



HUTCHISON PORT HOLDINGS TRUST (“HPH Trust”) UNAUDITED FINANCIAL STATEMENT  
ANNOUNCEMENT FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2016

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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 second quarter and half year ended 30 June 2016

	Group					
	01/04/2016 to 30/06/2016	01/04/2015 to 30/06/2015	Favorable/ (Unfavorable)	01/01/2016 to 30/06/2016	01/01/2015 to 30/06/2015	Favorable/ (Unfavorable)
	HK\$'M	HK\$'M	%	HK\$'M	HK\$'M	%
<b>Revenue and other income</b>	2,937.8	3,127.9	(6.1)	5,689.6	6,076.4	(6.4)
Cost of services rendered	(1,036.6)	(1,157.1)	10.4	(2,077.4)	(2,314.5)	10.2
Staff costs	(74.7)	(75.8)	1.5	(154.4)	(156.2)	1.2
Depreciation and amortisation	(727.3)	(698.6)	(4.1)	(1,449.7)	(1,397.3)	(3.8)
Other operating income	4.2	11.4	(63.2)	6.2	20.3	(69.5)
Other operating expenses <sup>(b)</sup>	(166.8)	(203.0)	17.8	75.5	(400.4)	118.9
<b>Total operating expenses</b>	(2,001.2)	(2,123.1)	5.7	(3,599.8)	(4,248.1)	15.3
<b>Operating profit</b>	936.6	1,004.8	(6.8)	2,089.8	1,828.3	14.3
Interest and other finance costs	(177.7)	(159.4)	(11.5)	(346.4)	(314.5)	(10.1)
Share of profits less losses after tax of associated companies	5.2	4.3	20.9	9.9	9.8	1.0
Share of profits less losses after tax of joint ventures	22.0	37.5	(41.3)	34.4	63.2	(45.6)
<b>Profit before tax</b>	786.1	887.2	(11.4)	1,787.7	1,586.8	12.7
Taxation	(155.7)	(192.2)	19.0	(363.1)	(351.3)	(3.4)
<b>Profit for the period</b>	630.4	695.0	(9.3)	1,424.6	1,235.5	15.3
Allocated as:						
Profit attributable to non-controlling interests	(287.7)	(295.1)	(2.5)	(527.0)	(549.8)	(4.2)
Profit attributable to unitholders of HPH Trust	342.7	399.9	(14.3)	897.6	685.7	30.9
<b>Earnings per unit attributable to unitholders of HPH Trust</b>	<b>HK cents</b> 3.93	<b>HK cents</b> 4.59	(14.3)	<b>HK cents</b> 10.30	<b>HK cents</b> 7.87	30.9

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 and additional depreciation due to change of an accounting estimate as stated in below footnote (a) – (b) are as follows:

Profit for the period	645.9	695.0	(7.1)	1,098.6	1,235.5	(11.1)
Profit attributable to unitholders of HPH Trust	355.0	399.9	(11.2)	565.1	685.7	(17.6)
<b>Earnings per unit attributable to unitholders of HPH Trust</b>	<b>HK cents</b> 4.08	<b>HK cents</b> 4.59	(11.2)	<b>HK cents</b> 6.49	<b>HK cents</b> 7.87	(17.6)

Footnotes:

- (a) Effective from August 2015, the estimated useful life of container handling equipment was changed from 10 - 35 years to 10 - 30 years and hence additional depreciation of HK\$19.0 million and HK\$38.0 million were provided for the current quarter and the six-month period respectively.
- (b) Other operating expenses for the period ended 30 June 2016 recorded a net income of HK\$75.5 million as HIT received a government rent and rates refund of HK\$430.0 million during the first quarter of 2016.
- (c) This analysis is provided as an additional information and is not directly extracted from the condensed interim financial statements of HPH Trust and its subsidiaries for the period ended 30 June 2016 ("Condensed Interim Financial Statements").

**1(a)(ii) Consolidated statements of comprehensive income for the second quarter and half year ended 30 June 2016**

Group						
01/04/2016 to 30/06/2016	01/04/2015 to 30/06/2015	Favorable/ (Unfavorable)	01/01/2016 to 30/06/2016	01/01/2015 to 30/06/2015	Favorable/ (Unfavorable)	
HK\$'M	HK\$'M	%	HK\$'M	HK\$'M	%	
<b>Profit for the period</b>	630.4	695.0	(9.3)	1,424.6	1,235.5	15.3
<b>Other comprehensive (loss)/ income<sup>(a)</sup>:</b>						
<b>Items that may be reclassified subsequently to profit or loss:</b>						
Investments						
Valuation losses taken to reserves	(5.1)	-	N/A	(7.8)	-	N/A
Currency translation differences	(67.5)	0.1	N/A	(100.0)	6.2	N/A
<b>Total other comprehensive (loss)/income for the period</b>	(72.6)	0.1	N/A	(107.8)	6.2	N/A
<b>Total comprehensive income for the period</b>	557.8	695.1	(19.8)	1,316.8	1,241.7	6.0
Allocated as:						
Attributable to non-controlling interests	(256.9)	(294.9)	(12.9)	(481.3)	(552.6)	(12.9)
Attributable to unitholders of HPH Trust	300.9	400.2	(24.8)	835.5	689.1	21.2

*Footnote:*

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

1(b)(i) Statements of financial position as at 30 June 2016

	Group	
	30/06/2016	31/12/2015
	HK\$'M	HK\$'M
<b>ASSETS</b>		
<b>Non-current assets</b>		
Fixed assets	25,199.5	24,480.8
Projects under development	1,812.6	2,966.2
Leasehold land and land use rights	41,629.5	41,269.8
Railway usage rights	13.3	13.9
Customer relationships	6,671.5	6,838.6
Goodwill	22,629.0	22,629.0
Associated companies	167.8	161.3
Joint ventures	3,881.0	3,898.5
Other non-current assets <sup>(a)</sup>	768.8	1,272.1
Deferred tax assets	12.7	12.7
<b>Total non-current assets</b>	<b>102,785.7</b>	<b>103,542.9</b>
<b>Current assets</b>		
Cash and cash equivalents	7,224.0	6,840.8
Trade and other receivables	3,628.0	3,723.4
Inventories	127.9	123.5
<b>Total current assets</b>	<b>10,979.9</b>	<b>10,687.7</b>
<b>Current liabilities</b>		
Trade and other payables	6,540.9	7,295.0
Bank and other debts	5,762.0	8,911.2
Current tax liabilities	282.0	312.7
<b>Total current liabilities</b>	<b>12,584.9</b>	<b>16,518.9</b>
<b>Net current liabilities<sup>(b)</sup></b>	<b>(1,605.0)</b>	<b>(5,831.2)</b>
<b>Total assets less current liabilities</b>	<b>101,180.7</b>	<b>97,711.7</b>
<b>Non-current liabilities</b>		
Bank and other debts	27,965.4	24,082.3
Pension obligations	208.8	200.3
Deferred tax liabilities	11,121.4	11,204.7
Other non-current liabilities	29.7	56.8
<b>Total non-current liabilities</b>	<b>39,325.3</b>	<b>35,544.1</b>
<b>Net assets</b>	<b>61,855.4</b>	<b>62,167.6</b>
<b>EQUITY</b>		
Units in issue	68,553.8	68,553.8
Reserves	(26,747.2)	(25,953.7)
<b>Net assets attributable to unitholders of HPH Trust</b>	<b>41,806.6</b>	<b>42,600.1</b>
Non-controlling interests	20,048.8	19,567.5
<b>Total equity</b>	<b>61,855.4</b>	<b>62,167.6</b>

Footnotes:

(a) The other non-current assets decreased from HK\$1,272.1 million as at 31 December 2015 to HK\$768.8 million as at 30 June 2016, mainly due to the prepayment of leasehold land for YICT's West Port Phase II project was transferred to the leasehold land and land use rights.

(b) Net current liabilities were HK\$1,605.0 million as at 30 June 2016 which mainly consisted of the US\$0.5 billion (approximately HK\$3.9 billion) 2-year term loan facility, expiring in May 2017 and YICT's bank loan of HK\$1.5 billion, expiring in November 2016.

1(b)(i) Statements of financial position as at 30 June 2016 (Continued)

	Trust	
	30/06/2016	31/12/2015
	HK\$'M	HK\$'M
<b>ASSETS</b>		
<b>Non-current asset</b>		
Investment in a subsidiary	55,912.4	57,561.3
<b>Total non-current asset</b>	55,912.4	57,561.3
<b>Current assets</b>		
Cash and cash equivalents	4.3	3.7
Trade and other receivables	1.4	1.3
<b>Total current assets</b>	5.7	5.0
<b>Current liability</b>		
Trade and other payables	49.1	52.3
<b>Total current liability</b>	49.1	52.3
<b>Net current liabilities</b>	(43.4)	(47.3)
<b>Total assets less current liabilities</b>	55,869.0	57,514.0
<b>Net assets</b>	55,869.0	57,514.0
<b>EQUITY</b>		
Units in issue	68,553.8	68,553.8
Reserves	(12,684.8)	(11,039.8)
<b>Total equity</b>	55,869.0	57,514.0

**1(b)(ii) Aggregate amount of the Group's borrowings and debt securities as at 30 June 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	5,685.4	20,200.0	25,885.4
Secured bank loans	81.9	-	81.9
Guaranteed notes	-	7,800.0	7,800.0
<b>Total principal amount of bank and other debts</b>	<b>5,767.3</b>	<b>28,000.0</b>	<b>33,767.3</b>
Unamortised loan facilities fees and discounts related to debts	(5.3)	(133.7)	(139.0)
Unrealised gain on bank and other debts pursuant to interest rate swap contracts	-	99.1	99.1
	<b>5,762.0</b>	<b>27,965.4</b>	<b>33,727.4</b>

**Aggregate amount of the Group's borrowings and debt securities as at 31 December 2015**

<b>Group</b>	<b>Current portion HK\$'M</b>	<b>Non-current portion HK\$'M</b>	<b>Total HK\$'M</b>
Unsecured bank loans	8,819.2	16,420.0	25,239.2
Secured bank loans	108.0	-	108.0
Guaranteed notes	-	7,800.0	7,800.0
<b>Total principal amount of bank and other debts</b>	<b>8,927.2</b>	<b>24,220.0</b>	<b>33,147.2</b>
Unamortised loan facilities fees and discounts related to debts	(16.0)	(98.9)	(114.9)
Unrealised loss on bank and other debts pursuant to interest rate swap contracts	-	(38.8)	(38.8)
	<b>8,911.2</b>	<b>24,082.3</b>	<b>32,993.5</b>

**Details of any collateral at HPH Trust**

Bank loan of HK\$81.9 million (31 December 2015: HK\$108.0 million) is secured by a charge over certain assets of a subsidiary company.

1(c) Consolidated statements of cash flows for the second quarter and half year ended 30 June 2016

	<b>Group</b>			
	<b>01/04/2016 to 30/06/2016</b>	<b>01/04/2015 to 30/06/2015</b>	<b>01/01/2016 to 30/06/2016</b>	<b>01/01/2015 to 30/06/2015</b>
	HK\$'M	HK\$'M	HK\$'M	HK\$'M
<b>Operating activities</b>				
Cash generated from operations	1,776.4	1,422.5	3,439.7	3,284.1
Interest and other finance costs paid	(159.9)	(128.3)	(314.0)	(262.5)
Tax paid <sup>(a)</sup>	(199.5)	(150.4)	(472.8)	(648.3)
<b>Net cash from operating activities</b>	<b>1,417.0</b>	<b>1,143.8</b>	<b>2,652.9</b>	<b>2,373.3</b>
<b>Investing activities</b>				
Purchase of fixed assets, projects under development, leasehold land and land use rights <sup>(b)</sup>	(809.2)	(322.3)	(1,284.5)	(879.0)
Proceeds on disposal of fixed assets	1.3	8.0	1.4	8.6
Dividends received from investments	8.5	2.9	8.5	34.4
Dividends received from a joint venture	25.0	31.0	50.0	62.0
Interest received	10.2	25.0	20.1	44.9
Repayment of loan by a joint venture	1.0	1.0	1.0	1.0
<b>Net cash used in investing activities</b>	<b>(763.2)</b>	<b>(254.4)</b>	<b>(1,203.5)</b>	<b>(728.1)</b>
<b>Financing activities</b>				
New borrowings <sup>(c)</sup>	7,800.0	6,240.0	7,800.0	14,013.3
Repayment of borrowings <sup>(c)</sup>	(7,165.9)	(6,695.2)	(7,177.7)	(14,496.4)
Upfront debt transaction costs and facilities fees of borrowings	(59.5)	(35.1)	(59.5)	(69.0)
Capital contribution from non-controlling interests	-	-	-	345.3
Distributions to unitholders of HPH Trust	-	-	(1,629.0)	(1,942.6)
<b>Net cash from/(used in) financing activities</b>	<b>574.6</b>	<b>(490.3)</b>	<b>(1,066.2)</b>	<b>(2,149.4)</b>
<b>Net changes in cash and cash equivalents</b>	<b>1,228.4</b>	<b>399.1</b>	<b>383.2</b>	<b>(504.2)</b>
Cash and cash equivalents at beginning of the period	5,995.6	6,895.5	6,840.8	7,798.8
Cash and cash equivalents at end of the period	7,224.0	7,294.6	7,224.0	7,294.6

Footnotes:

- (a) Tax paid was HK\$472.8 million for the period ended 30 June 2016 whereas it was HK\$648.3 million for the period ended 30 June 2015. The decrease was mainly due to timing difference of YICT's 2014 profits tax payment in 2015.
- (b) Purchase of fixed assets, projects under development, leasehold land and land use rights were HK\$1,284.5 million for the period ended 30 June 2016 whereas it was HK\$879.0 million for the period ended 30 June 2015. The increase was mainly due to the capital expenditures incurred for West Port Phase II project.
- (c) New bank loan of US\$1.0 billion (approximately HK\$7.8 billion) was drawn down for the quarter ended 30 June 2016 to refinance the existing bank borrowings, whereas for the period ended 30 June 2015, the Group issued US\$500 million 2.25% guaranteed notes due 2018 and US\$500 million 2.875% guaranteed notes due 2020 and drew down US\$800 million bank loans to refinance the bank borrowings.

1(d)(i) Statements of changes in equity for the periods ended 30 June 2016

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 April 2016	68,553.8	(50.8)	(43.3)	(19.0)	(26,935.0)	41,505.7	19,791.9	61,297.6
Profit for the quarter	-	-	-	-	342.7	342.7	287.7	630.4
Other comprehensive loss:								
Investments:								
Valuation losses taken to reserves	-	-	(5.1)	-	-	(5.1)	-	(5.1)
Currency translation differences	-	(36.7)	-	-	-	(36.7)	(30.8)	(67.5)
Total other comprehensive loss	-	(36.7)	(5.1)	-	-	(41.8)	(30.8)	(72.6)
Total comprehensive (loss)/income	-	(36.7)	(5.1)	-	342.7	300.9	256.9	557.8
<b>At 30 June 2016</b>	<b>68,553.8</b>	<b>(87.5)</b>	<b>(48.4)</b>	<b>(19.0)</b>	<b>(26,592.3)</b>	<b>41,806.6</b>	<b>20,048.8</b>	<b>61,855.4</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 period	-	-	-	-	897.6	897.6	527.0	1,424.6
Other comprehensive loss:								
Investments:								
Valuation losses taken to reserves	-	-	(7.8)	-	-	(7.8)	-	(7.8)
Currency translation differences	-	(54.3)	-	-	-	(54.3)	(45.7)	(100.0)
Total other comprehensive loss	-	(54.3)	(7.8)	-	-	(62.1)	(45.7)	(107.8)
Total comprehensive (loss)/income	-	(54.3)	(7.8)	-	897.6	835.5	481.3	1,316.8
Transaction with owners:								
Distributions	-	-	-	-	(1,629.0)	(1,629.0)	-	(1,629.0)
<b>At 30 June 2016</b>	<b>68,553.8</b>	<b>(87.5)</b>	<b>(48.4)</b>	<b>(19.0)</b>	<b>(26,592.3)</b>	<b>41,806.6</b>	<b>20,048.8</b>	<b>61,855.4</b>
At 1 April 2015	68,553.8	53.9	(13.0)	20.4	(25,952.4)	42,662.7	18,804.4	61,467.1
Profit for the quarter	-	-	-	-	399.9	399.9	295.1	695.0
Other comprehensive income:								
Currency translation differences	-	0.3	-	-	-	0.3	(0.2)	0.1
Total other comprehensive income/(loss)	-	0.3	-	-	-	0.3	(0.2)	0.1
Total comprehensive income	-	0.3	-	-	399.9	400.2	294.9	695.1
<b>At 30 June 2015</b>	<b>68,553.8</b>	<b>54.2</b>	<b>(13.0)</b>	<b>20.4</b>	<b>(25,552.5)</b>	<b>43,062.9</b>	<b>19,099.3</b>	<b>62,162.2</b>
At 1 January 2015	68,553.8	50.8	(13.0)	20.4	(24,295.6)	44,316.4	19,077.8	63,394.2
Profit for the period	-	-	-	-	685.7	685.7	549.8	1,235.5
Other comprehensive income:								
Currency translation differences	-	3.4	-	-	-	3.4	2.8	6.2
Total other comprehensive income	-	3.4	-	-	-	3.4	2.8	6.2
Total comprehensive income	-	3.4	-	-	685.7	689.1	552.6	1,241.7
Transaction with owners:								
Equity contribution from non-controlling interests	-	-	-	-	-	-	345.3	345.3
Distributions	-	-	-	-	(1,942.6)	(1,942.6)	-	(1,942.6)
Dividends	-	-	-	-	-	-	(876.4)	(876.4)
<b>At 30 June 2015</b>	<b>68,553.8</b>	<b>54.2</b>	<b>(13.0)</b>	<b>20.4</b>	<b>(25,552.5)</b>	<b>43,062.9</b>	<b>19,099.3</b>	<b>62,162.2</b>



## 1(d)(i) Statements of changes in equity for the periods ended 30 June 2016 (Continued)

### Trust

	Units in issue HK\$'M	Accumulated losses HK\$'M	Attributable to unitholders HK\$'M
At 1 April 2016	68,553.8	(12,678.8)	55,875.0
Loss and total comprehensive loss for the quarter	-	(6.0)	(6.0)
<b>At 30 June 2016</b>	<b>68,553.8</b>	<b>(12,684.8)</b>	<b>55,869.0</b>
At 1 January 2016	68,553.8	(11,039.8)	57,514.0
Loss and total comprehensive loss for the period	-	(16.0)	(16.0)
Transaction with owners:			
Distributions	-	(1,629.0)	(1,629.0)
<b>At 30 June 2016</b>	<b>68,553.8</b>	<b>(12,684.8)</b>	<b>55,869.0</b>
At 1 April 2015	68,553.8	(9,649.3)	58,904.5
Loss and total comprehensive loss for the quarter	-	(6.5)	(6.5)
<b>At 30 June 2015</b>	<b>68,553.8</b>	<b>(9,655.8)</b>	<b>58,898.0</b>
At 1 January 2015	68,553.8	(7,696.0)	60,857.8
Loss and total comprehensive loss for the period	-	(17.2)	(17.2)
Transaction with owners:			
Distributions	-	(1,942.6)	(1,942.6)
<b>At 30 June 2015</b>	<b>68,553.8</b>	<b>(9,655.8)</b>	<b>58,898.0</b>

**1(d)(ii) Details of any changes in units for the periods ended 30 June 2016**

	<b>Group</b>			
	<b>01/04/2016 to 30/06/2016</b>	<b>01/04/2015 to 30/06/2015</b>	<b>01/01/2016 to 30/06/2016</b>	<b>01/01/2015 to 30/06/2015</b>
At beginning and at end of the period	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 HIT's rent and rates refund and additional depreciation due to change of an accounting estimate - 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 27 July 2016 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 subsidiaries for the year ended 31 December 2015 except for 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 2016. The effect of the adoption of these new standards and amendments was not material to the Group's results of operations or financial position.

**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 quarter are consistent with those specified in the audited financial statements of HPH Trust and its subsidiaries for the financial year ended 31 December 2015 except for the adoption of the standards, amendments and interpretations issued by 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 periods ended 30 June 2016**

	01/04/2016 to 30/06/2016	01/04/2015 to 30/06/2015	01/01/2016 to 30/06/2016	01/01/2015 to 30/06/2015
(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	3.93	4.59	10.30	7.87
(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) <sup>(a)</sup>	14.00	15.70	14.00	15.70

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 30 June 2016<sup>(a)</sup>**

	Group		Trust	
	30/06/2016	31/12/2015	30/06/2016	31/12/2015
Net asset value attributable to unitholders per unit (HK\$) <sup>(a)</sup>	4.80	4.89	6.41	6.60
Net asset value attributable to unitholders per unit after deducting distribution per unit for the financial period ended (HK\$) <sup>(a)</sup>	4.66	4.70	6.27	6.42

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 June 2016 (31 December 2015: 8,711,101,022).

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

Year	Rate of Return (%)
For the period ended 30 Jun 2016 <sup>(b)</sup>	2.0

Footnotes:

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

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

B = NAV per unit as of the beginning of the period (after deducting total distribution per unit for the financial period ended 31 December 2015)

(b) The financial period was from 1 January 2016 to 30 June 2016

## 8. Value of assets by region as at 30 June 2016

### Trust

Kind of assets	Region	Net Asset Value (HK\$'M)	Investment Ratio
Investment in a subsidiary <sup>(a)</sup>	Hong Kong	55,912.4	100.0%
Cash and other assets (after deduction of liabilities)	Singapore	(25.6)	0.0%
Other liabilities	Hong Kong	(17.8)	0.0%
Total net assets		55,869.0	100.0%

### Group

Region <sup>(b)</sup>	Net Asset Value (HK\$'M)	Investment Ratio
Singapore	(25.6)	0.0%
Hong Kong <sup>(c)</sup>	(2,388.4)	-3.9%
People's Republic of China	64,269.4	103.9%
Total net assets	61,855.4	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\$3.8 billion bank loans and notes (equivalent to HK\$29,640 million) are grouped under Hong Kong region.

## 9. Review of performance

Despite weak market outlook, overall 2016 first half results of HPH Trust have improved from its first quarter. Management remains cautious on the volume outlook for the remainder of the year given the soft global trade outlook and the expected negative consequences of Britain's exit from the European Union and will continue to focus on improvements to tariffs and costs.

### Consolidated income statement (01/04/2016-30/06/2016 vs 01/04/2015-30/06/2015)

Revenue and other income for the quarter was HK\$2,937.8 million, representing HK\$190.1 million or 6.1% below last year. The container throughput of HIT<sup>(a)</sup> decreased by 10.4% as compared to the same quarter in 2015, primarily due to weaker intra-Asia and transshipment cargoes. The container throughput of YICT<sup>(b)</sup> decreased by 1.0% as compared to the same quarter in 2015, primarily due to weaker transshipment cargoes but were partially offset by the growth in EU and empty cargoes. The average revenue per TEU for Hong Kong was above last year mainly due to tariff increment. For China, the average revenue per TEU was about the same as last year, mainly due to tariff increment but was partially offset by RMB depreciation.

Cost of services rendered was HK\$1,036.6 million, representing HK\$120.5 million or 10.4% below last year. The decrease was primarily due to lower throughput handled, lower fuel price and savings in operation costs due to better deployment and RMB depreciation but were partially offset by the increase in external contractors' costs and inflationary pressure. Staff costs were HK\$74.7 million, representing HK\$1.1 million or 1.5% below last year. Depreciation and amortisation was HK\$727.3 million, representing HK\$28.7 million or 4.1% above last year. The increase was mainly due to additional depreciation arising from the change of estimated useful life of container handling equipment. Other operating income was HK\$4.2 million, representing HK\$7.2 million or 63.2% below last year. The decrease was largely due to the disposal gain of 2 barges in 2015.

Other operating expenses were HK\$166.8 million, representing HK\$36.2 million or 17.8% below last year. The decrease was mainly due to the savings in rent and rates. With the aforesaid, total operating expenses were HK\$2,001.2 million, representing HK\$121.9 million or 5.7% below last year.

As a result, the operating profit was HK\$936.6 million, representing HK\$68.2 million or 6.8% below last year.

Interest and other finance costs were HK\$177.7 million, representing HK\$18.3 million or 11.5% above last year. It was primarily due to higher HIBOR/ LIBOR for the bank loans' interest rates.

#### Footnotes:

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

(b) 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)

Share of profits less losses after tax of associated companies was HK\$5.2 million, representing HK\$0.9 million or 20.9% above last year, mainly due to better performance of tugboat operations of an associated company.

Share of profits less losses after tax of joint ventures was HK\$22.0 million, representing HK\$15.5 million or 41.3% below last year, mainly due to weaker performance of COSCO-HIT<sup>(a)</sup> and ACT<sup>(b)</sup> as their container throughput were 16.8% and 14.1% below last year respectively.

Taxation was HK\$155.7 million, representing HK\$36.5 million or 19.0% below last year, mainly due to lower profit for the quarter and savings in taxation after YICT's West Port Phase II and Phase III Expansion South Berth were put into operation in 2016 and started enjoying preferential income tax treatment.

Overall, profit was HK\$630.4 million, representing HK\$64.6 million or 9.3% below last year. Profit attributable to unitholders of HPH Trust was HK\$342.7 million, representing HK\$57.2 million or 14.3% below last year. Excluding the additional depreciation due to the change of an accounting estimate in 2015, profit was 7.1% below last year and profit attributable to unitholders of HPH Trust was 11.2% below last year.

### Consolidated income statement (01/01/2016-30/06/2016 vs 01/01/2015-30/06/2015)

Revenue and other income for the period was HK\$5,689.6 million, representing HK\$386.8 million or 6.4% below last year. The container throughput of HIT decreased by 11.3% as compared to the same period in 2015, mainly due to weaker intra-Asia and transshipment cargoes. The container throughput of YICT decreased by 1.1% as compared to the same period in 2015, primarily due to weaker transshipment cargoes but were partially offset by the growth in US and EU cargoes. The average revenue per TEU for Hong Kong was higher than last year mainly due to tariff increment. For China, the average revenue per TEU was about the same as last year, mainly due to RMB depreciation but was partially offset by tariff increment.

Cost of services rendered was HK\$2,077.4 million, representing HK\$237.1 million or 10.2% below last year. The decrease was mainly due to lower throughput handled, lower fuel price and savings in operation costs due to better deployment and RMB depreciation but were partially offset by the increase in external contractors' costs and inflationary pressure. Staff costs were HK\$154.4 million, representing HK\$1.8 million or 1.2% below last year. Depreciation and amortisation was HK\$1,449.7 million, representing HK\$52.4 million or 3.8% above last year. The increase was mainly due to additional depreciation arising from the change of estimated useful life of container handling equipment. Other operating income was HK\$6.2 million, representing HK\$14.1 million or 69.5% below last year, mainly because in 2015, there were net exchange gain deriving from YICT's RMB-denominated monetary liabilities and the disposal gain of 2 barges.

#### Footnotes:

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

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

## 9. Review of performance (Continued)

Other operating expenses recorded a net income of HK\$75.5 million, representing HK\$475.9 million or 118.9% below last year. It was because HIT received a government rent and rates refund of HK\$430.0 million during the first quarter of 2016. With the aforesaid, total operating expenses were HK\$3,599.8 million, representing HK\$648.3 million or 15.3% below last year.

As a result, the operating profit was HK\$2,089.8 million, representing HK\$261.5 million or 14.3% above last year.

Interest and other finance costs were HK\$346.4 million, representing HK\$31.9 million or 10.1% above last year. It was primarily due to higher HIBOR/ LIBOR for the bank loans' interest rates.

Share of profits less losses after tax of associated companies was HK\$9.9 million, representing HK\$0.1 million or 1.0% above last year.

Share of profits less losses after tax of joint ventures was HK\$34.4 million, representing HK\$28.8 million or 45.6% below last year, mainly due to weaker performance of COSCO-HIT and ACT as their container throughput were 17.1% and 15.5% below last year respectively.

Taxation was HK\$363.1 million, representing HK\$11.8 million or 3.4% above last year, mainly due to higher profit for the period but was partially offset by savings in taxation after YICT's West Port Phase II and Phase III Expansion South Berth were put into operation in 2016 and started enjoying preferential income tax treatment.

Overall, profit was HK\$1,424.6 million, representing HK\$189.1 million or 15.3% above last year. Profit attributable to unitholders of HPH Trust was HK\$897.6 million, representing HK\$211.9 million or 30.9% above last year. Excluding HIT's rent and rates refund and additional depreciation due to the change of an accounting estimate in 2015, profit was 11.1% below last year and profit attributable to unitholders of HPH Trust was 17.6% below last year.

### 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 2016 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.**

A British vote to leave the European Union posted downside risk to the global economic recovery. It is expected that Britain's economy will be negatively impacted, with knock-on effects in the US and European economies. The depreciation of the British pound is expected to reduce Britain's imports from Asia, including China, which have been increasing in the second quarter of 2016.

Despite relatively strong growth in the first quarter of 2016, outbound cargoes to US were weak in the second quarter. The sustainability of US economic growth in the remainder of the year will be the key determinant of a pickup in the US trade.

As the gateway serving imports and exports of China, YICT's volume is largely dependent on the economic performance of the US and Europe.

HPH Trust's performance is also dependent on the outcomes of structural changes occurring in the container shipping industry. HIT, as a regional transshipment hub, has been negatively affected by the service rationalisation of various global shipping alliances over the past few quarters and is expected to be under volume pressure in the near term.

Shipping lines continue to deploy mega-vessels to promote economies of scale, reform their carrier alliances - such as Ocean Alliance (China COSCO, CMA CGM, Evergreen and OOCL) and THE Alliance (Hanjin, Hapag-Lloyd, Kline, MOL, NYK, and Yang Ming), to improve efficiency, control costs and expand the coverage of vessel-sharing schemes to strengthen competitiveness. HPH Trust's natural deep-water channels and unparalleled mega-vessel handling capabilities position it to be the preferred port of call for mega-vessels and HPH Trust is expected to benefit from these developments.



**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. (Continued)**

Given the soft global trade outlook, management remains cautious on the expected cargo volume for 2016 and will continue to focus on improvements to tariffs and costs.

The Trustee-Manager is confident that HPH Trust will respond promptly and effectively to any challenges, given its strong fundamentals.

## 12. Distribution

### (a) Current financial period

Any distribution recommended for the : current financial period	Yes
Amount	HK\$1,219.6 million
Distribution type	Cash
Distribution rate	14.00 HK cents per unit for the period 1 January 2016 to 30 June 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)

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

Any distribution declared for the previous corresponding period	:	Yes
Amount	:	HK\$1,367.6 million
Distribution type	:	Cash
Distribution rate	:	15.70 HK cents per unit for the period 1 January 2015 to 30 June 2015
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**

21 September 2016

**(d) Books closure date**

The Transfer Books and Register of HPH Trust will be closed at 5:00 p.m. on 4 August 2016 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 4 August 2016 will be entitled to the Distribution to be paid on or about 21 September 2016.

**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. Negative confirmation by the Board**

The Board of Directors of Hutchison Port Holdings Management Pte. Limited (as the Trustee-Manager) has confirmed that, to the best of its knowledge, nothing has come to its attention which may render these interim financial results of the Group for the period ended 30 June 2016 to be false or misleading in any material respect.

**16. 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

Ms Lynn Wan Tiew Leng

Company Secretary

27 July 2016

## **17. 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

## 18. Financial information of the Trustee-Manager

### 18(a) Income statement

	01/01/2016 to 30/06/2016	01/01/2015 to 30/06/2015
	HK\$'M	HK\$'M
<b>Revenue and other income</b>	11.8	11.4
Cost of services rendered	-	-
Staff costs	(1.2)	(1.2)
Depreciation and amortisation	-	-
Other operating income	-	-
Other operating expenses	(2.7)	(3.3)
<b>Total operating expenses</b>	(3.9)	(4.5)
<b>Operating profit</b>	7.9	6.9
Interest and other finance costs	-	-
<b>Profit before tax</b>	7.9	6.9
Tax	(0.5)	(0.4)
<b>Profit for the period</b>	7.4	6.5

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

18(b) Statement of financial position

	30/06/2016	31/12/2015
	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	8.5	11.1
Trade and other receivables	12.5	12.5
<b>Total current assets</b>	21.0	23.6
<b>Current liabilities</b>		
Trade and other payables	4.2	2.6
Current tax liabilities	1.4	3.0
<b>Total current liabilities</b>	5.6	5.6
<b>Net current assets</b>	15.4	18.0
<b>Total assets less current liabilities</b>	15.4	18.0
<b>Net assets</b>	15.4	18.0
<b>CAPITAL AND RESERVES</b>		
Share capital	0.1	0.1
Reserves	15.3	17.9
<b>Total equity</b>	15.4	18.0





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

27 July 2016

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 statements of financial position of the Trust and the Group as at 30 June 2016, and the related condensed consolidated income statement of the Group, the condensed consolidated statement of comprehensive income of the Group, the condensed statements of changes in equity of the Trust and the Group, and the condensed consolidated statement of cash flows of the Group for the periods from 1 January 2016 to 30 June 2016 and 1 April 2016 to 30 June 2016, 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 horizontal line.

PricewaterhouseCoopers LLP  
Public Accountants and Chartered Accountants  
Singapore, 27 July 2016

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*PricewaterhouseCoopers LLP, 8 Cross Street #17-00, PWC Building, Singapore 048424  
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