HUTCHISON PORT HOLDINGS MANAGEMENT PTE. LIMITED

(A limited liability company incorporated in the Republic of Singapore under the Companies Act, Chapter 50 of Singapore)

(Company registration number: 201100749W)

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

GENERAL INFORMATION
HUTCHISON PORT HOLDINGS MANAGEMENT PTE. LIMITED

DIRECTORS

Mr. FOK Kin Ning, Canning (Chairman)
Ms. Edith SHIH
Mr. IP Sing Chi
Ms. TSIM Sin Ling, Ruth
Mr. CHAN Tze Leung, Robert
Mr. Graeme Allan JACK
Mrs. SNG Sow-Mei (alias Poon Sow Mei)
Mr. Kevin Anthony WESTLEY
Mr. WONG Kwai Lam

SECRETARY

Mr. LEE Tiong Hock

REGISTERED OFFICE

50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

AUDITOR

PricewaterhouseCoopers LLP

CONTENTS

DIRECTORS' STATEMENT

The directors of Hutchison Port Holdings Management Pte. Limited (the "Company") present their statement to the shareholders, together with the audited financial statements of the Company for the year ended 31 December 2017.

Directors

The directors of the Company in office at the date of this statement are as follows:

Mr. Fok Kin Ning, Canning (Chairman)
Ms. Edith Shih
Mr. Ip Sing Chi
Ms. Tsim Sin Ling, Ruth
Mr. Chan Tze Leung, Robert
Mr. Graeme Allan Jack
Mrs. Sng Sow-Mei (alias Poon Sow Mei)
Mr. Kevin Anthony Westley
Mr. Wong Kwai Lam

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act, Chapter 50 of Singapore, none of the directors holding office at the end of the year (or during the year) had any interest in shares in, or debentures of, the Company or its related corporations, except as follows:

	Holdings registered in name of director		Holdings in which a director is deemed to have an interest	
	At 31.12.2017	**At 1.1.2017**	**At 31.12.2017**	**At 1.1.2017**
Hutchison Telecommunications (Australia) Limited				
- Number of ordinary shares				
Mr. Fok Kin Ning, Canning	100,000	100,000	5,000,000	5,000,000
Hutchison Telecommunications Hong Kong Holdings Limited				
- Number of ordinary shares				
Mr. Fok Kin Ning, Canning	–	–	1,202,380	1,202,380
Hutchison China MediTech Limited ("HCML")				
- Number of ordinary shares				
Mr. Fok Kin Ning, Canning	–	–	26,740	–
Ms. Edith Shih	70,000	60,000	–	–
- American Depositary Shares[(1)]				
Ms. Edith Shih	100,000	40,741	–	–

(1) Each representing 0.5 HCML ordinary share

DIRECTORS' STATEMENT

Directors' interests in shares or debentures (Continued)

	Holdings registered in name of director		Holdings in which a director is deemed to have an interest	
	At 31.12.2017	At 1.1.2017	At 31.12.2017	At 1.1.2017
CK Infrastructure Holdings Limited (Formerly known as Cheung Kong Infrastructure Holdings Limited)				
- Number of ordinary shares				
Mr. Kevin Anthony Westley	–	–	4,000	4,000
Hutchison Whampoa International (09) Limited				
- 7.625% Notes due 2019				
Ms. Edith Shih	A nominal amount of US$300,000	A nominal amount of US$300,000	–	–
Hutchison Whampoa International (11) Limited				
- 4.625% Notes due 2022				
Ms. Edith Shih	A nominal amount of US$250,000	A nominal amount of US$250,000	–	–
Hutchison Whampoa International (12) Limited				
- Subordinated Guaranteed Perpetual Capital Securities				
Ms. Edith Shih	–	A nominal amount of US$200,000	–	–
CK Hutchison Holdings Limited				
- Number of ordinary shares				
Mr. Fok Kin Ning, Canning	–	–	5,111,438	5,111,438
Ms. Edith Shih	52,125	52,125	5,062	5,062

Share options

There were no share options granted during the year to anyone to take up unissued shares of the Company.

No shares have been issued during the year by virtue of the exercise of share options to take up unissued shares of the Company.

There were no unissued shares of the Company under share option at the end of the year.

DIRECTORS' STATEMENT

Independent auditor

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

Statement by directors

In the opinion of the directors,

(a) the financial statements as set out on pages 7 to 20 are drawn up so as to give a true and fair view of the financial position and performance of the Company for the period covered by the financial statements; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors

Ip Sing Chi
Director

Tsim Sin Ling, Ruth
Director

5 February 2018

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF HUTCHISON PORT HOLDINGS MANAGEMENT PTE. LIMITED

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying financial statements of Hutchison Port Holdings Management Pte. Limited (the "Company") are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 December 2017 and of the financial performance, cash flows and changes in equity of the Company for the year ended on that date.

What we have audited

The financial statements of the Company comprise:

- the statement of comprehensive income for the year ended 31 December 2017;
- the statement of financial position as at 31 December 2017;
- the statement of cash flows for the year then ended;
- the statement of changes in equity 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 Singapore Standards on Auditing ("SSAs"). 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 Company 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.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement included in pages 1 to 3 but does not include the financial statements and our auditor's report thereon.

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.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF HUTCHISON PORT HOLDINGS MANAGEMENT PTE. LIMITED

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, 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, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company'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 SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, 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 Company'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 Company'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 Company 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.

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

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF HUTCHISON PORT HOLDINGS MANAGEMENT PTE. LIMITED

Report on Other Legal and Regulatory Requirements

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

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

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2017

	Note	2017 HK$'000	2016 HK$'000
Revenue and other income	3	23,377	28,325
Staff costs		(3,272)	(2,741)
Other operating expenses		(5,117)	(5,296)
Total operating expenses		(8,389)	(8,037)
Profit before tax	4	14,988	20,288
Taxation	5	(2,169)	(2,665)
Profit and total comprehensive income for the year		12,819	17,623
Dividend	6	20,000	10,000

STATEMENT OF FINANCIAL POSITION

at 31 December 2017

	Note	2017 HK$'000	2016 HK$'000
ASSETS			
Non-current asset			
Fixed assets	7	–	–
Current assets			
Cash and cash equivalents	8	11,769	14,492
Trade and other receivables	9	12,176	17,818
		23,945	32,310
Current liabilities			
Trade and other payables	10	2,977	3,232
Current tax liabilities		2,550	3,479
		5,527	6,711
Net current assets		18,418	25,599
Net assets		18,418	25,599
EQUITY			
Share capital	11	100	100
Retained profits		18,318	25,499
Total equity		18,418	25,599

STATEMENT OF CASH FLOWS

for the year ended 31 December 2017

	Note	2017 HK$'000	2016 HK$'000
Operating activities			
Net cash generated from operations	12	20,375	15,560
Tax paid		(3,098)	(2,140)
Net cash from operating activities		17,277	13,420
Financing activities			
Dividend paid	6	(20,000)	(10,000)
Net cash used in financing activities		(20,000)	(10,000)
Net changes in cash and cash equivalents		(2,723)	3,420
Cash and cash equivalents at beginning of the year		14,492	11,072
Cash and cash equivalents at end of the year		11,769	14,492

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2017

	Share capital HK$'000	Retained profits HK$'000	Total HK$'000
2017			
Balance at 1 January 2017	100	25,499	25,599
Profit and total comprehensive income for the year	–	12,819	12,819
Transactions with owners:			
Dividend (Note 6)	–	(20,000)	(20,000)
Balance at 31 December 2017	100	18,318	18,418
2016			
Balance at 1 January 2016	100	17,876	17,976
Profit and total comprehensive income for the year	–	17,623	17,623
Transactions with owners:			
Dividend (Note 6)	–	(10,000)	(10,000)
Balance at 31 December 2016	100	25,499	25,599

NOTES TO THE FINANCIAL STATEMENTS

1 General information

Hutchison Port Holdings Management Pte. Limited (the "Company") is a limited liability company incorporated in the Republic of Singapore on 7 January 2011 under the Companies Act, Chapter 50 of Singapore. The Company's immediate holding company is CK Hutchison Global Investments Limited, its ultimate holding company is CK Hutchison Holdings Limited, which is incorporated in Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited.

The Company acts as the Trustee-Manager of Hutchison Port Holdings Trust ("HPH Trust") and manages HPH Trust's business with the key objective of providing unitholders of HPH Trust with stable and regular distributions as well as long-term distribution per unit growth.

The registered office address of the Company is at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623.

2 Significant accounting policies

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. However, there are no areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements.

Adoption of amendments to existing standards

In the current year, the Company has adopted all of the new and revised standards, amendments and interpretations that are relevant to the Company's operations and mandatory for annual period beginning 1 January 2017. The effect of the adoption of these new and revised standards, amendments and interpretations was not material to the Company's results or financial position.

Standards and amendments which are not yet effective

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

FRS 109(1)	Financial Instruments
Amendments to 109(2)	Prepayment Features with Negative Compensation
FRS 115 and Amendments to FRS 115(1)	Revenue from Contracts with Customers
Amendments to FRS 102(1)	Classification and Measurement of Share-based Payment Transactions
FRS 116(2)	Leases
Amendments to FRS 110 and FRS 28(3)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

(1) Effective for annual periods beginning 1 January 2018
(2) Effective for annual periods beginning 1 January 2019
(3) New effective date to be determined

NOTES TO THE FINANCIAL STATEMENTS

2 Significant accounting policies (Continued)

Standards and amendments which are not yet effective (Continued)

(a) FRS 109 Financial Instruments

FRS 109 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. FRS 109 is mandatory for the Company's financial statements for annual periods beginning on or after 1 January 2018.

FRS 109 introduces a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. FRS 109 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVPL"). The standard eliminates the existing FRS 39 Financial Instruments: Recognition and Measurement categories of held to maturity, loans and receivables and available-for-sale.

The Company does not expect that there will be any impact on the Company's accounting for financial investments as currently the Company does not have any such financial investments. Moreover, the Company does not expect the new guidance to result in any significant change on the classification and measurement of its financial assets because other receivables financial assets currently measured at amortised cost appear to meet the conditions for classification at amortised cost under FRS 109.

The Company does not expect that there will be any impact on the Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at FVPL and the Company does not have any such liabilities. The derecognition rules have been transferred from FRS 39 and have not been changed.

FRS 109 replaces the 'incurred loss' impairment model in FRS 39 with a forward-looking 'expected credit loss' ("ECL") model. The new impairment model will apply to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under FRS 115 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts.

Generally, more hedge relationships might be eligible for hedge accounting under FRS 109, as the standard introduces a more principles-based approach. However, the Company does not expect that there will be any impact on the Company's accounting for hedge accounting as currently the Company does not have any such hedge relationships.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Company's disclosures about its financial instruments particularly in the year of the adoption of the new financial instruments standard.

Changes in accounting policies resulting from the adoption of FRS 109 will generally be applied retrospectively, except for hedge accounting and where the standard provides transition exemptions. The Company is considering to apply the transition exemptions. If the Company elects to apply the transition exemptions, comparative information for prior periods with respect to classification and measurement (including impairment) changes is not restated and differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of FRS 109 will generally be recognised as an adjustment to the opening balance of retained profit (or other component of equity, as appropriate) in the year of adoption, i.e. as at 1 January 2018.

NOTES TO THE FINANCIAL STATEMENTS

2 Significant accounting policies (Continued)

Standards and amendments which are not yet effective (Continued)

(b) FRS 115 Revenue from contracts with customers

FRS 115 Revenue from Contracts with Customers establishes a framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including FRS 18 Revenue, FRS 11 Construction Contracts, and the related Interpretations when it becomes effective. FRS 115 is mandatory for the Company's financial statements for annual periods beginning on or after 1 January 2018.

The new revenue standard requires the transaction price of a contract to be allocated to individual performance obligation (or distinct good or service). Under FRS 115, the objective when allocating the transaction price is for an entity to allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the entity expects to be entitled in exchange for transferring the promised goods or services to the customer.

The Company does not expect the new guidance to have a significant impact on the Company's accounting with respect to the allocation of the transaction price to performance obligations identified. Currently, the Company allocates and recognises revenue among the different distinct elements of a contract separately. The Company apportions revenue earned from a contract, based on and in proportion to the respective amount of consideration that the Company expects to be entitled in exchanging for transferring the distinct promised goods or services.

FRS 115 permits either a full retrospective or a modified retrospective approach for the adoption. The Company is considering to use the modified retrospective approach for transition to the new revenue standard. Under this transition approach, (i) comparative information for prior periods is not restated; (ii) the date of the initial application of FRS 115 is the first day of the annual reporting period in which the Company first applies the requirement of FRS 115, i.e. 1 January 2018; (iii) the Company recognises the cumulative effect of initially applying the guidance as an adjustment to the opening balance of retained profit (or other component of equity, as appropriate) in the year of adoption, i.e. as at 1 January 2018; and (iv) the Company may elect to apply the new standard only to contracts that are not completed contracts at 1 January 2018. If the Company adopts the full retrospective approach, the Company plans to use the practical expedients for completed contracts. This means that completed contracts that began and ended in the same comparative reporting period, as well as those that are completed contracts at the beginning of the earliest period presented, will not be restated.

(c) FRS 116 Leases

FRS 116 specifies how an entity will recognise, measure, present and disclose leases. FRS 116 is mandatory for the Company's financial statements for annual periods beginning on or after 1 January 2019. The Company currently plans to adopt this new standard from 1 January 2019.

The new standard provides a single, on balance sheet lease accounting model for lessees. It will result in almost all leases being recognised by the lessee on the balance sheet, as the distinction between operating and finance leases is removed. Under FRS 116, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. Lessors continue to classify leases as operating or finance with FRS 116's approach to lessor accounting substantially unchanged from its predecessor FRS 17. The Company is assessing the impact of FRS 116. It is currently anticipated that the application of FRS 116 in the future may impact the Company's financial statements. However, it is not practicable to provide a reasonable estimate of the impact of FRS 116 as at the date of publication of these financial statements.

Other than the new standard explained above, there are no other standards or interpretations that are not yet effective and that would be expected to have a material impact to the Company.

NOTES TO THE FINANCIAL STATEMENTS

2 Significant accounting policies (Continued)

(a) Fixed assets

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation of fixed assets is provided at rates calculated to write off their costs to their residual values over their estimated useful lives on a straight line basis as follows:

Furniture and fixtures	Over the lease term of office premise
Computer equipment	5 years

The gain or loss on disposal or retirement of a fixed asset is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the income statement.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each end of reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(b) Asset impairment

Assets that are subject to depreciation and amortisation are reviewed for impairment to determine whether there is any indication that the carrying values of these assets may not be recoverable and have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Such impairment loss is recognised in profit or loss except where the asset is carried at valuation and the impairment loss does not exceed the revaluation surplus for that asset, in which case it is treated as a revaluation decrease and recognised in other comprehensive income.

(c) Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired.

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and demand deposits with maturity less than three months.

(e) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

(f) Provisions

Provisions are recognised when it is probable that an outflow of economic benefits will be required to settle a present obligation as a result of past events and a reliable estimate can be made of the amount of the obligation.

NOTES TO THE FINANCIAL STATEMENTS

2 Significant accounting policies (Continued)

(g) Foreign exchange

(i) Functional and presentation currency

The financial statements are presented in Hong Kong dollar whereas the functional of the Company is in United States dollar.

(ii) Transactions and balances

Transactions in foreign currencies are converted at the rates of exchange ruling at the transaction dates. Monetary assets and liabilities are translated at the rates of exchange ruling at the end of reporting period. Exchange differences are included in the determination of profit or loss.

(h) Current tax

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the country where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(i) Operating leases

Leases in which a significant portion of the risks and rewards of ownership of assets remains with the leasing company are accounted for as operating leases. Payments made under operating leases net of any incentives received from the leasing company are charged to the income statement on a straight-line basis over the lease periods.

(j) Revenue recognition

Management and service fee income is recognised when the service is rendered.

3 Revenue and other income

	2017 HK$'000	2016 HK$'000
Revenue		
Management and service fee income	23,317	28,289
Other income		
Interest income	60	36
	23,377	28,325

NOTES TO THE FINANCIAL STATEMENTS

4 Profit before tax

Profit before tax is stated after charging the following:

	2017 HK$'000	2016 HK$'000
Depreciation of fixed assets	–	3
Operating lease rentals on office premise	173	167
Staff costs	3,272	2,741
Directors' fees	4,758	4,758

5 Taxation

	2017 HK$'000	2016 HK$'000
Current tax:		
Current tax on profits for the year	2,404	3,305
Over provision in prior year	(235)	(640)
	2,169	2,665

The tax charge on the Company's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	2017 HK$'000	2016 HK$'000
Profit before tax	14,988	20,288
Tax calculated at Singapore standard rate of income tax of 17% (2016: 17%)	2,548	3,449
Tax exemption	(209)	(139)
Expenses not deductible for tax purposes	75	–
Income not subject to tax	(10)	(5)
Over provision in prior year	(235)	(640)
	2,169	2,665

6 Dividend

	2017 HK$'000	2016 HK$'000
Interim dividend paid of HK$2 (2016: HK$1) per share	20,000	10,000

NOTES TO THE FINANCIAL STATEMENTS

7 Fixed assets

	Furniture and fixtures HK$'000	Computer equipment HK$'000	Total HK$'000
2017			
At 1 January 2017	–	–	–
Depreciation	–	–	–
At 31 December 2017	–	–	–
At 31 December 2017			
Cost	124	34	158
Accumulated depreciation	(124)	(34)	(158)
Net book value	–	–	–
2016			
At 1 January 2016	–	3	3
Depreciation	–	(3)	(3)
At 31 December 2016	–	–	–
At 31 December 2016			
Cost	124	34	158
Accumulated depreciation	(124)	(34)	(158)
Net book value	–	–	–
At 1 January 2016			
Cost	124	34	158
Accumulated depreciation	(124)	(31)	(155)
Net book value	–	3	3

8 Cash and cash equivalents

	2017 HK$'000	2016 HK$'000
Cash at bank	1,769	3,492
Short-term bank deposits	10,000	11,000
	11,769	14,492

Cash and cash equivalents are denominated in the following currencies:

	2017 Percentage	2016 Percentage
Hong Kong dollar	93%	77%
United States dollar	3%	2%
Singapore dollar	4%	21%
	100%	100%

NOTES TO THE FINANCIAL STATEMENTS

9 Trade and other receivables

	2017 HK$'000	2016 HK$'000
Trade receivables from HPH Trust	12,164	17,807
Other receivables	12	11
	12,176	17,818

Trade and other receivables are mainly denominated in United States dollar and the carrying amounts approximate their fair values.

The maximum exposure to credit risk at the reporting date is the carrying value of trade and other receivables.

10 Trade and other payables

Trade and other payables are mainly denominated in United States dollar and the carrying amounts approximate their fair values.

11 Share capital

	Number of shares	HK$
At 31 December 2016 and 2017	10,000,000	100,001

12 Net cash generated from operations

Reconciliation of profit before tax to net cash generated from operations:

	2017 HK$'000	2016 HK$'000
Profit before tax	14,988	20,288
Depreciation	–	3
Profit before tax before working capital changes	14,988	20,291
Decrease/(increase) in trade and other receivables	5,642	(5,303)
(Decrease)/increase in trade and other payables	(255)	572
Net cash generated from operations	20,375	15,560

NOTES TO THE FINANCIAL STATEMENTS

13 Operating lease commitments

The Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 HK$'000	2016 HK$'000
Within one year	173	165
Between two to five years	58	221
	231	386

14 Related parties transactions

Significant transactions between the Company and related parties during the year that are carried out in the normal course of business are disclosed below:

(i) Income from and expense to related parties

	2017 HK$'000	2016 HK$'000
Income:		
Management fees received from HPH Trust (Note a):		
Base fee	23,317	22,954
Acquisition fee	–	5,335
	23,317	28,289
Expense:		
Rental expenses (Note b)	173	167

Notes:

(a) Management fees were charged in accordance with the trust deed dated 25 February 2011 and the first supplemental deed dated 28 April 2014 for HPH Trust (collectively, "Trust Deed"). The base fee was charged at a fixed fee of US$2,500,000 (equivalent to approximately HK$19,500,000) per annum which is subject to increase each year from 2012 by such percentage representing the percentage increase in the Hong Kong Composite Consumer Price Index. The base fee for the year ended 31 December 2017 is payable in cash. As the December 2017 figure for the Hong Kong Composite Consumer Price Index is yet to be published as at the date of preparation of these financial statements, the adjustment to the base fee, if required, will be accounted for in the subsequent financial period.

Acquisition fee was related to the acquisition of 41.31% effective interests in Huizhou International Container Terminals Limited in December 2016. It was calculated based on 0.5% of the enterprise value (as defined in the Trust Deed) of such investments.

(b) Operating lease rental paid to a related company was charged at terms pursuant to the relevant agreement.

(ii) Key management compensations

Key management includes directors, the Chief Executive Officer and the Chief Financial Officer. The compensation paid or payable to key management for employee services is shown below:

	2017 HK$'000	2016 HK$'000
Salaries and directors' fees	6,760	6,289

NOTES TO THE FINANCIAL STATEMENTS

15 Financial risk and capital management

The major financial instruments of the Company include cash and cash equivalents, trade and other receivables, trade and other payables. Details of these financial instruments are disclosed in the respective notes to the financial statements. The risk management programme of the Company is designed to minimise the financial risks of the Company. These risks include credit risk and foreign currency risk.

(a) Cash management and funding

The management of the Company regularly and closely monitors its overall net cash position and reviews its funding costs and maturity profile.

(b) Capital management

The Company's strategy is to ensure optimal returns to shareholders, while maintaining sufficient flexibility to implement growth strategies.

(c) Credit exposure

The Company's holdings of cash and cash equivalents and trade and other receivables expose the Company to counterparty credit risk. The Company controls its credit risk to non-performance by its counterparties through regular review and monitoring their credit ratings.

(d) Foreign currency exposure

Currency risk arises on financial instruments denominated in a currency that is not the functional currency and being of a monetary nature.

The Company does not have significant foreign currency exposure as Hong Kong dollar is pegged to United States dollar.

16 Approval of the financial statements

The financial statements set out on pages 7 to 20 were approved by the Board of Directors of the Company for issue on 5 February 2018.