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

HUTCHISON PORT HOLDINGS TRUST ("HPH Trust") FINANCIAL STATEMENT ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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Footnote:

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

1(a)(i) Consolidated income statement for the year ended 31 December 2018

	Group					
	01/10/2018 to 31/12/2018	01/10/2017 to 31/12/2017	Favorable/ (Unfavorable)	01/01/2018 to 31/12/2018	01/01/2017 to 31/12/2017	Favorable/ (Unfavorable)
	HK$'M	HK$'M	%	HK$'M	HK$'M	%
Revenue and other income	2,999.4	2,856.8	5.0	11,482.6	11,551.0	(0.6)
Cost of services rendered	(1,128.0)	(1,111.2)	(1.5)	(4,143.5)	(4,131.6)	(0.3)
Staff costs	(65.2)	(70.4)	7.4	(286.5)	(288.0)	0.5
Depreciation and amortisation	(768.5)	(769.5)	0.1	(3,076.0)	(3,003.3)	(2.4)
Other operating income[(a)]	7.6	14.9	(49.0)	129.1	25.4	408.3
Other operating expenses	(145.4)	(137.5)	(5.7)	(553.9)	(552.0)	(0.3)
Total operating expenses	(2,099.5)	(2,073.7)	(1.2)	(7,930.8)	(7,949.5)	0.2
Operating profit	899.9	783.1	14.9	3,551.8	3,601.5	(1.4)
Interest and other finance costs	(270.4)	(214.7)	(25.9)	(1,021.8)	(856.9)	(19.2)
Share of profits less losses after tax of associated companies	(29.0)	(38.0)	23.7	(106.9)	(116.4)	8.2
Share of profits less losses after tax of joint ventures	25.4	19.3	31.6	54.3	76.4	(28.9)
Impairment of goodwill[(b)]	(11,359.0)	-	N/A	(11,359.0)	-	N/A
Impairment of investment in a joint venture[(b)]	(930.0)	-	N/A	(930.0)	-	N/A
(Loss)/profit before tax	(11,663.1)	549.7	(2,221.7)	(9,811.6)	2,704.6	(462.8)
Tax[(c)]	(117.5)	51.7	(327.3)	(434.4)	(487.1)	10.8
(Loss)/profit for the quarter/year	(11,780.6)	601.4	(2,058.8)	(10,246.0)	2,217.5	(562.1)
Allocated as:						
Profit attributable to non-controlling interests	(325.6)	(363.6)	(10.5)	(1,305.3)	(1,273.3)	(2.5)
(Loss)/profit attributable to unitholders of HPH Trust	(12,106.2)	237.8	(5,190.9)	(11,551.3)	944.2	(1,323.4)
(Loss)/earnings per unit attributable to unitholders of HPH Trust	**HK cents** (138.97)	**HK cents** 2.73	(5,190.9)	**HK cents** (132.60)	**HK cents** 10.84	(1,323.4)

Excluding impairment impact[(b)]

Profit for the quarter/year	508.4	601.4	(15.5)	2,043.0	2,217.5	(7.9)
Profit attributable to unitholders of HPH Trust	182.8	237.8	(23.1)	737.7	944.2	(21.9)
Earnings per unit attributable to unitholders of HPH Trust	2.10	2.73	(23.1)	8.47	10.84	(21.9)

Footnotes:

(a) Other operating income was HK$129.1 million for the year ended 31 December 2018 compared to HK$25.4 million for the year ended 31 December 2017. The increase was mainly due to timing difference on 2017 and 2018 dividend income from River Ports Economic Benefits and YICT's receipt of government award and subsidies.

(b) Following the asset impairment assessment performed during the period and in view of the mounting global trade uncertainties, the behavioural changes in multinational corporations caused by the current trade tensions, including accelerating the diversification of production bases outside of China and the effects stemming from the structural changes within the shipping line industry, the Group has recognised non-cash impairment losses of HK$12,289.0 million.

(c) Tax recorded an expense of HK$117.5 million for the quarter ended 31 December 2018 whereas it was a net income of HK$51.7 million for the quarter ended 31 December 2017. It was mainly due to higher profit and the effect of the full year retrospective taxation credit adjustment recognised by YICT Phase III upon qualifying as "High and New Technology Enterprise" in December 2017 included in the quarter ended 31 December 2017.

1(a)(ii) Consolidated statement of comprehensive income for the year ended 31 December 2018

	Group					
	01/10/2018 to 31/12/2018	**01/10/2017 to 31/12/2017**	**Favorable/ (Unfavorable)**	**01/01/2018 to 31/12/2018**	**01/01/2017 to 31/12/2017**	**Favorable/ (Unfavorable)**
	HK$'M	HK$'M	%	HK$'M	HK$'M	%
(Loss)/profit for the quarter/year	(11,780.6)	601.4	(2,058.9)	(10,246.0)	2,217.5	(562.1)
Other comprehensive (loss)/ income[(a)]:						
Items that will not be reclassified to profit or loss:						
Remeasurement of defined benefit plans	40.8	220.5	(81.5)	40.8	220.5	(81.5)
Items that may be reclassified subsequently to profit or loss:						
Cash flow hedges arising from cross currency interest rate swap contracts and interest rate swap contracts						
Losses recognised directly in reserves	(141.4)	(1.2)	N/A	(85.5)	(1.2)	(7,025.0)
Costs of hedging						
Changes in fair value of currency basis spread	(0.9)	-	N/A	(10.5)	-	N/A
Share of other comprehensive (loss)/income of associated companies	(0.4)	32.0	(101.3)	(23.2)	32.0	(172.5)
Share of other comprehensive loss of joint ventures	-	-	N/A	(0.6)	-	N/A
Investments						
Valuation losses taken to reserves	(66.3)	(1.5)	(4,320.0)	(97.0)	(8.5)	(1,041.2)
Currency translation differences	0.4	-	N/A	(193.5)	268.4	(172.1)
Total other comprehensive (loss)/income for the quarter/year	(167.8)	249.8	(167.2)	(369.5)	511.2	(172.3)
Total comprehensive (loss)/income for the quarter/year	(11,948.4)	851.2	(1,503.7)	(10,615.5)	2,728.7	(489.0)
Allocated as:						
Attributable to non-controlling interests	(325.5)	(379.2)	(14.2)	(1,201.2)	(1,410.6)	(14.8)
Attributable to unitholders of HPH Trust	(12,273.9)	472.0	(2,700.4)	(11,816.7)	1,318.1	(996.5)

Footnote:

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

1(b)(i) Statement of financial position as at 31 December 2018

	Group	
	31/12/2018	31/12/2017
	HK$'M	HK$'M
ASSETS		
Non-current assets		
Fixed assets	24,629.6	24,626.4
Projects under development	996.4	1,970.2
Leasehold land and land use rights	38,373.3	39,724.2
Railway usage rights	11.6	12.7
Customer relationships	5,836.0	6,170.2
Goodwill[(a)]	11,270.0	22,629.0
Associated companies	945.3	754.2
Joint ventures[(a)]	2,683.8	3,835.9
Other non-current assets	560.9	739.3
Deferred tax assets	18.5	22.7
Total non-current assets	85,325.4	100,484.8
Current assets		
Cash and bank balances[(b)]	6,566.4	6,768.1
Trade and other receivables	3,060.9	3,446.2
Inventories	103.1	109.7
Total current assets	9,730.4	10,324.0
Current liabilities		
Trade and other payables[(c)]	5,928.2	6,741.6
Bank and other debts	2,517.5	4,241.2
Current tax liabilities	358.2	409.6
Total current liabilities	8,803.9	11,392.4
Net current assets/(liabilities)	926.5	(1,068.4)
Total assets less current liabilities	86,251.9	99,416.4
Non-current liabilities		
Bank and other debts	28,974.2	28,248.9
Pension obligations	56.6	80.6
Deferred tax liabilities	10,290.9	10,635.1
Other non-current liabilities	262.1	129.9
Total non-current liabilities	39,583.8	39,094.5
Net assets	46,668.1	60,321.9
EQUITY		
Units in issue	68,553.8	68,553.8
Reserves	(41,786.1)	(28,260.3)
Net assets attributable to unitholders of HPH Trust	26,767.7	40,293.5
Non-controlling interests	19,900.4	20,028.4
Total equity	46,668.1	60,321.9

Footnotes:

(a) Goodwill and joint ventures were HK$11,270.0 million and HK$2,683.8 million as at 31 December 2018, respectively, whereas they were HK$22,629.0 million and HK$3,835.9 million as at 31 December 2017, respectively. The decrease was mainly due to the impairment losses of HK$12,289.0 million recognised in the quarter.

(b) Cash and bank balances were HK$6,566.4 million as at 31 December 2018 which consisted of HK$6,524.4 million cash and cash equivalents and HK$42.0 million restricted deposit.

(c) Trade and other payables were HK$5,928.2 million as at 31 December 2018 compared to HK$6,741.6 million as at 31 December 2017. The decrease was mainly due to the settlement of agency fee following the finalisation of tariff negotiation.

1(b)(i) Statement of financial position as at 31 December 2018 (Continued)

	Trust	
	31/12/2018	**31/12/2017**
	HK$'M	HK$'M
ASSETS		
Non-current asset		
Investment in a subsidiary company[(a)]	26,390.3	52,351.4
Total non-current asset	26,390.3	52,351.4
Current assets		
Cash and bank balances	4.5	3.0
Trade and other receivables	0.3	1.4
Total current assets	4.8	4.4
Current liability		
Trade and other payables	20.6	30.3
Total current liability	20.6	30.3
Net current liabilities	(15.8)	(25.9)
Total assets less current liabilities	26,374.5	52,325.5
Net assets	26,374.5	52,325.5
EQUITY		
Units in issue	68,553.8	68,553.8
Reserves	(42,179.3)	(16,228.3)
Total equity	26,374.5	52,325.5

Footnote:

(a) Investment in a subsidiary company was HK$26,390.3 million as at 31 December 2018, whereas it was HK$52,351.4 million as at 31 December 2017. The decrease was mainly due to the provision for impairment of the investment in a subsidiary company recognised in the quarter following the asset impairment assessment.

1(b)(ii) Aggregate amount of the Group's borrowings and debt securities as at 31 December 2018

Group	Current portion HK$'M	Non-current portion HK$'M	Total HK$'M
Unsecured bank loans	2,510.0	21,313.4	23,823.4
Secured bank loan	9.1	57.0	66.1
Guaranteed notes	-	7,800.0	7,800.0
Total principal amount of bank and other debts	2,519.1	29,170.4	31,689.5
Unamortised loan facilities fees and discounts related to debts	(1.6)	(135.9)	(137.5)
Unrealised loss on bank and other debts pursuant to interest rate swap contracts	-	(60.3)	(60.3)
	2,517.5	28,974.2	31,491.7

Aggregate amount of the Group's borrowings and debt securities as at 31 December 2017

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

<u>Details of any collateral at HPH Trust</u>

Bank loan of HK$66.1 million (31 December 2017: HK$76.1 million) is secured by a charge over certain assets of subsidiary companies.

1(c) Consolidated statement of cash flows for the year ended 31 December 2018

	Group			
	01/10/2018 to 31/12/2018	01/10/2017 to 31/12/2017	01/01/2018 to 31/12/2018	01/01/2017 to 31/12/2017
	HK$'M	HK$'M	HK$'M	HK$'M
Operating activities				
Cash generated from operations	1,824.8	1,767.2	6,055.3	7,143.4
Interest and other finance costs paid	(257.4)	(181.2)	(984.7)	(757.9)
Tax paid[(a)]	(52.6)	(154.6)	(825.5)	(645.5)
Net cash from operating activities	1,514.8	1,431.4	4,245.1	5,740.0
Investing activities				
Purchase of an associated company[(b)]	-	-	-	(672.8)
Loan to an associated company	-	(80.4)	(40.1)	(315.4)
Purchase of fixed assets, projects under development, leasehold land and land use rights	(180.3)	(223.2)	(743.6)	(841.4)
Proceeds on disposal of fixed assets	7.1	1.8	22.1	2.2
Dividends received from investments	41.0	13.4	48.8	21.6
Dividends received from associated companies and joint ventures	14.5	38.0	78.5	130.8
Interest received	27.3	16.8	100.0	64.5
Repayment of loans by joint ventures	81.7	1.6	181.7	1.6
Net cash used in investing activities	(8.7)	(232.0)	(352.6)	(1,608.9)
Financing activities				
New borrowings[(c)]	1,170.0	-	5,040.8	11,736.8
Repayment of borrowings[(c)]	(1,342.3)	(873.2)	(6,077.0)	(12,746.7)
Upfront debt transaction costs and facilities fees of borrowings	(8.8)	-	(8.8)	(29.3)
Distributions to unitholders of HPH Trust	-	-	(1,709.1)	(2,273.6)
Dividends to non-controlling interests	-	(293.3)	(1,340.1)	(1,050.1)
Net cash used in financing activities	(181.1)	(1,166.5)	(4,094.2)	(4,362.9)
Net changes in cash and cash equivalents	1,325.0	32.9	(201.7)	(231.8)
Cash and cash equivalents at beginning of the quarter/year	5,199.4	6,693.2	6,726.1	6,957.9
Cash and cash equivalents at end of the quarter/year	6,524.4	6,726.1	6,524.4	6,726.1

Footnotes:

(a) *Tax paid was HK$825.5 million for the year ended 31 December 2018 whereas it was HK$645.5 million for the year ended 31 December 2017. The increase was mainly due to the timing difference of YICT's 2017 profits tax.*

(b) *It represented the deferred cash consideration to acquire 41.3% effective interest in HICT at the end of 2016.*

(c) *The Group drew down new bank loans of US$500 million and US$150 million during the year ended 31 December 2018 to redeem US$500 million guaranteed notes and refinance bank borrowings, respectively, whereas for the year ended 31 December 2017, the Group issued US$500 million 2.75% guaranteed notes due in 2022 and drew down new bank loans of US$500 million and HK$4.0 billion to refinance bank borrowings.*

1(d)(i) Statement of changes in equity for the year ended 31 December 2018

Group

	Units in issue	Exchange and other reserves	Revaluation reserve	Hedging reserve	Costs of hedging reserve	Pension reserve	Accumulated losses	**Attributable to unitholders**	Non-controlling interests	**Total**
	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M	**HK$'M**	HK$'M	**HK$'M**
At 1 October 2018	68,553.8	(133.9)	(85.2)	74.3	(29.2)	141.2	(29,479.4)	**39,041.6**	19,574.9	**58,616.5**
(Loss)/profit for the quarter	-	-	-	-	-	-	(12,106.2)	**(12,106.2)**	325.6	**(11,780.6)**
Other comprehensive income /(loss):										
Remeasurement of defined benefit plans	-	-	-	-	-	40.8	-	**40.8**	-	**40.8**
Cash flow hedges arising from cross currency interest rate swap contracts and interest rate swap contracts										
Losses recognised directly in reserves	-	-	-	(141.4)	-	-	-	**(141.4)**	-	**(141.4)**
Costs of hedging										
Changes in fair value of currency basis spread	-	-	-	-	(0.9)	-	-	**(0.9)**	-	**(0.9)**
Share of other comprehensive loss of associated companies	-	(0.2)	-	-	-	-	-	**(0.2)**	(0.2)	**(0.4)**
Investments:										
Valuation losses taken to reserves	-	-	(66.3)	-	-	-	-	**(66.3)**	-	**(66.3)**
Currency translation differences	-	0.3	-	-	-	-	-	**0.3**	0.1	**0.4**
Total other comprehensive income/(loss)	-	0.1	(66.3)	(141.4)	(0.9)	40.8	-	**(167.7)**	(0.1)	**(167.8)**
Total comprehensive income/(loss)	-	0.1	(66.3)	(141.4)	(0.9)	40.8	(12,106.2)	**(12,273.9)**	325.5	**(11,948.4)**
At 31 December 2018	68,553.8	(133.8)	(151.5)	(67.1)	(30.1)	182.0	(41,585.6)	**26,767.7**	19,900.4	**46,668.1**
At 31 December 2017	68,553.8	(19.6)	(55.5)	(1.2)	-	141.2	(28,325.2)	**40,293.5**	20,028.4	**60,321.9**
Adjustment on adoption of HKFRS 9	-	-	-	19.6	(19.6)	-	-	**-**	-	**-**
At 1 January 2018	68,553.8	(19.6)	(55.5)	18.4	(19.6)	141.2	(28,325.2)	**40,293.5**	20,028.4	**60,321.9**
(Loss)/profit for the year	-	-	-	-	-	-	(11,551.3)	**(11,551.3)**	1,305.3	**(10,246.0)**
Other comprehensive (loss)/income:										
Remeasurement of defined benefit plans	-	-	-	-	-	40.8	-	**40.8**	-	**40.8**
Cash flow hedges arising from cross currency interest rate swap contracts and interest rate swap contracts										
Losses recognised directly in reserves	-	-	-	(85.5)	-	-	-	**(85.5)**	-	**(85.5)**
Costs of hedging										
Changes in fair value of currency basis spread	-	-	-	-	(10.5)	-	-	**(10.5)**	-	**(10.5)**
Share of other comprehensive loss of associated companies	-	(15.2)	-	-	-	-	-	**(15.2)**	(8.0)	**(23.2)**
Share of other comprehensive (loss)/income of joint ventures	-	(1.6)	1.0	-	-	-	-	**(0.6)**	-	**(0.6)**
Investments:										
Valuation losses taken to reserves	-	-	(97.0)	-	-	-	-	**(97.0)**	-	**(97.0)**
Currency translation differences	-	(97.4)	-	-	-	-	-	**(97.4)**	(96.1)	**(193.5)**
Total other comprehensive (loss)/income	-	(114.2)	(96.0)	(85.5)	(10.5)	40.8	-	**(265.4)**	(104.1)	**(369.5)**
Total comprehensive (loss)/income	-	(114.2)	(96.0)	(85.5)	(10.5)	40.8	(11,551.3)	**(11,816.7)**	1,201.2	**(10,615.5)**
Transaction with owners:										
Distributions	-	-	-	-	-	-	(1,709.1)	**(1,709.1)**	-	**(1,709.1)**
Dividends	-	-	-	-	-	-	-	**-**	(1,329.2)	**(1,329.2)**
At 31 December 2018	68,553.8	(133.8)	(151.5)	(67.1)	(30.1)	182.0	(41,585.6)	**26,767.7**	19,900.4	**46,668.1**

1(d)(i) Statement of changes in equity for the year ended 31 December 2018 (Continued)

Group

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

1(d)(i) Statement of changes in equity for the year ended 31 December 2018 (Continued)

Trust

	Units in issue HK$'M	**Accumulated losses** HK$'M	**Attributable to unitholders** **HK$'M**
At 1 October 2018	68,553.8	(17,957.8)	**50,596.0**
Loss and total comprehensive loss for the quarter	-	(24,221.5)	**(24,221.5)**
At 31 December 2018	68,553.8	(42,179.3)	**26,374.5**
At 1 January 2018	68,553.8	(16,228.3)	**52,325.5**
Loss and total comprehensive loss for the year	-	(24,241.9)	**(24,241.9)**
Transaction with owners:			
Distributions	-	(1,709.1)	**(1,709.1)**
At 31 December 2018	68,553.8	(42,179.3)	**26,374.5**
At 1 October 2017	68,553.8	(16,220.7)	**52,333.1**
Loss and total comprehensive loss for the quarter	-	(7.6)	**(7.6)**
At 31 December 2017	68,553.8	(16,228.3)	**52,325.5**
At 1 January 2017	68,553.8	(13,924.8)	**54,629.0**
Loss and total comprehensive loss for the year	-	(29.9)	**(29.9)**
Transaction with owners:			
Distributions	-	(2,273.6)	**(2,273.6)**
At 31 December 2017	68,553.8	(16,228.3)	**52,325.5**

1(d)(ii) Details of any changes in units for the year ended 31 December 2018

	Group			
	01/10/2018 to 31/12/2018	**01/10/2017 to 31/12/2017**	**01/01/2018 to 31/12/2018**	**01/01/2017 to 31/12/2017**
At beginning and at end of the quarter/year	8,711,101,022	8,711,101,022	8,711,101,022	8,711,101,022

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

The financial information for the year ended 31 December 2018 set out in Item 1 (except the table of excluding impairment impact – see footnote 1(a)(i)(b)) and 6 of this announcement was extracted from the financial statements of HPH Trust and its subsidiary companies for the year ended 31 December 2018 ("Financial Statements") which have been audited in accordance with International Auditing Standard issued by International Auditing and Assurance Standards Board.

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

The auditor's report on the Financial Statements dated 12 February 2019 issued by PricewaterhouseCoopers LLP is enclosed in Appendix 1.

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

The accounting policies and methods of computation used in the preparation of the Financial Statements for the current year are consistent with those specified in the audited financial statements of HPH Trust and its subsidiary companies (the "Group") for the year ended 31 December 2017 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 2018. The effects of the adoption of these new standards and amendments are detailed in item 5 below.

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.

On 1 January 2018, the Group adopted the new standards and amendments issued by the HKICPA that are relevant to the Group's operations and mandatory for annual accounting periods beginning 1 January 2018. The changes in accounting policies and the effects of changes in accounting policies are summarised below.

(a) HKFRS 9 Financial Instruments

HKFRS 9 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.

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. (Continued)

(a) HKFRS 9 Financial Instruments (Continued)

(i) Changes in accounting policies

Investments

Investments (other than investments in subsidiary companies, associated companies or joint ventures) are non-derivative equity financial investments which are measured at fair value. Management is eligible to make an irrevocable election, on an instrument-by-instrument basis, on equity investments other than those held for trading, to present changes in fair value through profit or loss or fair value through other comprehensive income ("FVOCI"). The Group has elected to measure as FVOCI, to which any fair value gains or losses accumulated in the revaluation reserve account will no longer be reclassified to profit or loss following the derecognition of such investment. Dividends from investments continued to be recognised as other operating income in the income statement when the right to receive payment is established. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value.

Loans and receivables

Loans and receivables are debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition of the loans and receivables and are subsequently measured at amortised cost less impairment. Interest income using the effective interest method is recognised in the income statement.

Impairment of financial assets

HKFRS 9 replaces the 'incurred loss' impairment model in Hong Kong Accounting Standards ("HKAS") 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 HKFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts (if applicable). The impairment methodology to be applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires lifetime expected losses for amounts due from customers to be recognised from initial recognition of the trade receivables.

As debt instruments at amortised cost are considered to have low credit risk, the impairment provision applied is to recognise 12-month ECL.

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. (Continued)**

(a) HKFRS 9 Financial Instruments (Continued)

(i) Changes in accounting policies (Continued)

Hedge accounting

When a financial instrument that involves exchanges of cash flows that are denominated in different currencies is used in a hedge transaction, the foreign currency basis spread of the instrument is separated and excluded from the designated hedging instrument. The change in fair value of the foreign currency basis spread portion (to the extent it relates to the hedged item) is recognised in other comprehensive income and is accumulated in a separate costs of hedging reserve under equity.

(ii) Effects of changes in accounting policies

The Group has applied the modified retrospective approach, where the 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 HKFRS 9 will be recognised as an adjustment to the opening balance of equity at the date of adoption, i.e. as at 1 January 2018.

Classification of investments

The Group has elected to present changes in the fair value of all its equity investments (classified as Investments) in other comprehensive income as they are long-term strategic investments. Investments as at 31 December 2017 will continue to be measured at fair value after adoption of HKFRS 9.

Classification of loans and receivables

The Group's existing loans and receivables are debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest and therefore will continue to be measured at amortised cost.

Impairment of financial assets

The Group's significant financial assets, such as trade receivables and loans to an associated company and joint ventures, are subject to the new ECL model.

For trade receivables, the Group applies the simplified approach to provide for ECL prescribed by HKFRS 9, which requires the use of the lifetime expected losses for all trade receivables. The adoption of the simplified expected loss approach under HKFRS 9 has not resulted in any material impact to the carrying value of trade receivables as at 1 January 2018.

For loans to an associated company and joint ventures, management considers that the credit risk has not increased significantly since initial recognition as both the associated company and joint ventures have low credit risk of default and have strong capacity to meet contractual cash flows. As such, the impairment provision is determined based on the 12-month ECL which are close to zero.

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. (Continued)

(a) HKFRS 9 Financial Instruments (Continued)

(ii) Effects of changes in accounting policies (Continued)

Hedge accounting

Generally, more hedge relationships might be eligible for hedge accounting under HKFRS 9, as the standard introduced a more principle-based approach. However, the Group has not identified any new hedge relationships under HKFRS 9. The Group's existing hedge relationships qualifies as continuing hedges upon the adoption of HKFRS 9.

Upon transition to HKFRS 9, the Group has elected the option to exclude foreign currency basis spreads of financial instruments from the designation of hedging relationships. This change in accounting policy is applied with a modified retrospective approach, resulting in a reclassification adjustment to the Group's reserves at 1 January 2018.

	Cash flow hedge reserve	Costs of hedging reserve
	HK$'000	HK$'000
At 31 December 2017, as previously reported under HKAS 39	(1,214)	-
Effects of adoption of HKFRS 9		
Reclassification of costs of hedging		
- Foreign currency basis spread	19,578	(19,578)
At 1 January 2018	18,364	(19,578)

The following table shows the impact on each individual line item of the consolidated statement of comprehensive income for the year ended 31 December 2018 following the adoption of the HKFRS 9. Line items that were not affected by the changes are not included.

	Before adoption of HKFRS 9	Impact from adoption of HKFRS 9	After adoption of HKFRS 9
	HK$'000	HK$'000	HK$'000
Other comprehensive (loss)/income:			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges arising from cross currency interest rate swap contracts and interest rate swap contracts			
Losses recognised directly in reserves	(96,046)	10,524	(85,522)
Costs of hedging			
Changes in fair value of currency basis spread	-	(10,524)	(10,524)

The adoption of HKFRS 9 has no impact on the consolidated income statement, statement of financial position and consolidated statement of cash flows.

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. (Continued)**

(b) HKFRS 15 Revenue From Contracts With Customers

HKFRS 15 Revenue from Contracts with Customers establishes a framework for determining whether, how much and when revenue is recognised. Under HKFRS 15, revenue is recognised through a 5-step approach: (i) identify the contract(s) with customer; (ii) identify separate performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations; and (v) recognise revenue when a performance obligation is satisfied.

(i) Changes in accounting policies

Revenues are recognised when or as the control of the good or service is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the good or service may be transferred over time or at a point in time.

Control of the good or service is transferred over time if the Group's performance provides all of the benefits received and consumed simultaneously by the customer.

If control of the good or service transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the good or service.

The progress towards complete satisfaction of the performance obligation is measured based on direct measurements of the value transferred by the Group to the customer.

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

Revenue is recognised over time:

i) for ports and related services, transportation and logistics solutions along with the progress when service is rendered; and

ii) for management and service fee income, and system development and support fees along with the progress when service is rendered.

Interest income is recognised over time on a time proportion basis using the effective interest method.

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. (Continued)**

(b) HKFRS 15 Revenue From Contracts With Customers (Continued)

(ii) Effects of changes in accounting policies

The Group has elected the modified retrospective approach for transition to the new revenue standard. However, there is no significant impact on the Group's accounting with respect to the timing of revenue recognition and allocation of the transaction price to performance obligations identified. Accordingly, opening balance of retained profits at 1 January 2018 is not adjusted in respect to the adoption of HKFRS 15.

Except for these changes, the accounting policies and methods of computation used in the preparation of the Financial Statements for the current year are consistent with those specified in the audited financial statements of HPH Trust and its subsidiary companies for the financial year ended 31 December 2017.

6. **Group's earnings per unit ("EPU") and distribution per unit ("DPU") for the year ended 31 December 2018**

	01/10/2018 to 31/12/2018	**01/10/2017 to 31/12/2017**	**01/01/2018 to 31/12/2018**	**01/01/2017 to 31/12/2017**
(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) (Loss)/earnings per unit for the quarter/year based on the weighted average number of units in issue (HK cents)				
- Basic and diluted	(138.97)[(a)]	2.73	(132.60)[(a)]	10.84
(iii) Number of units issued at end of the quarter/year	8,711,101,022	8,711,101,022	8,711,101,022	8,711,101,022
(iv) Distribution per unit for the quarter/year (HK cents)[(b)]	8.48	11.10	17.00	20.60

Footnote:

(a) Excluding the impairment impact, earnings per unit for the quarter and for the year in 2018 were 2.10 HK cents and 8.47 HK cents respectively.

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

7(a) Net asset value ("NAV") attributable to unitholders per unit based on units issued as at 31 December 2018[(a)]

	Group		Trust	
	31/12/2018	**31/12/2017**	**31/12/2018**	**31/12/2017**
Net asset value attributable to unitholders per unit (HK$)[(a)]	3.07	4.63	3.03	6.01
Net asset value attributable to unitholders per unit before deducting distribution per unit for the financial year ended (HK$)[(a)]	3.16	4.72	3.11	6.10
Net asset value attributable to unitholders per unit after deducting distribution per unit for the financial year ended (HK$)[(a)]	2.99	4.51	2.94	5.90

Footnote:

(a) The number of units used for computation of NAV per unit is 8,711,101,022 which is the number of units in issue as at 31 December 2018 (31 December 2017: 8,711,101,022).

7(b) Rate of return[(a)]

Year	Rate of Return (%)
For the year ended 31 December 2018[(b)]	(30.1)

Footnote:

(a) Rate of Return (%) = (A-B)/B x 100

A = NAV per unit before interim distribution per unit as of the end of the year
B = NAV per unit as of the beginning of the year (after deducting total distribution per unit for the financial period ended 31 December 2017)

(b) Excluding the impairment impact, rate of return was 1.2%.

8. Value of assets by region as at 31 December 2018

Trust

Kind of assets	Region	Net Asset Value (HK$'M)	Investment Ratio
Investment in a subsidiary[(a)]	Hong Kong	26,390.3	100.0%
Cash and other assets (after deduction of liabilities)	Singapore	(12.2)	0.0%
Other liabilities	Hong Kong	(3.6)	0.0%
Total net assets		26,374.5	100.0%

Group

Region[(b)]	Net Asset Value (HK$'M)	Investment Ratio
Singapore	(12.1)	0.0%
Hong Kong[(c)]	(7,216.6)	(15.5%)
People's Republic of China	53,896.8	115.5%
Total net assets	46,668.1	100.0%

Footnotes:

(a) It represents investment in HPHT Limited, a wholly owned subsidiary of HPH Trust, which is the holding company of the underlying assets of HPH Trust.

(b) It represents the net asset value segmented by geographical locations where the operation is performed.

(c) US$3.2 billion (equivalent to HK$25,038 million) and HK$4.0 billion of bank loans and guaranteed notes are grouped under Hong Kong region.

9. Review of performance

Consolidated income statement (01/10/2018-31/12/2018 vs 01/10/2017-31/12/2017)

Revenue and other income for the quarter was HK$2,999.4 million, HK$142.6 million or 5.0% above last year. Combined container throughput of HIT[(a)], COSCO-HIT[(b)] and ACT[(c)] (collectively "HPHT Kwai Tsing") decreased by 2.2% as compared to the same quarter in 2017, primarily due to the decrease in Intra-Asia and transshipment cargoes. The container throughput of YICT[(d)] was 10.9% above last year, primarily driven by the increase in US, empty and transshipment cargoes. The surge in the US cargoes was driven by the frontloading of cargoes in anticipation of the 25% tariff implementation originally scheduled in January 2019 by the US to Chinese exports. Average revenue per TEU for Hong Kong was above last year, mainly attributed to lower volume incentives to certain liners. For China, the average revenue per TEU was below last year, primarily attributed to the increased transshipment mix and Renminbi ("RMB") depreciation.

Cost of services rendered was HK$1,128.0 million, HK$16.8 million or 1.5% above last year. The increase was attributed to higher throughput, general cost inflations, including the increase in external contractors' costs and higher fuel price, but partially offset by savings arising from cost control initiatives and RMB depreciation. Staff costs were HK$65.2 million, HK$5.2 million or 7.4% below last year. The decrease was mainly due to lower headcount and RMB depreciation but partially offset by general cost inflations. Depreciation and amortisation was HK$768.5 million, comparable to last year. Other operating income was HK$7.6 million, HK$7.3 million or 49.0% below last year. The decrease was largely due to less exchange gain arising on revaluation of YICT's net-RMB denominated monetary assets.

Other operating expenses were HK$145.4 million, HK$7.9 million or 5.7% above last year. The increase was primarily due to the effect of the reversal on provision for bad debts following the settlement of long outstanding debts by liners at YICT in 2017.

As a result, total operating profit was HK$899.9 million, HK$116.8 million or 14.9% above last year.

Interest and other finance costs were HK$270.4 million, HK$55.7 million or 25.9% 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$29.0 million, HK$9.0 million or 23.7% better than last year, mainly due to higher gross profit of HICT and better performance in the tugboat operations of an associated company.

Share of profits less losses after tax of joint ventures was HK$25.4 million, HK$6.1 million or 31.6% better than last year mainly due to better combined results of COSCO-HIT and ACT despite HPHT Kwai Tsing throughput was 2.2% lower than 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.

9. Review of performance (Continued)

An asset impairment assessment was performed during the period and in view of the mounting global trade uncertainties, behavioural changes in multinational corporations caused by the current trade tensions, including accelerating the diversification of production bases outside of China and the effects stemming from the structural changes within the shipping line industry, the Group has recognised non-cash impairment losses of HK$12,289.0 million.

Taxation was HK$117.5 million, HK$169.2 million or 327.3% above last year, mainly due to higher profit and the effect of the full year retrospective taxation credit adjustment recognised by YICT Phase III upon qualifying for "High and New Technology Enterprise" in December 2017 included in last year's quarter.

Overall loss for the quarter was HK$11,780.6 million, HK$12,382.0 million or 2,058.8% below last year. Loss attributable to unitholders of HPH Trust was HK$12,106.2 million, HK$12,344.0 million or 5,190.9% below last year. Excluding the impairment impact, profit for the quarter was HK$508.4 million, HK$93.0 million or 15.5% below last year. Profit attributable to unitholders of HPH Trust was HK$182.8 million, HK$55.0 million or 23.1% below last year.

Consolidated income statement (01/01/2018-31/12/2018 vs 01/01/2017-31/12/2017)

Revenue and other income for the year was HK$11,482.6 million, HK$68.4 million or 0.6% below last year. Combined container throughput of HPHT Kwai Tsing decreased by 6.6% as compared to last year, primarily due to lower transshipment cargoes. Container throughput of YICT increased by 3.6% as compared to 2017, primarily driven by the growth in the US and transshipment cargoes. Average revenue per TEU for Hong Kong was above last year, mainly attributed to write-back of agency fee provision following the finalisation of tariff negotiation. Average revenue per TEU for China was below last year mainly due to the increased transshipment mix.

Cost of services rendered was HK$4,143.5 million, comparable to last year. This was attributed to general cost inflations, including the increase in external contractors' costs, higher fuel price and RMB appreciation, but largely offset by lower throughput and savings arising from cost control initiatives. Staff costs were HK$286.5 million, HK$1.5 million or 0.5% below last year. Depreciation and amortisation was HK$3,076.0 million, HK$72.7 million or 2.4% above last year mainly due to increase in CAPEX spending and West Port Phase II being put into full operation in January 2018. Other operating income was HK$129.1 million, HK$103.7 million or 408.3% above last year. The increase was largely due to timing difference on 2017 and 2018 dividend income from River Ports Economic Benefits and YICT's receipt of an award in 2018 and government subsidies largely for its railway business deferred from 2017.

9. Review of performance (Continued)

Other operating expenses were HK$553.9 million, comparable to last year.

As a result, total operating profit was HK$3,551.8 million, HK$49.7 million or 1.4% below last year.

Interest and other finance costs were HK$1,021.8 million, HK$164.9 million or 19.2% above last year, primarily due to higher HIBOR/ LIBOR applied on the bank loans' interest rates.

Share of profits less losses after tax of associated companies was a loss of HK$106.9 million, HK$9.5 million or 8.2% better than last year mainly due to higher gross profit of HICT and better performance in the tugboat operations of an associated company.

Share of profits less losses after tax of joint ventures was HK$54.3 million, HK$22.1 million or 28.9% lower than last year mainly due to weaker combined results of COSCO-HIT and ACT resulting from lower throughput handled.

An asset impairment assessment was performed during the period and in view of the mounting global trade uncertainties, behavioural changes in multinational corporations caused by the current trade tensions, including accelerating the diversification of production bases outside of China and the effects stemming from the structural changes within the shipping line industry, the Group has recognised non-cash impairment losses of HK$12,289.0 million.

Taxation was HK$434.4 million, HK$52.7 million or 10.8% below last year, primarily due to lower profit and YICT's West Port Phase II berth #5 and #6 that were put into operation in January 2018 and started enjoying preferential corporate income tax treatment.

Overall loss was HK$10,246.0 million, HK$12,463.5 million or 562.1% below last year. Loss attributable to unitholders of HPH Trust was HK$11,551.3 million, HK$12,495.5 million or 1,323.4% below last year. Excluding the impairment impact, profit was HK$2,043.0 million, HK$174.5 million or 7.9% below last year. Profit attributable to unitholders of HPH Trust was HK$737.7 million, HK$206.5 million or 21.9% below last year.

<u>Material changes in statement of financial position and consolidated statement of cash flows</u>

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 2018 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.

Fiscal 2019 has commenced with forecasts of slower international trade and further structural changes to container shipping lines. These developments make forecasting cargo volumes challenging and consequently the Trustee-Manager will continue to focus on cost discipline and efficiency improvements to better serve its customers and protect the business from any downturn in cargoes handled.

A number of macro-economic and political uncertainties are believed to be behind the forecast international trade slowdown including:

1. A slowing Chinese economy, mainly attributable to Government policy to address the growth of debt;
2. A slowing EU economy;
3. The absence of a parliamentary approved agreement on Britain’s withdrawal from the EU and its effect on business sentiment; and
4. Uncertainty as to whether trade negotiations will result in the normalisation of US/China trade. Regardless of the outcome of the negotiations, there is a risk that long established supply chains in southern China will be altered over time to the detriment of HPH Trust.

Further structural changes to container shipping lines are anticipated. While the creation of further cost sharing alliances is not expected, further deployment of mega vessels will continue necessitating investment in port equipment and processes by deep water port operators handling these vessels. HPH Trust is committed to serving its customers with ongoing investment in facilities and services. In Hong Kong, the Trustee-Manager believes the formation of the Hong Kong Seaport Alliance, announced in January 2019 between HIT, COSCO-HIT, ACT and Modern Terminals Limited will enable better vessel berth planning and deployment and cost efficiencies to be achieved.

12. Distribution

(a) Current financial period

Any distribution recommended for the current financial period	:	Yes
Amount	:	HK$738.7 million
Distribution type	:	Cash
Distribution rate	:	8.48 HK cents per unit for the period 1 July 2018 to 31 December 2018
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 recommended for the previous corresponding period	:	Yes
Amount	:	HK$966.9 million
Distribution type	:	Cash
Distribution rate	:	11.10 HK cents per unit for the period 1 July 2017 to 31 December 2017
Par value	:	Not applicable
Tax rate	:	Distributions received by either Singapore tax resident Unitholders or non-Singapore tax resident Unitholders are exempted from Singapore income tax and also not subject to Singapore withholding tax. The Unitholders are not entitled to tax credits of any taxes paid by the Trustee-Manager of HPH Trust.

12. Distribution (Continued)

(c) Date Payable 29 March 2019

(d) Books closure date The Transfer Books and Register of HPH Trust will be closed at 5:00 p.m. on 20 February 2019 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 20 February 2019 will be entitled to the Distribution to be paid on or about 29 March 2019.

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

Not applicable.

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

No IPT general mandate has been obtained.

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

Management considers the business from geographic segment perspective.

	Revenue and other income		Non-current assets	
	01/01/2018 to 31/12/2018 HK$'M	01/01/2017 to 31/12/2017 HK$'M	31/12/2018 HK$'M	31/12/2017 HK$'M
Hong Kong	3,883.8	4,138.2	24,050.4	27,823.6
Mainland China	7,598.8	7,412.8	61,275.0	72,661.2
	11,482.6	11,551.0	85,325.4	100,484.8

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

Please refer to Item 9.

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

	01/01/2018 to 31/12/2018 HK$'M	01/01/2017 to 31/12/2017 HK$'M	Favorable/ (Unfavorable) %
a) Revenue and other income			
- 1st half year	5,456.6	5,472.3	(0.3)
- 2nd half year	6,026.0	6,078.7	(0.9)
	11,482.6	11,551.0	(0.6)
b) Profit/(loss) after tax before deducting non-controlling interest			
- 1st half year	894.2	937.6	(4.6)
- 2nd half year[(a)]	(11,140.2)	1,279.9	(970.4)
	(10,246.0)	2,217.5	(562.1)

Footnote:

(a) Excluding the impairment impact of HK$12,289 million, profit after tax before deducting non-controlling interest for the second half year of 2018 was HK$1,148.8 million.

18. Breakdown of the total distribution for the year ended 31 December 2018

	01/01/2018 to 31/12/2018 HK$'M	01/01/2017 to 31/12/2017 HK$'M
Total distribution [(a)]		
- 1 January to 31 March	-	-
- 1 April to 30 June	742.2	827.6
- 1 July to 30 September	-	-
- 1 October to 31 December[(b)]	738.7	966.9
	1,480.9	1,794.5

Footnotes:

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

(b) For the quarter ended 31 December 2018, the Trustee-Manager recommended a distribution per unit of 8.48 HK cents totalling HK$738.7 million to the unitholders of the Trust.

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

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

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

Pursuant to Rule 704(13) of the Listing Manual, the Trustee-Manager confirms that there is no person occupying a managerial position in the Company or in any of HPH Trust's principal subsidiaries who is a relative of a director, chief executive officer, substantial shareholder of the Company or substantial unitholder of HPH Trust for the financial year ended 31 December 2018.

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

Mr Lai Kuan Loong Victor
Ms Kim Yi Hwa
Joint Company Secretaries
Company Secretary
12 February 2019

21. Outline of the Trustee-Manager

(a) Amount of capital

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

(b) Description of business and outline of operation

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

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

(c) Miscellaneous

Not applicable.

22. Financial information of the Trustee-Manager

22(a) Income statement for the year ended 31 December 2018

	01/01/2018 to 31/12/2018	01/01/2017 to 31/12/2017
	HK$'M	HK$'M
Revenue and other income	24.1	23.3
Staff costs	(3.3)	(3.3)
Other operating expenses	(5.5)	(5.0)
Total operating expenses	(8.8)	(8.3)
Profit before tax	15.3	15.0
Tax	(2.5)	(2.2)
Profit for the year	12.8	12.8

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

22(b) Statement of financial position as at 31 December 2018

	31/12/2018	31/12/2017
	HK$'M	HK$'M
ASSETS		
Non-current asset		
Fixed assets	-	-
Total non-current asset	-	-
Current assets		
Cash and cash equivalents	10.0	11.8
Trade and other receivables	12.4	12.1
Total current assets	22.4	23.9
Current liabilities		
Trade and other payables	3.7	3.0
Current tax liabilities	2.5	2.5
Total current liabilities	6.2	5.5
Net current assets	16.2	18.4
Total assets less current liabilities	16.2	18.4
Net assets	16.2	18.4
EQUITY		
Share capital	0.1	0.1
Reserves	16.1	18.3
Total equity	16.2	18.4

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INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF HUTCHISON PORT HOLDINGS TRUST

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying consolidated financial statements of Hutchison Port Holdings Trust ("Trust") and its subsidiaries ("Group") and the statement of financial position of the Trust are properly drawn up in accordance with the provisions of the Singapore Business Trusts Act ("Act") and Hong Kong Financial Reporting Standards ("HKFRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Trust as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Trust for the financial year ended on that date.

What we have audited

The financial statements of the Trust and the Group comprise:

- the consolidated income statement of the Group for the year ended 31 December 2018;
- the consolidated statement of comprehensive income of the Group for the year then ended;
- the consolidated statement of financial position of the Group as at 31 December 2018;
- the statement of financial position of the Trust as at 31 December 2018;
- the consolidated statement of cash flows of the Group for the year then ended;
- the consolidated statement of changes in equity of the Group for the year then ended;
- the statement of changes in equity of the Trust for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

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

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

Independence

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

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

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

Our Audit Approach

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2018. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Goodwill Refer to notes 3(b), 14(b) and 16 to the financial statements The Group has a significant amount of goodwill arising primarily from the acquisition of deep-water container ports in Shenzhen and Hong Kong in 2011, which is allocated to the Group's cash-generating units ("CGUs") identified according to geographical locations. As at 31 December 2018, the aggregate carrying values of goodwill, before impairment, amounted to HK$22,629 million. The Group also has goodwill included within the investments in joint ventures. Goodwill is subject to impairment assessments annually and when there is an indication of impairment.	We have performed the following procedures to evaluate the Group's impairment assessments: • Assessed the appropriateness of the valuation methodology used; • Assessed the reasonableness of key assumptions based on our knowledge of the business and industry and with the involvement of our valuation specialists; • Performed sensitivity analyses on the key assumptions where we adjusted the discount rates and growth rates in revenue and cost of services rendered as these are the key assumptions to which the valuation models are the most sensitive; and

Key Audit Matter	How our audit addressed the Key Audit Matter
Goodwill (continued) For the purpose of the Group's impairment assessment of goodwill, impairment was assessed using the value in use model for the CGUs in Mainland China and Hong Kong and for investments in joint ventures In carrying out the impairment assessments, significant judgements are required to estimate the future cash flows of the respective CGU and investments in joint ventures and to determine the assumptions. The most significant assumptions relate to discount rates and growth rates in revenue and cost of services rendered. Based on the results of these impairment assessments conducted by the Group, the carrying values of Mainland China and Hong Kong CGUs and an investment in a joint venture exceeded their recoverable amounts as at 31 December 2018, which are calculated under value in use models. Consequently, impairment losses of goodwill of HK$11,359 million and impairment loss on investment in a joint venture of HK$930 million were recognised for the year ended 31 December 2018. *The significant assumptions are disclosed in note 14(b) and note 16 to the financial statements.*	We have performed the following procedures to evaluate the Group's impairment assessments: (continued) • Tested source data to supporting evidence on a sample basis, such as approved budgets and available market data and considered the reasonableness of these budgets. We found the assumptions adopted in relation to these impairment assessments to be supportable and reasonable based on available evidence.

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition *Refer to notes 3(e) and 4 to the financial statements.* Revenue from rendering of container handling services is recognised and accrued with reference to the throughput handled and the terms of agreements for such service. For the year ended 31 December 2018, revenue from container handling services amounting to HK$11,135 million is recognised based on the containers handled as well as the tariff applied. The tariff applied is the rate agreed with customers or estimated by management based on the latest terms of the agreement or latest negotiation with customers and other industry considerations as appropriate. Due to the large variety and complexity of contractual terms, as well as ongoing negotiations with customers, significant judgements are required to estimate the tariff rates applied. If the actual rate differs from the estimated rate applied, this will have an impact on the accuracy of revenue recognised in the current year and accrued as at year end.	We have performed the following procedures in relation to the accuracy of revenue recognised and accrued: • Understood, evaluated and tested the key controls over the tariff applied in container handling services. • We selected a sample of transactions and: o Agreed the applied tariff to the respective terms in the contracts or latest correspondence with customers where the tariff has been estimated by management. o Agreed throughput handled, used in the calculation of tariffs, to the operating system recording throughput. o Tested revenue calculations and agreed the revenue recognised to the underlying accounting records. Checked to bank advices or credit notes on a sample basis for the net settlement and reviewed aged items for any disputed amounts. We found the judgement made by management in estimating tariffs in the revenue recognized and accrued to be supportable and reasonable based on available evidence.

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

Other Information

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

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

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

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

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

Responsibilities of Trustee-Manager for the Financial Statements

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

Report on Other Legal and Regulatory Requirements

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

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

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 12 February 2019