



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

HUTCHISON PORT HOLDINGS TRUST (“HPH Trust”) UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2017

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Footnote:

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

1(a)(i) Consolidated income statements for the third quarter and nine months ended 30 September 2017

	Group					
	01/07/2017 to 30/09/2017	01/07/2016 to 30/09/2016	Favorable/ (Unfavorable)	01/01/2017 to 30/09/2017	01/01/2016 to 30/09/2016	Favorable/ (Unfavorable)
	HK\$'M	HK\$'M	%	HK\$'M	HK\$'M	%
Revenue and other income	3,221.9	3,265.2	(1.3)	8,694.2	8,954.8	(2.9)
Cost of services rendered	(1,101.7)	(1,076.2)	(2.4)	(3,020.4)	(3,153.6)	4.2
Staff costs	(70.3)	(72.4)	2.9	(217.6)	(226.8)	4.1
Depreciation and amortisation	(762.2)	(734.7)	(3.7)	(2,233.8)	(2,184.4)	(2.3)
Other operating income	3.5	1.6	118.8	10.5	7.8	34.6
Other operating expenses ^(a)	(136.7)	(223.0)	38.7	(414.5)	(147.5)	(181.0)
Total operating expenses	(2,067.4)	(2,104.7)	1.8	(5,875.8)	(5,704.5)	(3.0)
Operating profit	1,154.5	1,160.5	(0.5)	2,818.4	3,250.3	(13.3)
Interest and other finance costs	(238.3)	(174.5)	(36.6)	(642.2)	(520.9)	(23.3)
Share of profits less losses after tax of associated companies ^(b)	(24.3)	5.4	(550.0)	(78.4)	15.3	(612.4)
Share of profits less losses after tax of joint ventures	18.3	15.6	17.3	57.1	50.0	14.2
Profit before tax	910.2	1,007.0	(9.6)	2,154.9	2,794.7	(22.9)
Tax	(231.7)	(195.0)	(18.8)	(538.8)	(558.1)	3.5
Profit for the period	678.5	812.0	(16.4)	1,616.1	2,236.6	(27.7)
Allocated as:						
Profit attributable to non-controlling interests	(408.1)	(381.8)	6.9	(909.7)	(908.8)	0.1
Profit attributable to unitholders of HPH Trust	270.4	430.2	(37.1)	706.4	1,327.8	(46.8)
Earnings per unit attributable to unitholders of HPH Trust	HK cents 3.10	HK cents 4.94	(37.1)	HK cents 8.11	HK cents 15.24	(46.8)

As in footnote (c), the comparable profit for the period, 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 period	678.5	812.0	(16.4)	1,616.1	1,879.6	(14.0)
Profit attributable to unitholders of HPH Trust	270.4	430.2	(37.1)	706.4	970.8	(27.2)
Earnings per unit attributable to unitholders of HPH Trust	HK cents 3.10	HK cents 4.94	(37.1)	HK cents 8.11	HK cents 11.14	(27.2)

Footnotes:

(a) Other operating expenses were HK\$414.5 million for the period ended 30 September 2017 whereas they were HK\$147.5 million for the period ended 30 September 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 period ended 30 September 2017 was at a loss of HK\$78.4 million whereas it was at a profit of HK\$15.3 million for the period ended 30 September 2016. The decrease was mainly due to share of the result of Huizhou International Container Terminals Limited ("HICT") following the acquisition by HPH Trust at the end of 2016.

(c) This analysis is provided as additional information and is not directly extracted from the condensed interim financial statements of HPH Trust and its subsidiary companies for the period ended 30 September 2017 ("Condensed Interim Financial Statements").

**1(a)(ii) Consolidated statements of comprehensive income for the third quarter and nine months ended
30 September 2017**

Group						
	01/07/2017 to 30/09/2017	01/07/2016 to 30/09/2016	Favorable/ (Unfavorable)	01/01/2017 to 30/09/2017	01/01/2016 to 30/09/2016	Favorable/ (Unfavorable)
	HK\$'M	HK\$'M	%	HK\$'M	HK\$'M	%
Profit for the period	678.5	812.0	(16.4)	1,616.1	2,236.6	(27.7)
Other comprehensive income/ (loss)^(a):						
Items that may be reclassified subsequently to profit or loss:						
Investments:						
Valuation losses taken to reserves	(2.0)	(0.3)	(566.7)	(7.0)	(8.1)	13.6
Currency translation differences	189.4	(33.8)	660.4	268.4	(133.8)	300.6
Total other comprehensive income/(loss) for the period	187.4	(34.1)	649.6	261.4	(141.9)	284.2
Total comprehensive income for the period	865.9	777.9	11.3	1,877.5	2,094.7	(10.4)
Allocated as:						
Attributable to non-controlling interests	(493.8)	(366.4)	34.8	(1,031.4)	(847.7)	21.7
Attributable to unitholders of HPH Trust	372.1	411.5	(9.6)	846.1	1,247.0	(32.1)

Footnote:

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

1(b)(i) Statements of financial position as at 30 September 2017

	Group	
	30/09/2017	31/12/2016
	HK\$'M	HK\$'M
ASSETS		
Non-current assets		
Fixed assets	24,817.8	25,026.5
Projects under development	1,437.8	1,846.9
Leasehold land and land use rights	40,045.8	40,925.1
Railway usage rights	12.8	12.4
Customer relationships	6,253.7	6,504.4
Goodwill	22,629.0	22,629.0
Associated companies	767.5	842.5
Joint ventures	3,849.0	3,869.9
Other non-current assets	752.7	773.5
Deferred tax assets	12.8	12.5
Total non-current assets	100,578.9	102,442.7
Current assets		
Cash and bank balances ^(a)	6,735.2	6,999.9
Trade and other receivables	3,686.5	3,818.2
Inventories	116.5	112.3
Total current assets	10,538.2	10,930.4
Current liabilities		
Trade and other payables ^(b)	6,348.1	7,648.3
Bank and other debts	4,235.4	4,242.2
Current tax liabilities	547.6	259.1
Total current liabilities	11,131.1	12,149.6
Net current liabilities^(c)	(592.9)	(1,219.2)
Total assets less current liabilities	99,986.0	101,223.5
Non-current liabilities		
Bank and other debts	29,139.2	29,240.6
Pension obligations	294.4	279.1
Deferred tax liabilities	10,693.3	10,932.7
Other non-current liabilities	95.1	89.2
Total non-current liabilities	40,222.0	40,541.6
Net assets	59,764.0	60,681.9
EQUITY		
Units in issue	68,553.8	68,553.8
Reserves	(28,732.6)	(27,305.1)
Net assets attributable to unitholders of HPH Trust	39,821.2	41,248.7
Non-controlling interests	19,942.8	19,433.2
Total equity	59,764.0	60,681.9

Footnotes:

- (a) Cash and bank balances were HK\$6,735.2 million as at 30 September 2017 which consisted of HK\$6,693.2 million cash and cash equivalents and HK\$42.0 million restricted deposit.
- (b) Trade and other payables were HK\$6,348.1 million as at 30 September 2017 whereas they were HK\$7,648.3 million as at 30 September 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\$592.9 million as at 30 September 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 30 September 2017 (Continued)

	Trust	
	30/09/2017	31/12/2016
	HK\$'M	HK\$'M
ASSETS		
Non-current asset		
Investment in a subsidiary company	52,351.4	54,675.0
Total non-current asset	52,351.4	54,675.0
Current assets		
Cash and bank balances	2.6	3.2
Trade and other receivables	1.0	1.1
Total current assets	3.6	4.3
Current liability		
Trade and other payables	21.9	50.3
Total current liability	21.9	50.3
Net current liabilities	(18.3)	(46.0)
Total assets less current liabilities	52,333.1	54,629.0
Net assets	52,333.1	54,629.0
EQUITY		
Units in issue	68,553.8	68,553.8
Reserves	(16,220.7)	(13,924.8)
Total equity	52,333.1	54,629.0

1(b)(ii) Aggregate amount of the Group's borrowings and debt securities as at 30 September 2017

Group	Current portion HK\$'M	Non-current portion HK\$'M	Total HK\$'M
Unsecured bank loans	340.0	21,455.4	21,795.4
Secured bank loan	4.8	72.6	77.4
Guaranteed notes	3,900.0	7,800.0	11,700.0
Total principal amount of bank and other debts	4,244.8	29,328.0	33,572.8
Unamortised loan facilities fees and discounts related to debts	(4.2)	(159.0)	(163.2)
Unrealised loss on bank and other debts pursuant to interest rate swap contracts	(5.2)	(29.8)	(35.0)
	4,235.4	29,139.2	33,374.6

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

Group	Current portion HK\$'M	Non-current portion HK\$'M	Total HK\$'M
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
Total principal amount of bank and other debts	4,244.5	29,397.1	33,641.6
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)
	4,242.2	29,240.6	33,482.8

Details of any collateral at HPH Trust

Bank loan of HK\$77.4 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 third quarter and nine months ended 30 September 2017

	Group			
	01/07/2017 to 30/09/2017	01/07/2016 to 30/09/2016	01/01/2017 to 30/09/2017	01/01/2016 to 30/09/2016
	HK\$'M	HK\$'M	HK\$'M	HK\$'M
Operating activities				
Cash generated from operations	2,028.8	1,704.9	5,376.2	5,144.6
Interest and other finance costs paid	(198.0)	(161.9)	(576.7)	(475.9)
Tax paid ^(a)	(125.0)	(239.8)	(490.9)	(712.6)
Net cash from operating activities	1,705.8	1,303.2	4,308.6	3,956.1
Investing activities				
Purchase of an associated company ^(b)	(672.8)	-	(672.8)	-
Loan to an associated company	(235.0)	-	(235.0)	-
Purchase of fixed assets, projects under development, leasehold land and land use rights ^(c)	(156.2)	(226.1)	(618.2)	(1,510.6)
Proceeds on disposal of fixed assets	0.3	1.8	0.4	3.2
Dividends received from investments	1.1	14.1	8.2	22.6
Dividends received from associated companies and joint ventures	39.8	15.0	92.8	65.0
Interest received	17.9	11.4	47.7	31.5
Repayment of loan by a joint venture	-	-	-	1.0
Net cash used in investing activities	(1,004.9)	(183.8)	(1,376.9)	(1,387.3)
Financing activities				
New borrowings ^(d)	7,836.8	81.2	11,736.8	7,881.2
Repayment of borrowings ^(d)	(7,801.2)	(82.3)	(11,873.5)	(7,260.0)
Upfront debt transaction costs and facilities fees of borrowings	-	-	(29.3)	(59.5)
Distributions to unitholders of HPH Trust	(827.6)	(1,219.5)	(2,273.6)	(2,848.5)
Dividends to non-controlling interests	(756.8)	(793.2)	(756.8)	(793.2)
Net cash used in financing activities	(1,548.8)	(2,013.8)	(3,196.4)	(3,080.0)
Net changes in cash and cash equivalents	(847.9)	(894.4)	(264.7)	(511.2)
Cash and cash equivalents at beginning of the period	7,541.1	7,224.0	6,957.9	6,840.8
Cash and cash equivalents at end of the period	6,693.2	6,329.6	6,693.2	6,329.6

Footnotes:

- (a) Tax paid was HK\$490.9 million for the period ended 30 September 2017 whereas it was HK\$712.6 million for the period ended 30 September 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\$618.2 million for the period ended 30 September 2017 whereas it was HK\$1,510.6 million for the period ended 30 September 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 a new bank loan of HK\$4.0 billion during the third quarter of 2017 to refinance the existing bank borrowings.

1(d)(i) Statements of changes in equity for the period ended 30 September 2017

Group

	Units in issue	Exchange and other reserves	Revaluation 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
At 1 July 2017	68,553.8	(140.0)	(52.0)	(79.3)	(28,005.8)	40,276.7	19,449.0	59,725.7
Profit for the quarter	-	-	-	-	270.4	270.4	408.1	678.5
Other comprehensive income/(loss):								
Investments:								
Valuation losses taken to reserves	-	-	(2.0)	-	-	(2.0)	-	(2.0)
Currency translation differences	-	103.7	-	-	-	103.7	85.7	189.4
Total other comprehensive income/(loss)	-	103.7	(2.0)	-	-	101.7	85.7	187.4
Total comprehensive income/(loss)	-	103.7	(2.0)	-	270.4	372.1	493.8	865.9
Transaction with owners:								
Distributions	-	-	-	-	(827.6)	(827.6)	-	(827.6)
At 30 September 2017	68,553.8	(36.3)	(54.0)	(79.3)	(28,563.0)	39,821.2	19,942.8	59,764.0
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 period	-	-	-	-	706.4	706.4	909.7	1,616.1
Other comprehensive income/(loss):								
Investments:								
Valuation losses taken to reserves	-	-	(7.0)	-	-	(7.0)	-	(7.0)
Currency translation differences	-	146.7	-	-	-	146.7	121.7	268.4
Total other comprehensive income/(loss)	-	146.7	(7.0)	-	-	139.7	121.7	261.4
Total comprehensive income/(loss)	-	146.7	(7.0)	-	706.4	846.1	1,031.4	1,877.5
Transaction with owners:								
Distributions	-	-	-	-	(2,273.6)	(2,273.6)	-	(2,273.6)
Dividends	-	-	-	-	-	-	(521.8)	(521.8)
At 30 September 2017	68,553.8	(36.3)	(54.0)	(79.3)	(28,563.0)	39,821.2	19,942.8	59,764.0
At 1 July 2016	68,553.8	(87.5)	(48.4)	(19.0)	(26,592.3)	41,806.6	20,048.8	61,855.4
Profit for the quarter	-	-	-	-	430.2	430.2	381.8	812.0
Other comprehensive loss:								
Investments:								
Valuation losses taken to reserves	-	-	(0.3)	-	-	(0.3)	-	(0.3)
Currency translation differences	-	(18.4)	-	-	-	(18.4)	(15.4)	(33.8)
Total other comprehensive loss	-	(18.4)	(0.3)	-	-	(18.7)	(15.4)	(34.1)
Total comprehensive (loss)/income	-	(18.4)	(0.3)	-	430.2	411.5	366.4	777.9
Transaction with owners:								
Distributions	-	-	-	-	(1,219.5)	(1,219.5)	-	(1,219.5)
Dividends	-	-	-	-	-	-	(793.2)	(793.2)
At 30 September 2016	68,553.8	(105.9)	(48.7)	(19.0)	(27,381.6)	40,998.6	19,622.0	60,620.6
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 period	-	-	-	-	1,327.8	1,327.8	908.8	2,236.6
Other comprehensive loss:								
Investments:								
Valuation losses taken to reserves	-	-	(8.1)	-	-	(8.1)	-	(8.1)
Currency translation differences	-	(72.7)	-	-	-	(72.7)	(61.1)	(133.8)
Total other comprehensive loss	-	(72.7)	(8.1)	-	-	(80.8)	(61.1)	(141.9)
Total comprehensive (loss)/income	-	(72.7)	(8.1)	-	1,327.8	1,247.0	847.7	2,094.7
Transaction with owners:								
Distributions	-	-	-	-	(2,848.5)	(2,848.5)	-	(2,848.5)
Dividends	-	-	-	-	-	-	(793.2)	(793.2)
At 30 September 2016	68,553.8	(105.9)	(48.7)	(19.0)	(27,381.6)	40,998.6	19,622.0	60,620.6

1(d)(i) Statements of changes in equity for the period ended 30 September 2017 (Continued)

Trust

	Units in issue HK\$'M	Accumulated losses HK\$'M	Attributable to unitholders HK\$'M
At 1 July 2017	68,553.8	(15,386.2)	53,167.6
Loss and total comprehensive loss for the quarter	-	(6.9)	(6.9)
Transaction with owners:			
Distributions	-	(827.6)	(827.6)
At 30 September 2017	68,553.8	(16,220.7)	52,333.1
At 1 January 2017	68,553.8	(13,924.8)	54,629.0
Loss and total comprehensive loss for the period	-	(22.3)	(22.3)
Transaction with owners:			
Distributions	-	(2,273.6)	(2,273.6)
At 30 September 2017	68,553.8	(16,220.7)	52,333.1
At 1 July 2016	68,553.8	(12,684.8)	55,869.0
Loss and total comprehensive loss for the quarter	-	(7.9)	(7.9)
Transaction with owners:			
Distributions	-	(1,219.5)	(1,219.5)
At 30 September 2016	68,553.8	(13,912.2)	54,641.6
At 1 January 2016	68,553.8	(11,039.8)	57,514.0
Loss and total comprehensive loss for the period	-	(23.9)	(23.9)
Transaction with owners:			
Distributions	-	(2,848.5)	(2,848.5)
At 30 September 2016	68,553.8	(13,912.2)	54,641.6

1(d)(ii) Details of any changes in units for the period ended 30 September 2017

Group			
01/07/2017 to 30/09/2017	01/07/2016 to 30/09/2016	01/01/2017 to 30/09/2017	01/01/2016 to 30/09/2016
At beginning and at end of the period	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)(c)) and 6 of this announcement was extracted from the Condensed Interim Financial Statements which have been reviewed in accordance with International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by International Auditing and Assurance Standards Board.

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

The review report on the Condensed Interim Financial Statements dated 30 October 2017 issued by PricewaterhouseCoopers LLP is enclosed in Appendix 1.

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

The accounting policies and methods of computation used in the preparation of the Condensed Interim Financial Statements for the current period are consistent with those specified in the audited financial statements of HPH Trust and its subsidiary companies (the “Group”) for the year ended 31 December 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 period 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 Condensed Interim Financial Statements for the current period are consistent with those specified in the audited financial statements of HPH Trust and its subsidiary companies for the financial year ended 31 December 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 Condensed Interim 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 period ended 30 September 2017

	01/07/2017 to 30/09/2017	01/07/2016 to 30/09/2016	01/01/2017 to 30/09/2017	01/01/2016 to 30/09/2016
(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 period based on the weighted average number of units in issue (HK cents)				
- Basic and diluted	3.10	4.94	8.11	15.24
(iii) Number of units issued at end of the period	8,711,101,022	8,711,101,022	8,711,101,022	8,711,101,022
(iv) Distribution per unit for the period (HK cents) ^(a)	-	-	9.50	14.00

Footnote:

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

7. Net asset value ("NAV") attributable to unitholders per unit based on units issued as at 30 September 2017^(a)

	Group		Trust	
	30/09/2017	31/12/2016	30/09/2017	31/12/2016
Net asset value attributable to unitholders per unit (HK\$) ^(a)	4.57	4.74	6.01	6.27

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 30 September 2017 (31 December 2016: 8,711,101,022).

8. Review of performance

In order to enable a more meaningful comparison of the operating results of HIT^(a), COSCO-HIT^(b) and ACT^(c) 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 (01/07/2017-30/09/2017 vs 01/07/2016-30/09/2016)

Revenue and other income for the quarter was HK\$3,221.9 million, HK\$43.3 million or 1.3% below last year. However, the restated % variance on revenue and other income was 2.1% above last year. Combined container throughput of HIT, COSCO-HIT and ACT (collectively “HPHT Kwai Tsing”) increased by 12.8% as compared to the same quarter in 2016, primarily due to higher transshipment cargoes and additional throughput from a new customer. The container throughput of YICT^(d) increased by 13.8% as compared to the same quarter in 2016, primarily driven by growth in the US, Europe, empty 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 revision on tariffs following the mergers and acquisitions of some liners.

Cost of services rendered was HK\$1,101.7 million, HK\$25.5 million or 2.4% above last year. However, the restated % variance on cost of services rendered was 10.0% above last year. The increase was attributed to higher throughput handled and general cost inflations, including the increase in external contractors’ costs, 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\$70.3 million, HK\$2.1 million or 2.9% below last year. However, the restated % variance on staff costs were 0.7% below last year. Depreciation and amortisation was HK\$762.2 million, HK\$27.5 million or 3.7% above last year, mainly due to increase in capex spending. Other operating income was HK\$3.5 million, HK\$1.9 million or 118.8% above last year.

Footnotes:

- (a) HIT means Terminals 4, 6, 7 and two berths in Terminal 9, located at Kwai Tsing, Hong Kong.*
- (b) COSCO-HIT means Terminal 8 East, located at Kwai Tsing, Hong Kong.*
- (c) ACT means Terminal 8 West, located at Kwai Tsing, Hong Kong.*
- (d) YICT means Yantian International Container Terminals, located at Yantian, Shenzhen, PRC, which comprises Yantian International Container Terminals Phases I & II, Phase III & Phase III Expansion, and Shenzhen Yantian West Port Terminals Phases I & II.*

8. Review of performance (Continued)

Other operating expenses were HK\$136.7 million, HK\$86.3 million or 38.7% below last year. However, the restated % variance on other operating expenses were 28.2% below last year. The decrease was largely due to the effect of the provision for bad debt for Hanjin Shipping included in 2016. With the aforesaid, total operating expenses were HK\$2,067.4 million, HK\$37.3 million or 1.8% below last year.

As a result, total operating profit was HK\$1,154.5 million, HK\$6.0 million or 0.5% below last year.

Interest and other finance costs were HK\$238.3 million, HK\$63.8 million or 36.6% 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\$24.3 million, HK\$29.7 million or 550.0% adverse against last year, mainly reflecting the share of HICT's result following the completion of the acquisition by HPH Trust at the end of 2016.

Share of profits less losses after tax of joint ventures was HK\$18.3 million, HK\$2.7 million or 17.3% above last year.

Taxation was HK\$231.7 million, HK\$36.7 million or 18.8% above last year, mainly due to the increase of YICT Phase III Expansion and West Port Phase I's tax rates following the expiry of their tax exemption period, but was partially offset by lower profit and tax savings from YICT Phase I & II as it qualified as "High and New Technology Enterprise" in November 2016, which entitles YICT Phase I & II to a preferential corporate income tax from 2016 to 2018.

The overall profit for the quarter was HK\$678.5 million, HK\$133.5 million or 16.4% below last year. Profit attributable to unitholders of HPH Trust was HK\$270.4 million, HK\$159.8 million or 37.1% below last year.

Consolidated income statement (01/01/2017-30/09/2017 vs 01/01/2016-30/09/2016)

Revenue and other income for the period was HK\$8,694.2 million, HK\$260.6 million or 2.9% below last year. However, the restated % variance on revenue and other income was 1.0% above last year. Combined container throughput of HPHT Kwai Tsing increased by 6.6% 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 7.9% as compared to the same period in 2016, primarily driven by growth in the US, Europe, empty 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 revision on tariffs following the mergers and acquisitions of some liners.

8. Review of performance (Continued)

Cost of services rendered was HK\$3,020.4 million, HK\$133.2 million or 4.2% below last year. However, the restated % variance on cost of services rendered was 3.4% above last year. The increase was attributed to higher throughput handled and general cost inflations, including the increase in external contractors' costs, but were partially offset by savings in operation costs arising from improved resources' allocation efficiencies following the commencement of co-management and RMB depreciation. Staff costs were HK\$217.6 million, HK\$9.2 million or 4.1% below last year. However, the restated % variance on staff costs were 1.3% below last year. Depreciation and amortisation was HK\$2,233.8 million, HK\$49.4 million or 2.3% above last year mainly due to the operational commencement of YICT Phase III Expansion South Berth and West Port Phase II in early 2016. Other operating income was HK\$10.5 million, HK\$2.7 million or 34.6% above last year.

Other operating expenses were HK\$414.5 million, HK\$267.0 million or 181.0% above last year. However, the restated % variance on other operating expenses were 211.1% 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. With the aforesaid, total operating expenses were HK\$5,875.8 million, HK\$171.3 million or 3.0% above last year.

As a result, total operating profit was HK\$2,818.4 million, HK\$431.9 million or 13.3% below last year.

Interest and other finance costs were HK\$642.2 million, HK\$121.3 million or 23.3% 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\$78.4 million, HK\$93.7 million or 612.4% adverse against below last year, mainly reflecting the share of HICT's result following the completion of the acquisition by HPH Trust at the end of 2016.

Share of profits less losses after tax of joint ventures was HK\$57.1 million, HK\$7.1 million or 14.2% above last year.

Taxation was HK\$538.8 million, HK\$19.3 million or 3.5% below last year, primarily due to lower profit and tax savings from YICT Phase I & II as it qualified as "High and New Technology Enterprise" in November 2016, which entitles YICT Phase I & II to a preferential corporate income tax from 2016 to 2018, but were partially offset by the increase of YICT Phase III Expansion and West Port Phase I's tax rates following the expiry of their tax exemption period.

Overall, profit and profit attributable to unitholders of HPH Trust was HK\$1,616.1 million and HK\$706.4 million respectively. Excluding HIT's rent and rates refund in 2016, profit was HK\$263.5 million or 14.0% below last year and profit attributable to unitholders of HPH Trust was HK\$264.4 million or 27.2% below last year. Including HIT's rent and rates refund in 2016, profit and profit attributable to unitholders of HPH Trust was 27.7% and 46.8% 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).

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

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

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

The US economy has continued to grow steadily with solid fundamentals. Outbound cargoes to the US remained strong in the third quarter of 2017. However, political and policy developments in the US including future pace of monetary policy normalisation still pose uncertainties and downside risks to the overall global and US economic growth.

The economic recovery in Europe has gathered pace, lending support to the growth of outbound cargoes to Europe in the third quarter of 2017. Sustainability on the improvement in labour market and consumer sentiment remain the key drivers for the overall recovery of the European economy.

In addition to the economic performances of the US and Europe, HPH Trust's performance is also impacted by the outcomes of the structural consolidation within the container shipping industry and the consequent rationalisation of services.

Excess capacity continues to keep freight rates under pressure with shipping lines striving to improve competitive advantages by capacity optimisation, cost reductions and enhancing productivity through fleet rationalisation, deployment of mega-vessels and reformation of carrier alliances. Against this setting, with a strategic transshipment hub in Hong Kong and the unparalleled mega-vessel handling capabilities of Yantian, HPH Trust is well positioned to support the changing requirements of the shipping lines.

The roll-out of the co-management arrangement signed in December 2016 is progressing well and has enabled more efficient use of the facilities and manpower resources, allowing HPH Trust to better manage the effect from the changing dynamics of the global shipping industry. HPH Trust is confident to deliver cost and operational synergies in 2017.

Given its strong fundamentals, the Trustee-Manager is confident that HPH Trust is well-equipped to respond to external developments and challenges.

11. Distribution

(a) Current financial period

Any distribution recommended for the current financial quarter?

No distribution has been recommended for the current financial quarter.

(b) Corresponding period of the immediately preceding financial period

Any distribution declared for the previous corresponding quarter? No

(c) Date Payable

Not applicable

(d) Books closure date

Not applicable

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

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

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

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

No IPT general mandate has been obtained.

14. Negative confirmation by the Board

The Board of Directors of Hutchison Port Holdings Management Pte. Limited (as the Trustee-Manager) has confirmed that, to the best of its knowledge, nothing has come to its attention which may render these interim financial results of the Group for the period ended 30 September 2017 to be false or misleading in any material respect.

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

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

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

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

Mr Lee Tiong Hock
Company Secretary
30 October 2017



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

30 October 2017

Dear Sirs

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

We have reviewed the accompanying condensed interim financial statements of Hutchison Port Holdings Trust (the “Trust”) and its subsidiaries (the “Group”) set out on pages 1 to 20, which comprise the condensed consolidated statement of financial position of the Group, the condensed statement of financial position of the Trust as at 30 September 2017, and the related condensed consolidated income statement of the Group, the condensed consolidated statement of comprehensive income of the Group, the condensed consolidated statement of changes in equity of the Group, the condensed statement of changes in equity of the Trust and the condensed consolidated statement of cash flows of the Group for the periods from 1 January 2017 to 30 September 2017 and 1 July 2017 to 30 September 2017, and other explanatory notes (collectively the “Condensed Interim Financial Statements”). The management of Hutchison Port Holdings Management Pte. Limited, the Trustee-Manager of the Trust, is responsible for the preparation and presentation of these Condensed Interim Financial Statements in accordance with Hong Kong Accounting Standard 34, “Interim Financial Reporting”. Our responsibility is to express a conclusion on these Condensed Interim Financial Statements based on our review.

Scope of review

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

Conclusion

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

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers', is written over a large, stylized flourish.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 30 October 2017

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