation and amortisation	(769.5)	(732.1)	(5.1)	(3,003.3)	(2,916.5)	(3.0)
Other operating income	14.9	81.0	(81.6)	25.4	88.8	(71.4)
Other operating expenses <sup>(a)</sup>	(137.5)	(164.5)	16.4	(552.0)	(312.0)	(76.9)
<b>Total operating expenses</b>	(2,073.7)	(1,983.7)	(4.5)	(7,949.5)	(7,688.2)	(3.4)
<b>Operating profit</b>	783.1	973.8	(19.6)	3,601.5	4,224.1	(14.7)
Interest and other finance costs	(214.7)	(180.3)	(19.1)	(856.9)	(701.2)	(22.2)
Share of profits less losses after tax of associated companies <sup>(b)</sup>	(38.0)	2.4	(1,683.3)	(116.4)	17.7	(757.6)
Share of profits less losses after tax of joint ventures	19.3	9.2	109.8	76.4	59.2	29.1
<b>Profit before tax</b>	549.7	805.1	(31.7)	2,704.6	3,599.8	(24.9)
Tax <sup>(c)</sup>	51.7	(87.7)	159.0	(487.1)	(645.8)	24.6
<b>Profit for the quarter/year</b>	601.4	717.4	(16.2)	2,217.5	2,954.0	(24.9)
Allocated as:						
Profit attributable to non-controlling interests	(363.6)	(331.6)	9.7	(1,273.3)	(1,240.4)	2.7
Profit attributable to unitholders of HPH Trust	237.8	385.8	(38.4)	944.2	1,713.6	(44.9)
<b>Earnings per unit attributable to unitholders of HPH Trust</b>	<b>HK cents</b> 2.73	<b>HK cents</b> 4.43	<b>(38.4)</b>	<b>HK cents</b> 10.84	<b>HK cents</b> 19.67	<b>(44.9)</b>

As in footnote (d), the comparable profit for the quarter/year, profit attributable to unitholders of HPH Trust and earnings per unit attributable to unitholders of HPH Trust excluding HIT's rent and rates refund in below footnote (a), are as follows:

Profit for the quarter/year	601.4	717.4	(16.2)	2,217.5	2,597.0	(14.6)
Profit attributable to unitholders of HPH Trust	237.8	385.8	(38.4)	944.2	1,356.6	(30.4)
<b>Earnings per unit attributable to unitholders of HPH Trust</b>	<b>HK cents</b> 2.73	<b>HK cents</b> 4.43	<b>(38.4)</b>	<b>HK cents</b> 10.84	<b>HK cents</b> 15.57	<b>(30.4)</b>

Footnotes:

(a) Other operating expenses were HK\$552.0 million for the year ended 31 December 2017 whereas they were HK\$312.0 million for the year ended 31 December 2016. The increase was due to the government rent and rates refund of HK\$430.0 million received during the first quarter of 2016 by HIT.

(b) Share of profits less losses after tax of associated companies for the year ended 31 December 2017 was a loss of HK\$116.4 million whereas it was a profit of HK\$17.7 million for the year ended 31 December 2016. The decrease was mainly due to share of result of Huizhou International Container Terminals Limited ("HICT") after it was acquired at the end of 2016.

## 1(a)(i) Consolidated income statements for the year ended 31 December 2017 (Continued)

Footnotes: (Continued)

- (c) Taxation recorded a net income of HK\$51.7 million for the quarter ended 31 December 2017 whereas it was an expenses of HK\$87.7 million for the quarter ended 31 December 2016. The total tax savings realised by YICT Phase III upon qualifying as "High and New Technology Enterprise" in fourth quarter of 2017, which allows a preferential corporate income tax rate for 3 years with effect from 1 January 2017, was higher than the total tax savings realised by YICT Phase I & II when it qualified as "High and New Technology Enterprise" with effect from 1 January 2016 in the quarter ended 31 December 2016.
- (d) This analysis is provided as additional information and is not directly extracted from the financial statements of HPH Trust and its subsidiary companies for the year ended 31 December 2017 ("Financial Statements").

## 1(a)(ii) Consolidated statements of comprehensive income for the year ended 31 December 2017

	Group					
	01/10/2017 to 31/12/2017	01/10/2016 to 31/12/2016	Favorable/ (Unfavorable)	01/01/2017 to 31/12/2017	01/01/2016 to 31/12/2016	Favorable/ (Unfavorable)
	HK\$'M	HK\$'M	%	HK\$'M	HK\$'M	%
<b>Profit for the quarter/year</b>	601.4	717.4	(16.2)	2,217.5	2,954.0	(24.9)
<b>Other comprehensive income/ (loss)<sup>(a)</sup>:</b>						
<b>Items that will not be reclassified to profit or loss:</b>						
Remeasurement of defined benefit plans	220.5	(60.3)	465.7	220.5	(60.3)	465.7
<b>Items that may be reclassified subsequently to profit or loss:</b>						
Cash flow hedges arising from cross currency interest rate swap contracts						
Losses recognised directly in reserves	(1.2)	-	N/A	(1.2)	-	N/A
Share of other comprehensive income of associated companies	32.0	-	N/A	32.0	-	N/A
Valuation (losses)/gain taken to reserves	(1.5)	1.7	(188.2)	(8.5)	(6.4)	(32.8)
Currency translation differences	-	(141.4)	100.0	268.4	(275.2)	197.5
<b>Total other comprehensive income/(loss) for the quarter/year</b>	249.8	(200.0)	224.9	511.2	(341.9)	249.5
<b>Total comprehensive income for the quarter/year</b>	851.2	517.4	64.5	2,728.7	2,612.1	4.5
Allocated as:						
Attributable to non-controlling interests	(379.2)	(267.3)	41.9	(1,410.6)	(1,115.0)	26.5
Attributable to unitholders of HPH Trust	472.0	250.1	88.7	1,318.1	1,497.1	(12.0)

Footnote:

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

1(b)(i) Statements of financial position as at 31 December 2017

	<b>Group</b>	
	<b>31/12/2017</b>	<b>31/12/2016</b>
	HK\$'M	HK\$'M
<b>ASSETS</b>		
<b>Non-current assets</b>		
Fixed assets	24,626.4	25,026.5
Projects under development	1,970.2	1,846.9
Leasehold land and land use rights	39,724.2	40,925.1
Railway usage rights	12.7	12.4
Customer relationships	6,170.2	6,504.4
Goodwill	22,629.0	22,629.0
Associated companies	754.2	842.5
Joint ventures	3,835.9	3,869.9
Other non-current assets	739.3	773.5
Deferred tax assets	22.7	12.5
<b>Total non-current assets</b>	<b>100,484.8</b>	<b>102,442.7</b>
<b>Current assets</b>		
Cash and bank balances <sup>(a)</sup>	6,768.1	6,999.9
Trade and other receivables	3,446.2	3,818.2
Inventories	109.7	112.3
<b>Total current assets</b>	<b>10,324.0</b>	<b>10,930.4</b>
<b>Current liabilities</b>		
Trade and other payables <sup>(b)</sup>	6,741.6	7,648.3
Bank and other debts	4,241.2	4,242.2
Current tax liabilities	409.6	259.1
<b>Total current liabilities</b>	<b>11,392.4</b>	<b>12,149.6</b>
<b>Net current liabilities<sup>(c)</sup></b>	<b>(1,068.4)</b>	<b>(1,219.2)</b>
<b>Total assets less current liabilities</b>	<b>99,416.4</b>	<b>101,223.5</b>
<b>Non-current liabilities</b>		
Bank and other debts	28,248.9	29,240.6
Pension obligations	80.6	279.1
Deferred tax liabilities	10,635.1	10,932.7
Other non-current liabilities	129.9	89.2
<b>Total non-current liabilities</b>	<b>39,094.5</b>	<b>40,541.6</b>
<b>Net assets</b>	<b>60,321.9</b>	<b>60,681.9</b>
<b>EQUITY</b>		
Units in issue	68,553.8	68,553.8
Reserves	(28,260.3)	(27,305.1)
<b>Net assets attributable to unitholders of HPH Trust</b>	<b>40,293.5</b>	<b>41,248.7</b>
Non-controlling interests	20,028.4	19,433.2
<b>Total equity</b>	<b>60,321.9</b>	<b>60,681.9</b>

Footnotes:

- (a) Cash and bank balances were HK\$6,768.1 million as at 31 December 2017 which consisted of HK\$6,726.1 million cash and cash equivalents and HK\$42.0 million restricted deposit.
- (b) Trade and other payables were HK\$6,741.6 million as at 31 December 2017 whereas they were HK\$7,648.3 million as at 31 December 2016. The decrease was mainly due to the settlement of consideration in relation to the acquisition of HICT at the end 2016.
- (c) Net current liabilities were HK\$1,068.4 million as at 31 December 2017 which mainly consisted of US\$0.5 billion (approximately HK\$3.9 billion) 3-year guaranteed notes, expiring in March 2018.

1(b)(i) Statements of financial position as at 31 December 2017 (Continued)

	Trust	
	31/12/2017	31/12/2016
	HK\$'M	HK\$'M
<b>ASSETS</b>		
<b>Non-current asset</b>		
Investment in a subsidiary company	52,351.4	54,675.0
<b>Total non-current asset</b>	52,351.4	54,675.0
<b>Current assets</b>		
Cash and bank balances	3.0	3.2
Trade and other receivables	1.4	1.1
<b>Total current assets</b>	4.4	4.3
<b>Current liability</b>		
Trade and other payables	30.3	50.3
<b>Total current liability</b>	30.3	50.3
<b>Net current liabilities</b>	(25.9)	(46.0)
<b>Total assets less current liabilities</b>	52,325.5	54,629.0
<b>Net assets</b>	52,325.5	54,629.0
<b>EQUITY</b>		
Units in issue	68,553.8	68,553.8
Reserves	(16,228.3)	(13,924.8)
<b>Total equity</b>	52,325.5	54,629.0

**1(b)(ii) Aggregate amount of the Group's borrowings and debt securities as at 31 December 2017**

<b>Group</b>	<b>Current portion HK\$'M</b>	<b>Non-current portion HK\$'M</b>	<b>Total HK\$'M</b>
Unsecured bank loans	340.0	20,583.4	20,923.4
Secured bank loan	7.1	69.0	76.1
Guaranteed notes	3,900.0	7,800.0	11,700.0
<b>Total principal amount of bank and other debts</b>	<b>4,247.1</b>	<b>28,452.4</b>	<b>32,699.5</b>
Unamortised loan facilities fees and discounts related to debts	(1.9)	(148.2)	(150.1)
Unrealised loss on bank and other debts pursuant to interest rate swap contracts	(4.0)	(55.3)	(59.3)
	<b>4,241.2</b>	<b>28,248.9</b>	<b>32,490.1</b>

**Aggregate amount of the Group's borrowings and debt securities as at 31 December 2016**

<b>Group</b>	<b>Current portion HK\$'M</b>	<b>Non-current portion HK\$'M</b>	<b>Total HK\$'M</b>
Unsecured bank loans	4,240.0	21,525.4	25,765.4
Secured bank loan	4.5	71.7	76.2
Guaranteed notes	-	7,800.0	7,800.0
<b>Total principal amount of bank and other debts</b>	<b>4,244.5</b>	<b>29,397.1</b>	<b>33,641.6</b>
Unamortised loan facilities fees and discounts related to debts	(2.3)	(112.7)	(115.0)
Unrealised loss on bank and other debts pursuant to interest rate swap contracts	-	(43.8)	(43.8)
	<b>4,242.2</b>	<b>29,240.6</b>	<b>33,482.8</b>

**Details of any collateral at HPH Trust**

Bank loan of HK\$76.1 million (31 December 2016: HK\$76.2 million) is secured by a charge over certain assets of subsidiary companies.

1(c) Consolidated statements of cash flows for the year ended 31 December 2017

	Group			
	01/10/2017 to 31/12/2017	01/10/2016 to 31/12/2016	01/01/2017 to 31/12/2017	01/01/2016 to 31/12/2016
	HK\$'M	HK\$'M	HK\$'M	HK\$'M
<b>Operating activities</b>				
Cash generated from operations	1,767.2	1,625.2	7,143.4	6,769.8
Interest and other finance costs paid	(181.2)	(162.1)	(757.9)	(638.0)
Tax paid <sup>(a)</sup>	(154.6)	(255.2)	(645.5)	(967.8)
<b>Net cash from operating activities</b>	<b>1,431.4</b>	<b>1,207.9</b>	<b>5,740.0</b>	<b>5,164.0</b>
<b>Investing activities</b>				
Purchase of an associated company <sup>(b)</sup>	-	-	(672.8)	-
Loan to an associated company	(80.4)	-	(315.4)	-
Purchase of fixed assets, projects under development, leasehold land and land use rights <sup>(c)</sup>	(223.2)	(254.5)	(841.4)	(1,765.1)
Proceeds on disposal of fixed assets	1.8	28.6	2.2	31.8
Dividends received from investments	13.4	-	21.6	22.6
Dividends received from associated companies and joint ventures	38.0	18.0	130.8	83.0
Interest received	16.8	10.7	64.5	42.2
Repayment of loan by a joint venture	1.6	0.6	1.6	1.6
Restricted deposit	-	(42.0)	-	(42.0)
<b>Net cash used in investing activities</b>	<b>(232.0)</b>	<b>(238.6)</b>	<b>(1,608.9)</b>	<b>(1,625.9)</b>
<b>Financing activities</b>				
New borrowings <sup>(d)</sup>	-	1,545.4	11,736.8	9,426.6
Repayment of borrowings <sup>(d)</sup>	(873.2)	(1,666.5)	(12,746.7)	(8,926.5)
Upfront debt transaction costs and facilities fees of borrowings	-	-	(29.3)	(59.5)
Distributions to unitholders of HPH Trust	-	-	(2,273.6)	(2,848.5)
Dividends to non-controlling interests	(293.3)	(219.9)	(1,050.1)	(1,013.1)
<b>Net cash used in financing activities</b>	<b>(1,166.5)</b>	<b>(341.0)</b>	<b>(4,362.9)</b>	<b>(3,421.0)</b>
<b>Net changes in cash and cash equivalents</b>	<b>32.9</b>	<b>628.3</b>	<b>(231.8)</b>	<b>117.1</b>
Cash and cash equivalents at beginning of the quarter/year	6,693.2	6,329.6	6,957.9	6,840.8
Cash and cash equivalents at end of the quarter/year	6,726.1	6,957.9	6,726.1	6,957.9

Footnotes:

- (a) Tax paid was HK\$645.5 million for the year ended 31 December 2017 whereas it was HK\$967.8 million for the year ended 31 December 2016. The decrease was mainly due to the timing difference of YICT's profits tax payment.
- (b) Represented the deferred cash consideration to acquire 41.3% effective interest in HICT at the end of 2016.
- (c) Purchase of fixed asset, projects under development, leasehold land and land use right were HK\$841.4 million for the year ended 31 December 2017 whereas it was HK\$1,765.1 million for the year ended 31 December 2016. The decrease was mainly due to the capital expenditures incurred for West Port Phase II project in 2016.
- (d) The Group issued US\$500 million 2.75% guaranteed notes due in 2022 and drew down new bank loans of US\$0.5 billion and HK\$4.0 billion during the year ended 31 December 2017 to refinance bank borrowings, whereas for the year ended 31 December 2016, the Group drew down bank loans of US\$1.0 billion, RMB70.0 million and HK\$1.5 billion to refinance bank borrowings.

1(d)(i) Statements of changes in equity for the year ended 31 December 2017

Group

	Units in issue	Exchange and other reserves	Revaluation reserve	Hedging reserve	Pension reserve	Accumulated losses	Attributable to unitholders	Non-controlling interests	Total
	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M
At 1 October 2017	68,553.8	(36.3)	(54.0)	-	(79.3)	(28,563.0)	39,821.2	19,942.8	59,764.0
Profit for the quarter	-	-	-	-	-	237.8	237.8	363.6	601.4
Other comprehensive income/(loss):									
Remeasurement of defined benefit plans	-	-	-	-	220.5	-	220.5	-	220.5
Cash flow hedges arising from cross currency interest rate swap contracts									
Losses recognised directly in reserves	-	-	-	(1.2)	-	-	(1.2)	-	(1.2)
Share of other comprehensive income of associated companies	-	16.4	-	-	-	-	16.4	15.6	32.0
Investments:									
Valuation losses taken to reserves	-	-	(1.5)	-	-	-	(1.5)	-	(1.5)
Total other comprehensive income/(loss)	-	16.4	(1.5)	(1.2)	220.5	-	234.2	15.6	249.8
Total comprehensive income/(loss)	-	16.4	(1.5)	(1.2)	220.5	237.8	472.0	379.2	851.2
Transferred to/(from) reserve	-	0.3	-	-	-	-	0.3	(0.3)	-
Transaction with owners:									
Dividends	-	-	-	-	-	-	-	(293.3)	(293.3)
<b>At 31 December 2017</b>	<b>68,553.8</b>	<b>(19.6)</b>	<b>(55.5)</b>	<b>(1.2)</b>	<b>141.2</b>	<b>(28,325.2)</b>	<b>40,293.5</b>	<b>20,028.4</b>	<b>60,321.9</b>
At 1 January 2017	68,553.8	(183.0)	(47.0)	-	(79.3)	(26,995.8)	41,248.7	19,433.2	60,681.9
Profit for the year	-	-	-	-	-	944.2	944.2	1,273.3	2,217.5
Other comprehensive income/(loss):									
Remeasurement of defined benefit plans	-	-	-	-	220.5	-	220.5	-	220.5
Cash flow hedges arising from cross currency interest rate swap contracts									
Losses recognised directly in reserves	-	-	-	(1.2)	-	-	(1.2)	-	(1.2)
Share of other comprehensive income of associated companies	-	16.4	-	-	-	-	16.4	15.6	32.0
Investments:									
Valuation losses taken to reserves	-	-	(8.5)	-	-	-	(8.5)	-	(8.5)
Currency translation differences	-	146.7	-	-	-	-	146.7	121.7	268.4
Total other comprehensive income/(loss)	-	163.1	(8.5)	(1.2)	220.5	-	373.9	137.3	511.2
Total comprehensive income/(loss)	-	163.1	(8.5)	(1.2)	220.5	944.2	1,318.1	1,410.6	2,728.7
Transferred to/(from) reserve	-	0.3	-	-	-	-	0.3	(0.3)	-
Transaction with owners:									
Distributions	-	-	-	-	-	(2,273.6)	(2,273.6)	-	(2,273.6)
Dividends	-	-	-	-	-	-	-	(815.1)	(815.1)
<b>At 31 December 2017</b>	<b>68,553.8</b>	<b>(19.6)</b>	<b>(55.5)</b>	<b>(1.2)</b>	<b>141.2</b>	<b>(28,325.2)</b>	<b>40,293.5</b>	<b>20,028.4</b>	<b>60,321.9</b>



1(d)(i) Statements of changes in equity for the year ended 31 December 2017 (Continued)

Group

	Units in issue	Exchange and other reserves	Revaluation reserve	Hedging reserve	Pension reserve	Accumulated losses	Attributable to unitholders	Non- controlling interests	Total
	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M
At 1 October 2016	68,553.8	(105.9)	(48.7)	-	(19.0)	(27,381.6)	40,998.6	19,622.0	60,620.6
Profit for the quarter	-	-	-	-	-	385.8	385.8	331.6	717.4
Other comprehensive (loss)/income:									
Remeasurement of defined benefit plans	-	-	-	-	(60.3)	-	(60.3)	-	(60.3)
Investments:									
Valuation gain taken to reserves	-	-	1.7	-	-	-	1.7	-	1.7
Currency translation differences	-	(77.1)	-	-	-	-	(77.1)	(64.3)	(141.4)
Total other comprehensive (loss)/income	-	(77.1)	1.7	-	(60.3)	-	(135.7)	(64.3)	(200.0)
Total comprehensive (loss)/income	-	(77.1)	1.7	-	(60.3)	385.8	250.1	267.3	517.4
Transaction with owners:									
Dividends	-	-	-	-	-	-	-	(456.1)	(456.1)
<b>At 31 December 2016</b>	<b>68,553.8</b>	<b>(183.0)</b>	<b>(47.0)</b>	<b>-</b>	<b>(79.3)</b>	<b>(26,995.8)</b>	<b>41,248.7</b>	<b>19,433.2</b>	<b>60,681.9</b>
At 1 January 2016	68,553.8	(33.2)	(40.6)	-	(19.0)	(25,860.9)	42,600.1	19,567.5	62,167.6
Profit for the year	-	-	-	-	-	1,713.6	1,713.6	1,240.4	2,954.0
Other comprehensive loss:									
Remeasurement of defined benefit plans	-	-	-	-	(60.3)	-	(60.3)	-	(60.3)
Investments:									
Valuation losses taken to reserves	-	-	(6.4)	-	-	-	(6.4)	-	(6.4)
Currency translation differences	-	(149.8)	-	-	-	-	(149.8)	(125.4)	(275.2)
Total other comprehensive loss	-	(149.8)	(6.4)	-	(60.3)	-	(216.5)	(125.4)	(341.9)
Total comprehensive (loss)/income	-	(149.8)	(6.4)	-	(60.3)	1,713.6	1,497.1	1,115.0	2,612.1
Transaction with owners:									
Distributions	-	-	-	-	-	(2,848.5)	(2,848.5)	-	(2,848.5)
Dividends	-	-	-	-	-	-	-	(1,249.3)	(1,249.3)
<b>At 31 December 2016</b>	<b>68,553.8</b>	<b>(183.0)</b>	<b>(47.0)</b>	<b>-</b>	<b>(79.3)</b>	<b>(26,995.8)</b>	<b>41,248.7</b>	<b>19,433.2</b>	<b>60,681.9</b>

**1(d)(i) Statements of changes in equity for the year ended 31 December 2017 (Continued)**

**Trust**

	Units in issue HK\$'M	Accumulated losses HK\$'M	Attributable to unitholders HK\$'M
At 1 October 2017	68,553.8	(16,220.7)	52,333.1
Loss and total comprehensive loss for the quarter	-	(7.6)	(7.6)
<b>At 31 December 2017</b>	<b>68,553.8</b>	<b>(16,228.3)</b>	<b>52,325.5</b>
At 1 January 2017	68,553.8	(13,924.8)	54,629.0
Loss and total comprehensive loss for the year	-	(29.9)	(29.9)
Transaction with owners:			
Distributions	-	(2,273.6)	(2,273.6)
<b>At 31 December 2017</b>	<b>68,553.8</b>	<b>(16,228.3)</b>	<b>52,325.5</b>
At 1 October 2016	68,553.8	(13,912.3)	54,641.5
Loss and total comprehensive loss for the quarter	-	(12.5)	(12.5)
<b>At 31 December 2016</b>	<b>68,553.8</b>	<b>(13,924.8)</b>	<b>54,629.0</b>
At 1 January 2016	68,553.8	(11,039.8)	57,514.0
Loss and total comprehensive loss for the year	-	(36.5)	(36.5)
Transaction with owners:			
Distributions	-	(2,848.5)	(2,848.5)
<b>At 31 December 2016</b>	<b>68,553.8</b>	<b>(13,924.8)</b>	<b>54,629.0</b>

**1(d)(ii) Details of any changes in units for the year ended 31 December 2017**

	<b>Group</b>			
	<b>01/10/2017 to 31/12/2017</b>	<b>01/10/2016 to 31/12/2016</b>	<b>01/01/2017 to 31/12/2017</b>	<b>01/01/2016 to 31/12/2016</b>
At beginning and at end of the quarter/year	8,711,101,022	8,711,101,022	8,711,101,022	8,711,101,022

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

The financial information set out in Item 1 (except the table of excluding the HIT's rent and rates refund – see footnote 1(a)(i)(d)) and 6 of this announcement was extracted from the Financial Statements which have been audited in accordance with International Auditing Standard issued by International Auditing and Assurance Standards Board.

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

The auditor's report on the Financial Statements dated 5 February 2018 issued by PricewaterhouseCoopers LLP is enclosed in Appendix 1.

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

The accounting policies and methods of computation used in the preparation of the Financial Statements for the current year are consistent with those specified in the audited financial statements of HPH Trust and its subsidiary companies (the "Group") for the year ended 31 December 2016 except for the adoption of joint operations described below and the adoption of the standards, amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant to the Group's operations and mandatory for annual accounting periods beginning 1 January 2017. The effect of the adoption of these new standards and amendments was not material to the Group's results of operations or financial position.

Accounting policy on joint operations has been adopted during the year following a Co-Management Agreement entered by HIT, COSCO-HIT and ACT where they will collaborate for the efficient co-management and operation of the 16 berths across Terminals 4, 6, 7, 8 and 9 in Kwai Tsing with effect from 1 January 2017. 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.

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

The accounting policies and methods of computation used in the preparation of the Financial Statements for the current year are consistent with those specified in the audited financial statements of HPH Trust and its subsidiary companies for the financial year ended 31 December 2016 except for the adoption of joint operations described in Item 4 above and the adoption of the standards, amendments and interpretations issued by the HKICPA that are effective and applicable for the Financial Statements. The effect of the adoption of these standards, amendments and interpretations was not material to the Group's results of operations or financial position.

**6. Group's earnings per unit ("EPU") and distribution per unit ("DPU") for the year ended 31 December 2017**

	01/10/2017 to 31/12/2017	01/10/2016 to 31/12/2016	01/01/2017 to 31/12/2017	01/01/2016 to 31/12/2016
(i) Weighted average number of units in issue	8,711,101,022	8,711,101,022	8,711,101,022	8,711,101,022
(ii) Earnings per unit for the quarter/year based on the weighted average number of units in issue (HK cents)				
- Basic and diluted	2.73	4.43	10.84	19.67
(iii) Number of units issued at end of the quarter/year	8,711,101,022	8,711,101,022	8,711,101,022	8,711,101,022
(iv) Distribution per unit for the quarter/year (HK cents) <sup>(a)</sup>	11.10	16.60	20.60	30.60

Footnote:

(a) HPH Trust will make distribution to unitholders on a semi-annual basis, with the amount calculated as at 30 June and 31 December each year for the six-month period ending on each of the said dates.

**7(a) Net asset value (“NAV”) attributable to unitholders per unit based on units issued as at 31 December 2017<sup>(a)</sup>**

	Group		Trust	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Net asset value attributable to unitholders per unit (HK\$) <sup>(a)</sup>	4.63	4.74	6.01	6.27
Net asset value attributable to unitholders per unit before deducting distribution per unit for the financial year ended (HK\$) <sup>(a)</sup>	4.72	4.88	6.10	6.41
Net asset value attributable to unitholders per unit after deducting distribution per unit for the financial year ended (HK\$) <sup>(a)</sup>	4.51	4.57	5.90	6.11

Footnote:

(a) The number of units used for computation of NAV per unit is 8,711,101,022 which is the number of units in issue as at 31 December 2017 (31 December 2016: 8,711,101,022).

**7(b) Rate of return<sup>(a)</sup>**

Year	Rate of Return (%)
For the year ended 31 December 2017	3.3

Footnote:

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

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

B = NAV per unit as of the beginning of the year (after deducting total distribution per unit for the financial period ended 31 December 2016)

## 8. Value of assets by region as at 31 December 2017

### Trust

Kind of assets	Region	Net Asset Value (HK\$'M)	Investment Ratio
Investment in a subsidiary <sup>(a)</sup>	Hong Kong	52,351.4	100.0%
Cash and other assets (after deduction of liabilities)	Singapore	(19.2)	0.0%
Other liabilities	Hong Kong	(6.7)	0.0%
Total net assets		52,325.5	100.0%

### Group

Region <sup>(b)</sup>	Net Asset Value (HK\$'M)	Investment Ratio
Singapore	(19.2)	0.0%
Hong Kong <sup>(c)</sup>	(3,635.4)	-6.0%
People's Republic of China	63,976.5	106.0%
Total net assets	60,321.9	100.0%

#### Footnotes:

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

## 9. Review of performance

In order to enable a more meaningful comparison of the operating results of HIT<sup>(a)</sup>, COSCO-HIT<sup>(b)</sup> and ACT<sup>(c)</sup> following the commencement of the co-management arrangement on 1 January 2017, management has restated the % variance of certain key operating profit and loss lines by assuming that 1) the co-management arrangement had been effective as at 1 January 2016; and 2) including 100% of the corresponding operating profit and loss lines of COSCO-HIT and ACT into HPH Trust consolidated results. The resultant impact of these assumptions are collectively referred to as “restated % variance”.

### Consolidated income statement (01/10/2017-31/12/2017 vs 01/10/2016-31/12/2016)

Revenue and other income for the quarter was HK\$2,856.8 million, HK\$100.7 million or 3.4% below last year. However, the restated % variance on revenue and other income was comparable to last year. Combined container throughput of HIT, COSCO-HIT and ACT (collectively “HPHT Kwai Tsing”) increased by 0.9% as compared to the same quarter in 2016, primarily due to higher transshipment cargoes but offset by weaker in intra-Asia cargoes. The container throughput of YICT<sup>(d)</sup> increased by 10.6% as compared to the same quarter in 2016, primarily driven by growth in the US and transshipment cargoes. Average revenue per TEU for Hong Kong and China were below last year mainly attributed to greater volume of concessions offered to certain liners, as well as, certain revisions on tariffs following the mergers and acquisitions of some liners. In addition, China’s average revenue per TEU was also adversely impacted by higher transshipment mix, but partially offset by RMB appreciation.

Cost of services rendered was HK\$1,111.2 million, HK\$13.7 million or 1.2% above last year. However, the restated % variance on cost of services rendered was 5.6% above last year. The increase was attributed to higher throughput handled, general cost inflations, including the increase in external contractors’ costs, higher dredging cost at YICT and RMB appreciation, but were partially offset by savings in operation costs arising from improved resources’ allocation efficiencies following the commencement of co-management. Staff costs were HK\$70.4 million, HK\$0.2 million or 0.3% below last year, which were comparable to the restated % variance. Depreciation and amortisation was HK\$769.5 million, HK\$37.4 million or 5.1% above last year, mainly due to increase in capex spending. Other operating income was HK\$14.9 million, HK\$66.1 million or 81.6% below last year, mainly due to the deferral of 2017 dividends from River Ports Economic Benefits to 2018 and the aggregated effect of the receipt of an award, a subsidy for railway business development from the Shenzhen government and gain on disposals of tyres by YICT in 2016.

#### *Footnotes:*

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

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

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

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

## 9. Review of performance (Continued)

Other operating expenses were HK\$137.5 million, HK\$27.0 million or 16.4% below last year. However, the restated % variance on other operating expenses were 8.8% below last year, mainly due to savings in general overheads such as computer maintenance and insurance costs. With the aforesaid, total operating expenses were HK\$2,073.7 million, HK\$90.0 million or 4.5% above last year.

As a result, total operating profit was HK\$783.1 million, HK\$190.7 million or 19.6% below last year.

Interest and other finance costs were HK\$214.7 million, HK\$34.4 million or 19.1% above last year, primarily due to higher HIBOR/ LIBOR applied on the bank loans' interest rates.

Share of profits less losses after tax of associated companies was a loss of HK\$38.0 million, HK\$40.4 million or 1,683.3% adverse against last year, mainly reflecting the share of HICT after it was acquired at the end of 2016.

Share of profits less losses after tax of joint ventures was HK\$19.3 million, HK\$10.1 million or 109.8% above last year, mainly due to better combined results of COSCO-HIT and ACT following the co-management arrangement.

Tax recorded a net income of HK\$51.7 million, HK\$139.4 million or 159.0% better than last year, mainly due to lower profit and higher than last year's tax savings upon confirmation of qualification as "High and New Technology Enterprise" by YICT Phase III in December 2017 compared to YICT Phase I & II in November 2016, but were partially offset by the increase of West Port Phase I's tax rates after the expiry of its tax exemption period.

The overall profit for the quarter was HK\$601.4 million, HK\$116.0 million or 16.2% below last year. Profit attributable to unitholders of HPH Trust was HK\$237.8 million, HK\$148.0 million or 38.4% below last year.

### Consolidated income statement (01/01/2017-31/12/2017 vs 01/01/2016-31/12/2016)

Revenue and other income for the year was HK\$11,551.0 million, HK\$361.3 million or 3.0% below last year. However, the restated % variance on revenue and other income was 0.6% above last year. Combined container throughput of HPHT Kwai Tsing increased by 5.1% as compared to the same period in 2016, primarily due to higher transshipment cargoes and additional throughput from a new customer. The container throughput of YICT increased by 8.6% as compared to the same period in 2016, primarily driven by growth in the US and transshipment cargoes. Average revenue per TEU for Hong Kong and China were below last year mainly attributed to greater volume of concessions offered to certain liners, as well as, certain revisions on tariffs following the mergers and acquisitions of some liners. In addition, China's average revenue per TEU was also adversely impacted by higher transshipment mix.



## 9. Review of performance (Continued)

Cost of services rendered was HK\$4,131.6 million, HK\$119.5 million or 2.8% below last year. However, the restated % variance on cost of services rendered was 3.9% above last year. The increase was attributed to higher throughput handled, general cost inflations, including the increase in external contractors' costs and higher dredging cost at YICT, but were partially offset by savings in operation costs arising from improved resources' allocation efficiencies following the commencement of co-management. Staff costs were HK\$288.0 million, HK\$9.4 million or 3.2% below last year. However, the restated % variance on staff costs were 1.0% below last year. Depreciation and amortisation was HK\$3,003.3 million, HK\$86.8 million or 3.0% above last year mainly due to the increase in capex spending and the operational commencement of YICT Phase III Expansion South Berth and West Port Phase II in early 2016. Other operating income was HK\$25.4 million, HK\$63.4 million or 71.4% below last year, mainly due to the deferral of 2017 dividends from River Ports Economic Benefits to 2018 and the aggregated effect of the receipt of an award, a subsidy for railway business development from the Shenzhen government and gain on disposals of tyres by YICT in 2016.

Other operating expenses were HK\$552.0 million, HK\$240.0 million or 76.9% above last year. However, the restated % variance on other operating expenses were 93.9% above last year. This was predominantly due to the effect of the government rent and rates refund of HK\$430.0 million received during the first quarter of 2016 by HIT but were partially offset by savings in general overheads. With the aforesaid, total operating expenses were HK\$7,949.5 million, HK\$261.3 million or 3.4% above last year.

As a result, total operating profit was HK\$3,601.5 million, HK\$622.6 million or 14.7% below last year.

Interest and other finance costs were HK\$856.9 million, HK\$155.7 million or 22.2% above last year, primarily due to higher HIBOR/ LIBOR applied on the bank loans' interest rates.

Share of profits less losses after tax of associated companies was a loss of HK\$116.4 million, HK\$134.1 million or 757.6% adverse against below last year, mainly reflecting the share of HICT after it was acquired at the end of 2016.

Share of profits less losses after tax of joint ventures was HK\$76.4 million, HK\$17.2 million or 29.1% above last year, mainly due to better combined results of COSCO-HIT and ACT following the co-management arrangement.

Tax was HK\$487.1 million, HK\$158.7 million or 24.6% below last year, primarily due to lower profit and tax savings from YICT Phase III as it qualified as "High and New Technology Enterprise" in December 2017 which allows a preferential corporate income tax for 3 years with effect from 1 January 2017, but were partially offset by the increase of West Port Phase I's tax rates after the expiry of its tax exemption period.

## 9. Review of performance (Continued)

Overall, profit and profit attributable to unitholders of HPH Trust was HK\$2,217.5 million and HK\$944.2 million respectively. Excluding HIT's rent and rates refund in 2016, profit was HK\$379.5 million or 14.6% below last year and profit attributable to unitholders of HPH Trust was HK\$412.4 million or 30.4% below last year. Including HIT's rent and rates refund in 2016, profit and profit attributable to unitholders of HPH Trust was 24.9% and 44.9% below last year respectively.

### Material changes in statements of financial position and statements of cash flows

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

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

No forecast statement for the financial year 2017 has been disclosed.

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

The global trade outlook remains positive in 2018 benefiting from the continued growth in economic activities in the US, Europe, China and India although this, by and large, is still susceptible to the uncertainties and downside risks arising from geopolitical tensions and the increasingly populist and nationalist tendencies in policy-settings and negotiations.

Shipping lines will continue to deploy mega-vessels to attain capacity and fleet optimisation to derive further cost efficiencies. In addition, focus has shifted from port performance to supply chain performance to drive competitiveness and operational efficiencies. Furthermore, greater emphasis will be placed on security in the wake of growing cyber-attack threats on companies.

Against these settings, with a strategic transshipment hub in Hong Kong, the exemplary mega-vessel handling capabilities of YICT and our strategic investment in state-of-the-art equipment and facilities, HPH Trust is well positioned to support the changing requirement of the container shipping industry and maintain its reputation as the preferred gateways to the vast Pearl River hinterland.

The co-management arrangement made in December 2016 has raised both productivity and cost-efficiency of HPH Trust Kwai Tsing operations in 2017 and HPH Trust is confident that further operational synergies can be achieved in 2018 as it enters its second-year of operation.

The Trustee-Manager remains cautiously optimistic about the expected cargo volume for 2018. Major liners have announced plans to continue to invest and build more mega-vessels of up to 22,000 TEU and this potential excess capacity will likely put pressure on freight rates, and as a result, keep port tariffs in check. HPH Trust will continue to build on its strengths whilst adhering to strict financial discipline, and with its modern facilities and efficient mega-vessel handling capabilities, the Trustee-Manager is confident that it is well-equipped to respond to external developments and challenges.

## 12. Distribution

### (a) Current financial period

Any distribution recommended for the : current financial period	Yes
Amount	HK\$966.9 million
Distribution type	Cash
Distribution rate	11.10 HK cents per unit for the period 1 July 2017 to 31 December 2017
Par Value	Not applicable
Tax rate	Distributions received by either Singapore tax resident Unitholders or non-Singapore tax resident Unitholders are exempted from Singapore income tax and also not subject to Singapore withholding tax. The Unitholders are not entitled to tax credits of any taxes paid by the Trustee-Manager of HPH Trust.

## 12. Distribution (Continued)

### (b) Corresponding period of the immediately preceding financial period

Any distribution declared for the previous corresponding period	:	Yes
Amount	:	HK\$1,446.0 million
Distribution type	:	Cash
Distribution rate	:	16.60 HK cents per unit for the period 1 July 2016 to 31 December 2016
Par Value	:	Not applicable
Tax rate	:	Distributions received by either Singapore tax resident Unitholders or non-Singapore tax resident Unitholders are exempted from Singapore income tax and also not subject to Singapore withholding tax. The Unitholders are not entitled to tax credits of any taxes paid by the Trustee-Manager of HPH Trust.

## 12. Distribution (Continued)

(c) **Date Payable** 29 March 2018

(d) **Books closure date** The Transfer Books and Register of HPH Trust will be closed at 5:00 p.m. on 13 February 2018 for the purposes of determining each unitholder's entitlement to the Distribution. Registered unitholders (other than The Central Depository (Pte) Limited ("CDP")), and unitholders whose securities accounts with CDP are credited with units, at 5:00 p.m. on 13 February 2018 will be entitled to the Distribution to be paid on or about 29 March 2018.

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

Not applicable.

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

No IPT general mandate has been obtained.

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

Management considers the business from geographic segment perspective.

	Revenue and other income		Non-current assets	
	01/01/2017 to 31/12/2017	01/01/2016 to 31/12/2016	31/12/2017	31/12/2016
	HK\$'M	HK\$'M	HK\$'M	HK\$'M
Hong Kong	4,138.2	4,820.4	27,823.6	28,655.0
Mainland China	7,412.8	7,091.9	72,661.2	73,787.7
	11,551.0	11,912.3	100,484.8	102,442.7

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

Please refer to Item 9.

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

	01/01/2017 to 31/12/2017 HK\$'M	01/01/2016 to 31/12/2016 HK\$'M	Favorable/ (Unfavorable) %
a) Revenue and other income			
- 1 <sup>st</sup> half year	5,472.3	5,689.6	(3.8)
- 2 <sup>nd</sup> half year	6,078.7	6,222.7	(2.3)
	11,551.0	11,912.3	(3.0)
b) Profit after tax before deducting non-controlling interest			
- 1 <sup>st</sup> half year	937.6	1,424.6	(34.2)
- 2 <sup>nd</sup> half year	1,279.9	1,529.4	(16.3)
	2,217.5	2,954.0	(24.9)

**18. Breakdown of the total distribution for the year ended 31 December 2017**

	01/01/2017 to 31/12/2017 HK\$'M	01/01/2016 to 31/12/2016 HK\$'M
Total distribution <sup>(a)</sup>		
- 1 January to 31 March	-	-
- 1 April to 30 June	827.6	1,219.5
- 1 July to 30 September	-	-
- 1 October to 31 December <sup>(b)</sup>	966.9	1,446.0
	1,794.5	2,665.5

Footnotes:

(a) HPH Trust will make distribution to unitholders on a semi-annual basis, with the amount calculated as at 30 June and 31 December each year for the six-month period ending on each of the said dates.

(b) For the quarter ended 31 December 2017, the Trustee-Manager recommended a distribution per unit of 11.10 HK cents totalling HK\$966.9 million to the unitholders of the Trust.

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

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

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

Pursuant to Rule 704(13) of the Listing Manual, the Trustee-Manager confirms that there is no person occupying a managerial position in the Company or in any of HPH Trust's principal subsidiaries who is a relative of a director, chief executive officer, substantial shareholder of the Company or substantial unitholder of HPH Trust for the financial year ended 31 December 2017.

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

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

Mr Lee Tiong Hock  
Company Secretary  
5 February 2018



## **21. Outline of the Trustee-Manager**

### **(a) Amount of capital**

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

### **(b) Description of business and outline of operation**

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

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

### **(c) Miscellaneous**

Not applicable.

## 22. Financial information of the Trustee-Manager

### 22(a) Income statement for the year ended 31 December 2017

	01/01/2017 to 31/12/2017	01/01/2016 to 31/12/2016
	HK\$'M	HK\$'M
<b>Revenue and other income</b>	23.3	28.3
Cost of services rendered	-	-
Staff costs	(3.3)	(2.7)
Depreciation and amortisation	-	-
Other operating income	-	-
Other operating expenses	(5.0)	(5.3)
<b>Total operating expenses</b>	(8.3)	(8.0)
<b>Operating profit</b>	15.0	20.3
Interest and other finance costs	-	-
<b>Profit before tax</b>	15.0	20.3
Tax	(2.2)	(2.7)
Profit for the year	12.8	17.6

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

22(b) Statement of financial position as at 31 December 2017

	31/12/2017	31/12/2016
	HK\$'M	HK\$'M
<b>ASSETS</b>		
<b>Non-current asset</b>		
Fixed assets	-	-
<b>Total non-current asset</b>	-	-
<b>Current assets</b>		
Cash and cash equivalents	11.8	14.5
Trade and other receivables	12.1	17.8
<b>Total current assets</b>	23.9	32.3
<b>Current liabilities</b>		
Trade and other payables	3.0	3.2
Current tax liabilities	2.5	3.5
<b>Total current liabilities</b>	5.5	6.7
<b>Net current assets</b>	18.4	25.6
<b>Total assets less current liabilities</b>	18.4	25.6
<b>Net assets</b>	18.4	25.6
<b>EQUITY</b>		
Share capital	0.1	0.1
Reserves	18.3	25.5
<b>Total equity</b>	18.4	25.6



## 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 ("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 2017 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 2017;
- 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 2017;
- the statement of financial position of the Trust as at 31 December 2017;
- the consolidated statement of cash flows of the Group for the year then ended;
- the consolidated statement of changes in equity of the Group for the year then ended;
- the statement of changes in equity of the Trust for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

#### Basis for Opinion

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

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

#### *Independence*

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

---

*PricewaterhouseCoopers LLP, 7 Straits View, Marina One East Tower, Level 12, Singapore 018936*  
 T: (65) 6236 3388, www.pwc.com/sg GST No.: M90362193L Reg. No.: T09LL0001D



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

### Our Audit Approach

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2017. 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><b>Goodwill</b></p> <p><i>Refer to notes 3(b) and 14(b) to the financial statements.</i></p> <p>The Group has a significant amount of goodwill arising primarily from the acquisition of deep-water container ports in Shenzhen and Hong Kong in 2011. As at 31 December 2017, the carrying value of goodwill amounted to HK\$22,629 million.</p> <p>Goodwill is subject to impairment tests annually and when there is an indication of impairment.</p> <p>For the purpose of the Group's impairment assessment of goodwill, impairment was assessed using value in use model for deep-water container ports in Shenzhen and Hong Kong.</p>	<p>We have performed the following procedures to evaluate the Group's impairment assessments:</p> <ul style="list-style-type: none"><li>• Assessed the appropriateness of the valuation methodology used;</li><li>• Assessed the reasonableness of key assumptions based on our knowledge of the business and industry and with the involvement of our valuation specialists;</li><li>• Performed sensitivity analyses on the key assumptions where we adjusted the discount rates and growth rates in revenue and cost of services rendered as these are the key assumptions to which the valuation models are the most sensitive; and</li></ul>



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

---

**Key Audit Matter**

**How our audit addressed the Key Audit Matter**

---

**Goodwill (Continued)**

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

Based on the results of these impairment assessments conducted by the Group, it is believed that there is no impairment of goodwill. This conclusion was based on recoverable amounts, calculated under the value-in-use models, which exceeded the carrying value of goodwill as at 31 December 2017.

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

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

- Tested source data to supporting evidence on a sample basis, such as approved budgets and available market data and considered the reasonableness of these budgets.

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



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

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Revenue recognition</b></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 2017, revenue from container handling services amounting to HK\$11,224 million is recognised based on the containers handled as well as the tariff applied. The tariff applied is the rate agreed with customers or estimated by management based on the latest terms of the agreement or latest negotiation with customers and other industry considerations as appropriate.</p> <p>Due to the large variety and complexity of contractual terms, as well as ongoing negotiations with customers, significant judgements are required to estimate the tariff rates applied. If the actual rate differs from the estimated rate applied, this will have an impact on the accuracy of revenue recognised in the current year and accrued as at year end.</p>	<p>We have performed the following procedures in relation to the accuracy of revenue recognised and accrued:</p> <ul style="list-style-type: none"><li>• Understood, evaluated and tested the key controls over the tariff applied in container handling services.</li><li>• We selected a sample of transactions and:<ul style="list-style-type: none"><li>○ Agreed the applied tariff to the respective terms in the contracts or latest correspondence with customers where the tariff has been estimated by management.</li><li>○ Agreed throughput handled, used in the calculation of tariffs, to the operating system recording throughput.</li><li>○ Tested revenue calculations and agreed the revenue recognised to the underlying accounting records.</li></ul></li><li>• Checked to bank advices or credit notes on a sample basis for the net settlement and reviewed aged items for any disputed amounts.</li></ul> <p>We found the judgement made by management in estimating tariffs in the revenue recognized and accrued to be supportable and reasonable based on available evidence.</p>



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

### **Other Information**

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

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

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

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

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

### **Responsibilities of Trustee-Manager for the Financial Statements**

The Trustee-Manager is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and HKFRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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





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

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

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

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

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



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

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

**Report on Other Legal and Regulatory Requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Trustee-Manager have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Charlotte Hsu Yuh Feng.

A handwritten signature in black ink, appearing to read 'Charlotte Hsu Yuh Feng', is written over the printed name and title.

PricewaterhouseCoopers LLP  
Public Accountants and Chartered Accountants  
Singapore, 5 February 2018