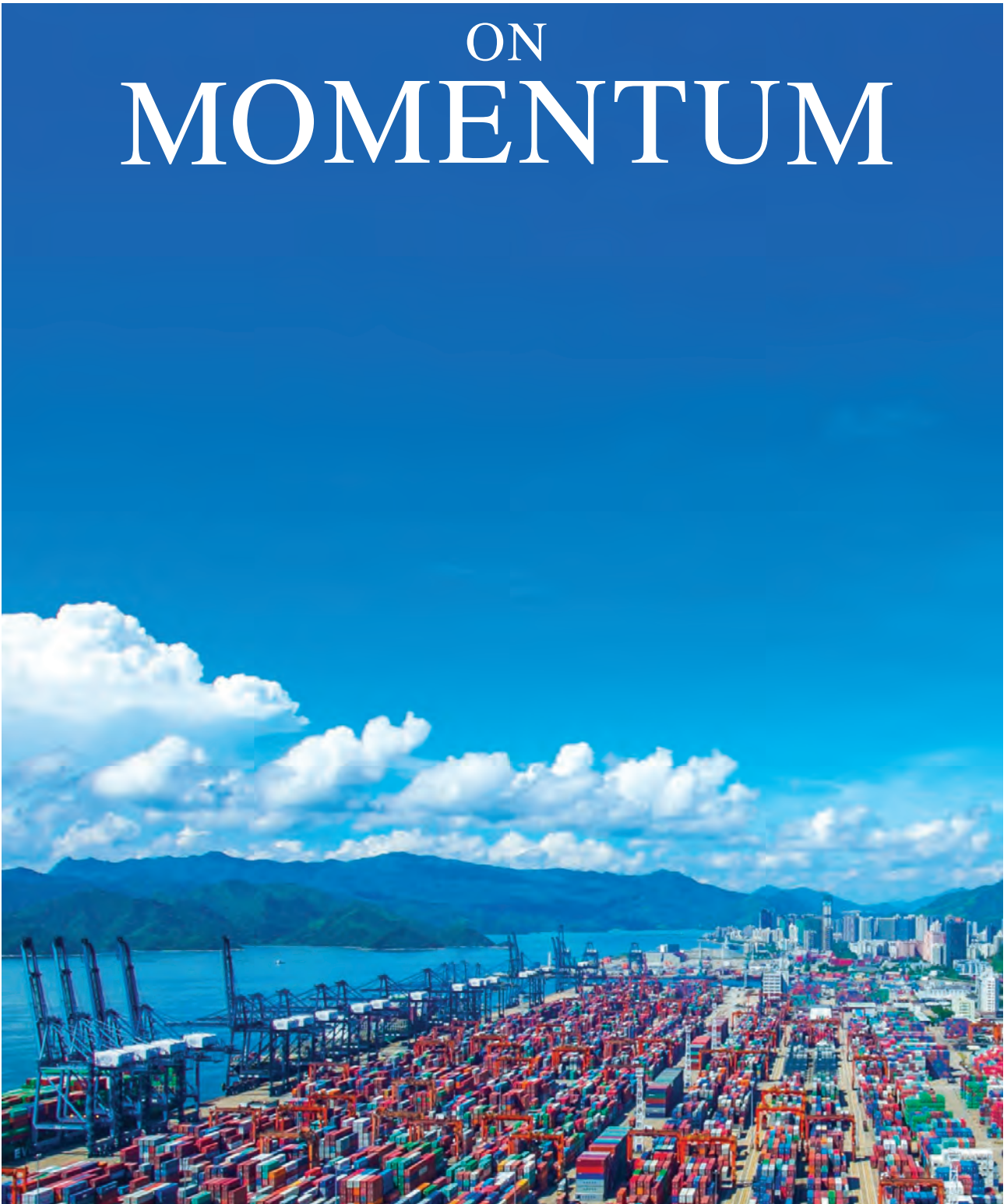


HUTCHISON PORT HOLDINGS TRUST
ANNUAL REPORT 2014

CAPITALISING

ON MOMENTUM





CAPITALISING ON
MOMENTUM

TOP PORT OPERATOR IN
THE PEARL RIVER DELTA

HARNESSING OUR POSITION IN ONE OF
THE WORLD'S LARGEST TRADING HUBS,
HUTCHISON PORT HOLDINGS TRUST
IS POWERING AHEAD WITH STRENGTH
AND RESILIENCE.



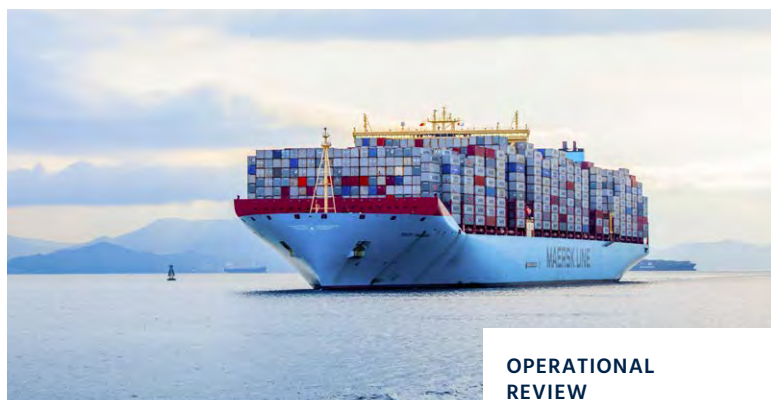
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CAPITALISING ON MOMENTUM



Aerial view of YICT at dusk

EXTENDING OUR ADVANTAGE

BUILDING ON OUR TRACK RECORD

Our ports have consistently been ranked among the best in the world. Upcoming expansions, including new container berths at YICT, will ensure that our position and standards are maintained.



06 CORPORATE MILESTONES



04 APR

YICT was awarded the National Labour Day Award of Merit by All China Federation of Trade Unions at a Labour Day Ceremony, in recognition of its significant contributions to China's social and economic development. YICT was the only organisation in Shenzhen to receive this award in 2014.

01 JAN

Two 18,000 TEU mega-vessels from Maersk's Triple-E fleet, the *Marie Maersk* and *Madison Maersk*, called at YICT simultaneously, an event made possible through YICT's mega-vessel¹ handling capabilities.

06 JUN

HIT was honoured with the Family-Friendly Employers Award by the Family Council of Hong Kong, in recognition of its policies and practices that are supportive of employees' family lives. This award is organised with support from the Home Affairs Bureau of the HKSAR, and has been bestowed upon HIT for the second consecutive year.

Corporate

MILESTONES

2014

03 MAR

- ① HIT was presented with the Green Medal at the Hang Seng Pan-Pearl River Delta Environment Awards, jointly organised by the Federation of Hong Kong Industries and Hang Seng Bank. The award recognises initiatives by companies that effect positive environmental change in the Pan-Pearl River Delta region.
- ② HIT took delivery of two barge quay cranes, the first of their kind in southern China, from the SANY Group. They were put into operation at the terminal in March 2014.
- ③ To handle the growing import and export volumes between southern China and Vietnam, the Yantian-Haiphong service (SVG), was launched at YICT. The new service, operated by China United Lines, provides a direct and efficient transportation route for cargo owners in southern China.
- ④ YICT was presented with four awards by the Container Branch of the China Ports Association during its Committee Meeting in Wuhan, Hubei Province.
 - Container Terminal with Annual Throughput Exceeding Ten Million TEU in China, 2012-2013
 - Top 7 Container Terminals in terms of Total Container Volume by Intermodal Services in China, 2012-2013
 - Container Terminal with Water-to-Water Transshipment Throughput Exceeding 800,000 TEU in China, 2012-2013
 - Container Terminal with International Transshipment Throughput Exceeding 100,000 TEU in China, 2012-2013

These awards further confirmed YICT's well-developed intermodal transportation services and position as a preferred port-of-call for mega-vessels.



¹ "Mega-vessel" refers to vessels with carrying capacity in excess of 10,000 TEU

08 AUG

- ① HIT was given the "Better World Company" logo by the Junior Chamber International Hong Kong and the World Green Organisation, in recognition of its commitment to the United Nations Millennium Development Goals; as well as the "Green Office" label with the World Green Organisation.

These labels pay tribute to HIT's efforts in creating a green office, and were awarded on the basis of HIT's performance in nine different categories: energy savings, water savings, waste reduction, paper and printing reduction, green procurement, IT use and disposal, transportation, education and awareness, and green innovation.

- ② YICT handled 1,212,357 TEU in August, breaking its previous monthly throughput record of 1,114,297 TEU set in August 2012 by 9%. In addition, YICT handled over 1 million TEU per month for five consecutive months from July to November 2014.



12 DEC

On 29 December 2014, YICT welcomed the inaugural call of the 14,500 TEU *Sajir*. The vessel is the first of United Arab Shipping Company's A5 series, the largest container vessel in its fleet, and the industry's first ever LNG-ready mega-vessel, measuring 368 metres long and 51 metres wide.

TONNES

11 NOV

- ① Janet Wong, a Duty Officer in HIT's Operations Department was featured in the television series *Faces of Hong Kong* as the city's first licensed female crane operator. The programme is part of the government's marketing and communications strategy to promote the cultural and social aspirations of Hong Kong. The series is produced by the government's Information Services Department in collaboration with Radio Television Hong Kong.

- ② HIT's Information Security Management System was awarded ISO/IEC 27001:2013 certification by the British Standards Institution Hong Kong. The ISO/IEC 27001 standard is an internationally recognised benchmark for information security management and information asset protection, such as financial information, intellectual property, employee details and third-party information.

HIT was the first container terminal operator in Hong Kong to achieve ISO/IEC 27001:2005 compliance in 2009. Recent updates to the compliance system include improvements to security controls that manage modern day risks, such as identity theft, risks related to mobile devices and other online vulnerabilities.

2015

02 FEB

- ① As a further testament to YICT's mega-vessel handling capabilities, the terminal received the *MSC Oscar* on 6 February 2015. The *MSC Oscar* is the world's largest container vessel with a carrying capacity of 19,224 TEU, measuring 395.4 metres long and 59 metres wide, with its deck alone covering an area equivalent to four football pitches.
- ② HIT was once again presented with a Green Medal at the Hang Seng Pan Pearl River Delta Environment Awards, jointly organised by the Federation of Hong Kong Industries and Hang Seng Bank. The award recognises and encourages the continuance of HIT's sound environmental practices.



TRUST PROFILE

HPH TRUST

Hutchison Port Holdings Trust ("HPH Trust" or the "Trust") is the world's first publicly traded container port business trust. Listed on the Main Board of the Singapore Exchange ("SGX") in March 2011, it was also the first entity to launch dual currency trading of its units in early 2012. The Trust was subsequently admitted into the Straits Times Index ("STI") on 3 April 2013, and remains one of the top 30 companies on the Main Board of the SGX.

The Trust's mandate is principally to invest in, develop, operate and manage deep-water container ports in China's Guangdong Province, as well as in Hong Kong and Macau (collectively known as the Pearl River Delta ("PRD")).

Currently, HPH Trust owns interests in four market-leading, best-in-class, deep-water container ports strategically located in Kwai Tsing in Hong Kong and Shenzhen in China, two of the world's busiest port destinations. Its terminals operate 32 container berths across 543 hectares of land, with a combined throughput of approximately 24.2 million twenty-foot equivalent units ("TEU") in 2014.

FUN FACT

DID YOU KNOW?

Measuring 395.4 metres long and 59 metres wide, and with a carrying capacity of 19,224 TEU, the *MSC Oscar* is the largest mega-vessel to have docked at any of the Trust's ports. Laid end-to-end, the 19,224 containers would span a length of more than 117km, enough to cover the entire East-West, North-South and North-East MRT lines in Singapore!



The Trust's core port operations are supported by complementary river ports and ancillary services, which provide customers with seamless supply chain solutions for both imports and exports. HPH Trust holds economic benefits in three river ports in China ("River Ports Economic Benefits²"), namely Jiangmen International Container Terminals Limited ("Jiangmen Terminal"), Nanhai International Container Terminals Limited ("Nanhai Terminal") and Zhuhai International Container Terminals (Jiuzhou) Limited ("Zhuhai Jiuzhou Terminal") (together, the "River Ports"). It also operates ancillary services via Asia Port Services Limited ("APS"), operator of one of the largest fleets of dedicated barges in Hong Kong, HPH E.Commerce Limited ("Hutchison Logistics"), which offers supply chain solutions across rail, sea and land networks, and Shenzhen Hutchison Inland Container Depots Co., Limited ("SHICD"), operator of an inland container depot and warehouse in Shenzhen.

THE TRUSTEE-MANAGER

The Trust is managed by Hutchison Port Holdings Management Pte. Limited ("Trustee-Manager"), an indirect wholly-owned subsidiary of Hutchison Whampoa Limited. The Trustee-Manager has the dual responsibility of safeguarding the

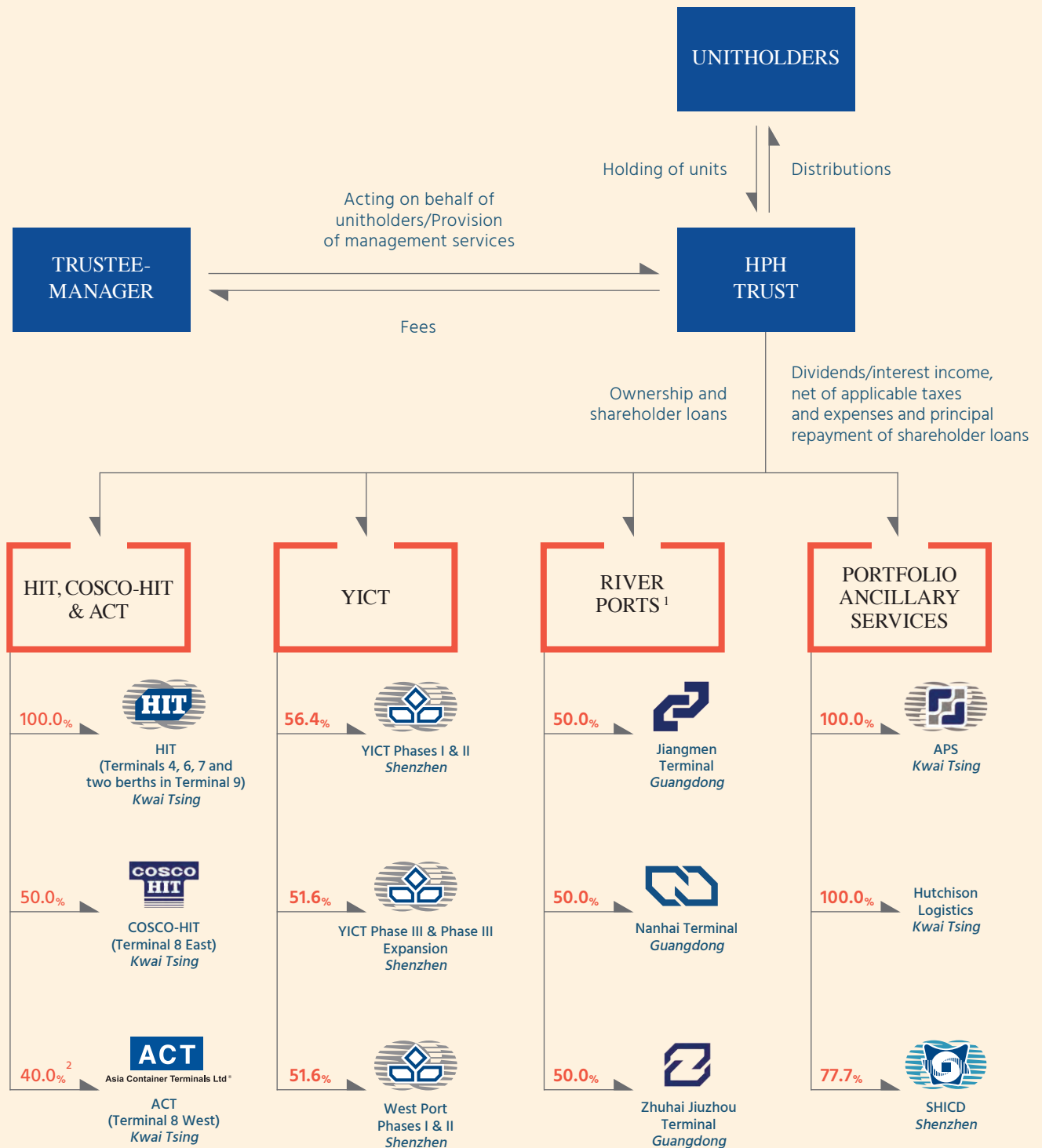
interests of unitholders and managing HPH Trust's businesses. The key objective of the Trustee-Manager is to provide unitholders with stable and regular distributions and long-term growth in distributions per unit ("DPU").

The Board of Directors of the Trustee-Manager consists of individuals with a broad range of commercial experience, including expertise in the port industry.

¹ Namely Hongkong International Terminals ("HIT"), COSCO-HIT Terminals ("COSCO-HIT"), Asia Container Terminals ("ACT") and Yantian International Container Terminals ("YICT")

² The River Ports Economic Benefits represent the economic interest and benefits of the River Ports, including all dividends and any other distributions or other monies payable to Hutchison Port Holdings Limited ("HPH") or any of its subsidiaries in its capacity as a shareholder of the relevant holding company of the River Ports arising from the profits attributable to the business of the River Ports and all sale or disposal proceeds derived from such businesses, assets, rights and/or liabilities constituting any part of the business of the River Ports as agreed with HPH and any of its subsidiaries

CORPORATE STRUCTURE



¹ HPH Trust holds River Ports Economic Benefits, but not the shares of the River Ports' holding companies

² The percentage reflects the effective shareholdings after the strategic partnership with COSCO Pacific Limited ("COSCO Pacific") and China Shipping Ports Development Co., Limited (formerly known as "China Shipping Terminal Development (Hong Kong) Company Limited") ("CSTD") in 2014

PORTFOLIO OVERVIEW

The Trust's port assets comprise HIT, COSCO-HIT, ACT and YICT.

All of the Trust's port assets are located within the key trading hubs of the PRD, offering customers accessible gateways to the rest of the world. HPH Trust has maintained its position as the leading container port operator in the PRD by throughput, with a combined throughput of 24.2 million million TEU in 2014 across 32 berths spanning 543 hectares of land.

The Trust's ports are located within natural, direct deep-water channels. Its berths can accommodate mega-vessels well over 10,000 TEU in capacity, servicing many of the world's largest container vessels calling at the PRD. In the past two years, YICT, the Trust's terminal in Shenzhen, handled a total of 84 calls by 16 mega-vessels from Maersk's 18,000 TEU Triple-E fleet. The Trust remains the only port

operator in the region that can manage two such vessels simultaneously. As a further testament to its mega-vessel handling capabilities, YICT received the world's largest container vessel, the 19,224 TEU *MSC Oscar*, in February 2015.

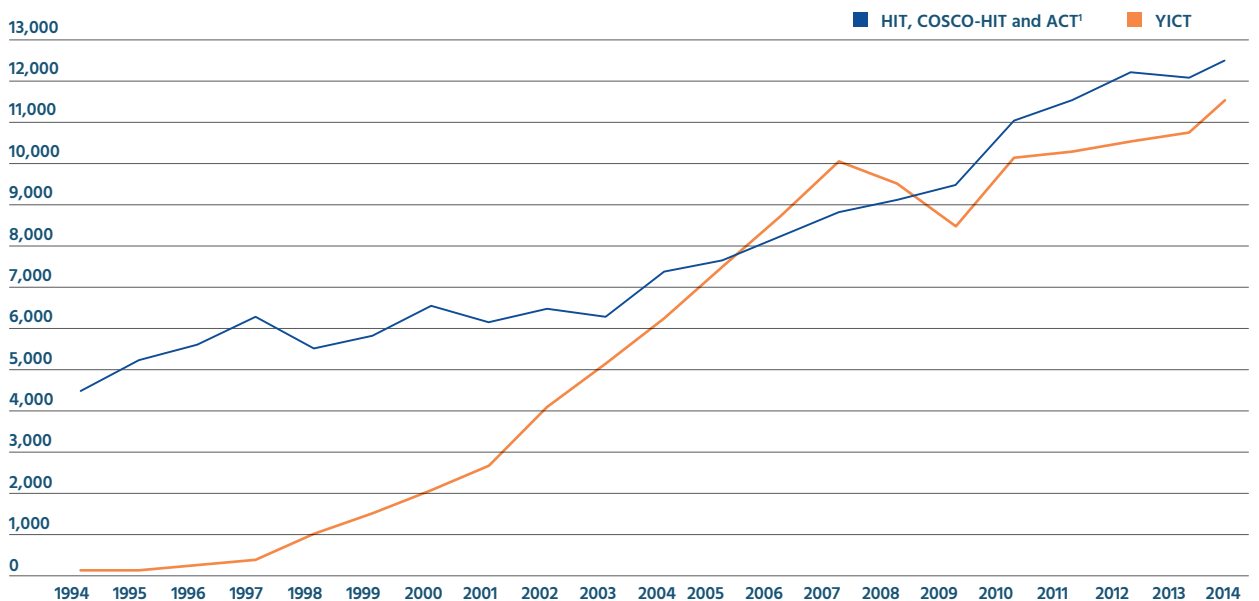
With an ever-growing suite of facilities and equipment, together with the nGen terminal management system, the Trust continues to uphold best-in-class standards in port operations and vessel management. Its advanced systems allow it to monitor vessels and containers with pinpoint accuracy, enabling smooth and efficient operations.

HPH Trust also operates ancillary services across several ports in the PRD which serve to complement its core port operations. These include logistics and supply chain solutions such as warehousing, feeder services, trucking, freight handling, cargo depots, container storage and repair as well as transport networks covering road, rail, sea and air.





THROUGHPUT OF HPH TRUST'S ASSETS (1994 – 2014)
TEU IN THOUSAND



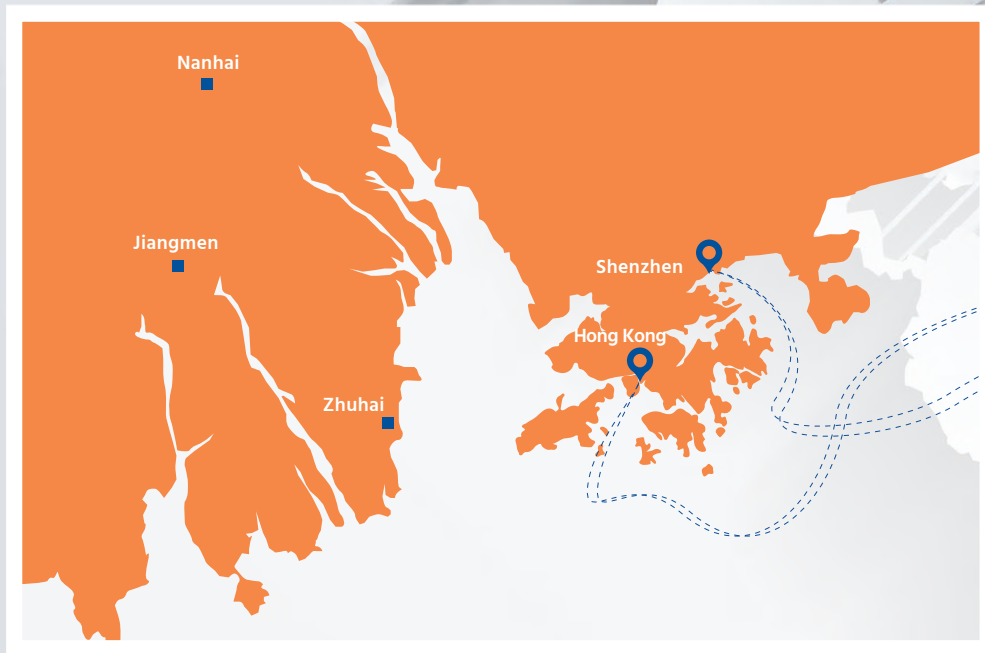
Note:

The published statistics from the Hong Kong Marine Development (“HKMD”) for the total of local and transshipment throughput incorporate liftings to or from oceangoing vessels and containers received from or delivered to ports located within the river trade zone (as defined by the HKMD) by water-borne traffic, i.e. traffic to and from the Pearl River Delta via barges. The HKMD published statistics are not directly comparable to throughput figures of HIT, COSCO-HIT and ACT² shown in the above chart. From 2009 onwards, the HIT, COSCO-HIT and ACT² figures have been including volumes in relation to lighterwork and the water-borne traffic so as to make the figures more comparable to statistics used by the industry

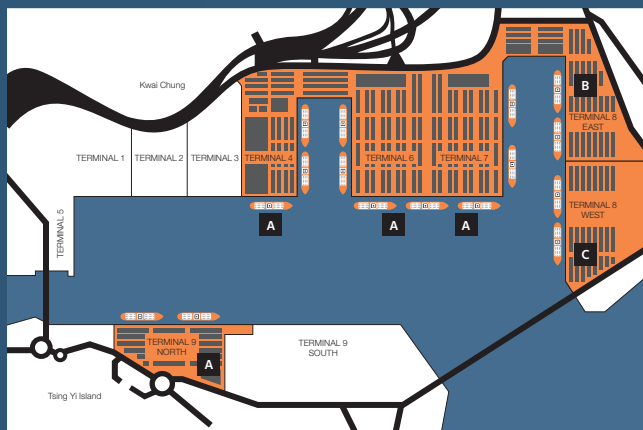
¹ Included throughput volume of ACT from 7 March 2013, the date of acquisition

² From 7 March 2013, the date of acquisition

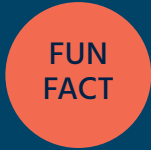
PORTFOLIO OVERVIEW



 KWAI TSING, HONG KONG



- A Hongkong International Terminals**
 - 12 container berths across Terminals 4, 6, 7 and 9 with combined area of 111 hectares
 - 100% ownership
- B COSCO-HIT Terminals**
 - 2 container berths at Terminal 8 East with combined area of 30 hectares
 - 50/50 joint venture with COSCO Pacific
- C Asia Container Terminals**
 - 2 container berths at Terminal 8 West with combined area of 29 hectares
 - Strategic partnership among HPH Trust, COSCO Pacific and CSTD, with stakes of 40%, 40% and 20%, respectively

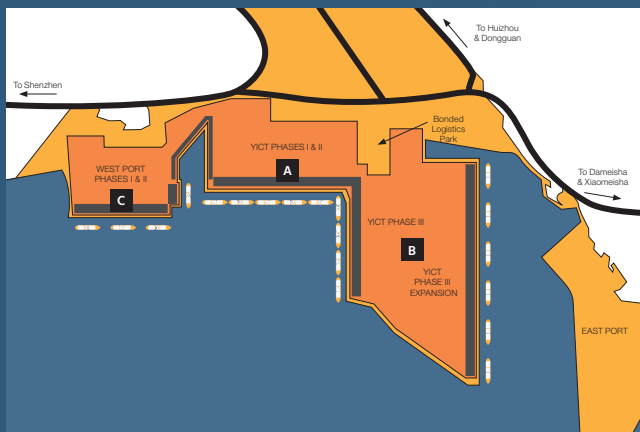


DID YOU KNOW?

HPH Trust's ports cover 543 hectares of land area. This is equivalent to nearly 12,930 basketball courts!

Note: One basketball court is 420 m² according to the International Basketball Federation.
1 ha = 10,000 m²

 SHENZHEN, CHINA



- A** **YICT Phases I & II**
 - Effective interest of 56.4%
 - 5 container berths and combined land area of 130 hectares
- B** **YICT Phase III and YICT Phase III Expansion**
 - Effective interest of 51.6%
 - 10 container berths and combined land area of 226 hectares
- C** **West Port Phases I & II**
 - Effective interest of 51.6%
 - 1 container berth at West Port Phase I and land area of 17 hectares
 - 3 additional container berths at West Port Phase II are currently under construction with an area of 44 hectares

14

PORTFOLIO OVERVIEW

PORTFOLIO OVERVIEW

KWAI TSING, HONG KONG

A globally recognised regional trading hub, Hong Kong's economy has grown at a pace unmatched by the majority of its peers. The city's well-established legal system, pro-business policies and status as a free port have made it an attractive location to businesses from all over the world.

Hong Kong Port, with its natural deep-water channels and modern, reliable infrastructure, has been consistently ranked among the world's top five busiest ports¹.

¹ The Journal of Commerce (2 September 2014)
"The JOC Top 50 World Container Ports"

HIT, COSCO-HIT AND ACT

16 CONTAINER BERTHS

67 QUAY CRANES

170 TOTAL LAND AREA HECTARES

Close proximity, scale and strategically contiguous berths encourage operational synergies

Combined throughput mainly comprised cargoes plying Asia, U.S. and Europe trade routes

12.5 MILLION TEU IN 2014

Terminals efficiently managed and executed by 2,000 employees and 4,300-4,800 external contractor workers daily

Port operations are complemented by supply chain and logistics solutions providers Hutchison Logistics and APS

YICT

LEADING DEEP-WATER CONTAINER PORT IN EAST SHENZHEN AND A PREFERRED PORT-OF-CALL FOR MEGA-VESSELS IN SOUTH CHINA

16 CONTAINER BERTHS

74 QUAY CRANES

373 TOTAL LAND AREA HECTARES

Combined throughput mainly comprised cargoes along trans-Pacific and Far East-Europe trade routes

11.7 MILLION TEU IN 2014

Advanced capabilities and long contiguous berths allow simultaneous handling of multiple mega-vessels

Around 2,300 employees and 3,000-4,000 external contractor workers ensure smooth day-to-day operations at the port

Well-developed intermodal network provides smooth connectivity to and from China's burgeoning hinterland

Dedicated rail facility connects with China's main railway network, enabling comprehensive logistical coverage across inland areas

SHENZHEN, CHINA

The growth of China's economy, and its emergence as a key player in the global manufacturing sector, has played a key role in the success of the Trust's assets in Shenzhen. Adjacent to Hong Kong, Shenzhen is symbolic of China's reforms, and serves to enhance cooperation between Hong Kong and China. Shenzhen is the gateway to Guangdong, a global manufacturing hub, and has cemented its status as a veritable force among container ports globally. It was ranked the third busiest port in the world in 2014¹.

¹ Alphaliner (February 2015)
"Alphaliner Monthly Monitor: February 2015"



KEY EVENTS

APR



YICT AWARDED THE NATIONAL LABOUR DAY AWARD OF MERIT

2014

In April 2014, YICT was awarded the National Labour Day Award of Merit by All China Federation of Trade Unions at a Labour Day Ceremony, in recognition of its significant contributions to China's social and economic development. Recipients of the award have been judged to be responsible corporate citizens who have made continuous efforts to promote environmental protection and sustainable development, while also maintaining harmonious relations across their respective workforces. YICT was the only organisation in Shenzhen to receive this award in 2014.

In August 2014, for the first time in two years, YICT set a new monthly throughput record, handling 1,212,357 TEU. This represents a 9% increase from the previous record of 1,114,297 TEU last achieved in August 2012. Similarly, YICT exceeded 1 million TEU in throughput for five consecutive months from July to November 2014.

In February 2015, YICT was proud to host the *MSC Oscar*, the world's largest container vessel. With a carrying capacity of 19,224 TEU, the *MSC Oscar* measures 395.4 metres long and 59 metres wide, its deck alone covering an area equivalent to four football pitches.

AUG



YICT ACHIEVED NEW HEIGHTS IN 2014

2014



2014



HIT CELEBRATED 45 YEARS IN OPERATION



FUN
FACT

DID YOU KNOW?

In 2014, the Trust hosted a total of 11,400 visitors on tours of its various ports. That's more than the populations of the Cook Islands and the Vatican City combined!



YICT received the National Labour Day Award of Merit in recognition of its significant contributions to China's social and economic development



The world's largest container vessel, *MSC Oscar*, on its maiden call at YICT on 6 February 2015



HIT marked its milestone 45th anniversary with a series of celebrations which included a party at its premises in December 2014, and a HIT Family Day in March 2015. More than 1,000 staff members attended the celebration last year, where HIT Managing Director, Gerry Yim expressed appreciation for the staff's hard work and commitment. Adding to the festivities, HIT's theme song and a short movie recounting the company's history were featured.

The HIT Family Day, held on 8 March 2015, attracted almost 5,000 staff members, external contractor workers and their family members bonding amidst the fanfare of game booths and stage performances by HIT Music Club, dock schools, Junior Police Call (Kwai Tsing) and nearby community centres.

CAPITALISING ON MOMENTUM



The CSCL *Xin Fei*
Zhou docked
at YICT

DEVELOPING OUR CAPABILITIES

KEEPING PACE WITH INDUSTRY CHANGES

Long contiguous berths and state-of-the-art equipment have enabled our ports to remain at the forefront of vessel-handling, and we continue to look ahead, with plans to dredge the depth alongside.

LETTER TO UNITHOLDERS

Dear Unitholders,

ANCHORED IN A SEA OF CHANGE

The global economy in 2014 was weighed down by uncertainties in the Middle East and Europe, rising deflation and plunging crude oil prices. As the market leader in one of the world's busiest trading hubs, it is especially in challenging times that the unique resilience of our business shines through.

The two economies that impact the Trust the most – the U.S. and the Eurozone – went in opposite directions last year. While consumer spending in the U.S. improved, as reflected in its sustained growth momentum during the fourth quarter and a lower unemployment rate of 5.6% in December 2014, the Eurozone's business activities stayed sluggish. Consequently, we observed that outbound cargoes to the U.S. trended upward, while those to the Eurozone remained muted. Closer to home, China experienced a slight contraction on the back of weaker domestic demand, but witnessed an unprecedented interest rate cut in November 2014 and March 2015, aimed to encourage growth and lower borrowing costs.

Despite significant shifts and uncertainties in trade and the world economy since the Trust was established and listed in 2011, we continued to deliver on our promise of stable distributions even though we recognised a one-off non-cash impairment loss of HK\$19 billion against goodwill. Given its non-cash nature, the impairment did not affect cash flows, and we distributed 41 Hong Kong cents for the full year 2014, amounting to 7.7% distribution

yield based on the closing price as at 31 December 2014. The Trust's units remain attractive when compared with the average dividend yield offered by STI component stocks.

While the impairment was recognition of the increasingly challenging business environment, our debt and cash positions and the underlying quality of the Trust's assets remain resilient. As a matter of fact, the Trust's port assets outperformed both regionally and within our home markets. In March 2015, we were assigned a 'Baa1' issuer rating by Moody's Investors Service, and a 'BBB+' long-term corporate credit rating by Standard & Poor's Ratings Services. The ratings reflect the Trust's strong market position in the PRD and the stable cash flows from our deep-water port operations. With the new ratings, HPH Trust has more flexibility in accessing the debt market, which provides an alternative source of capital in addition to bank loans. The issuance of guaranteed notes could further improve HPH Trust's capital structure and financing flexibility.

Combined throughput at all our deep-water ports rose 6.3% from the year before. Against an overall dismal throughput performance across ports in Hong Kong, HIT, COSCO-HIT and ACT registered a commendable 4.7% year-on-year increase, mainly due to higher transshipment volume. Similarly, throughput at YICT in Shenzhen recorded a respectable 8.1% year-on-year rise, against an increase of 3.3% for Shenzhen as a whole. Throughput growth of YICT was mainly driven by transshipment, U.S. and empty cargoes.

**"IT IS ESPECIALLY
IN CHALLENGING
TIMES THAT THE
UNIQUE RESILIENCE
OF OUR BUSINESS
SHINES THROUGH."**

FOK KIN NING, CANNING
Chairman

**CAPITALISING
ON
MOMENTUM**

NAVIGATING EVER- CHANGING CURRENTS

We foresaw global shipping lines racing to improve their competitiveness through increasing economies of scale and efficiency, and anticipated the need to strengthen the Trust's mega-vessel handling and technological capabilities. In recent years, global shipping lines have been expanding their mega-vessel fleet, forming increasingly larger carrier alliances and widening the coverage of vessel-sharing schemes. Our ability to ride on this trend has allowed us to capture their business and nurture higher margin revenue streams over the long-run.

Capitalising on this trend, YICT reinforced its status as the terminal-of-choice for mega-vessels calling at the PRD, having most recently handled the 19,224 TEU *MSC Oscar*, the world's largest container vessel to-date. This was on top of calls from another 1,033 mega-vessels in 2014, which fully demonstrated our abilities and efficiencies in servicing mega-vessels.

We have been working hard to overcome physical constraints, reinforcing our customers' confidence in Hong Kong as a reliable port-of-call, as well as strengthening relationships with our staff and port workers. Our investment in ACT in 2013 gave us unparalleled access to four contiguous berths when combined with COSCO-HIT, driving synergies from our Hong Kong assets and increasing our ability to simultaneously handle multiple mega-vessels. Our subsequent joint

venture alliance with COSCO Pacific Limited and China Shipping Ports Development Co., Limited in 2014 further cemented a closely aligned partnership to operate the terminal as one contiguous facility, encouraging even more synergies between the Trust and its customers.

Never resting on its laurels, HIT, which celebrated its 45th anniversary in 2014, has also committed a series of investments in operating systems and equipment including two first-of-their-kind barge quay cranes, which have increased efficiency and volume of cargo processed at the terminal. HIT was also recognised for its active efforts in employee welfare and eco-consciousness, earning high-profile accolades from the Family Council of Hong Kong, the Junior Chamber International Hong Kong and the World Green Organisation.

COMPASS POINTING NORTH

Certainly, especially in the midst of a lukewarm economy, it is only with the support of our staff, partners, customers and Unitholders that we continue to gain momentum to sustainably grow our business over the long-term. I would like to take this opportunity to extend my heartfelt gratitude to these and other stakeholders for their continued faith in the Trust and its management team.

Looking ahead, the Trust expects the economic outlook for the U.S. in 2015 to be favourable, and also foresees a positive outlook for China, given that the Chinese government is committed to sustaining reasonable growth. We are already seeing signs of China contributing a consistently higher proportion to our revenue, from 54.9% in 2013 to 57.8% in 2014. The Eurozone's economic performance remains challenging

although the European Central Bank has taken on more aggressive stimulus policies to boost its economy. Meanwhile, niche trade routes of Far East, Africa, Central and South America and Oceania are projected to increase moderately in the coming year.

In addition, we see continuing trends in next-generation mega-vessel deployment, carrier alliances and vessel-sharing schemes amongst our customers. Our well-built infrastructure, natural deep-water channels and mega-vessel handling capabilities, together with our continued focus, discipline and financial flexibility, will put the Trust at a unique advantage to capitalise on these shifts to drive further growth.

As we chart our course for 2015, we look to optimise our profit via a combination of tariff increase and volume growth. We already have plans to further develop our ports' facilities to capture additional business, and to streamline our resource deployment and operating processes to derive greater productivity and synergies from existing assets. We believe that these initiatives will build upon our solid fundamentals, help us effectively navigate the economic challenges ahead and continue to deliver a strong performance for our Unitholders.

FOK Kin Ning, Canning
Chairman

BOARD OF DIRECTORS

MR. FOK KIN NING, CANNING

Chairman and Non-executive Director

Mr. FOK Kin Ning, Canning, aged 63, has been Chairman and a Non-executive Director of the Trustee-Manager since February 2011. He is an executive director and group managing director of Hutchison Whampoa Limited ("HWL"), chairman of Hutchison Telecommunications Hong Kong Holdings Limited ("HTHKH"), Hutchison Telecommunications (Australia) Limited ("HTAL"), Power Assets Holdings Limited ("Power Assets"), HK Electric Investments Manager Limited as the trustee-manager of HK Electric Investments, and HK Electric Investments Limited and co-chairman of Husky Energy Inc. ("Husky"). He is also deputy chairman of Cheung Kong Infrastructure Holdings Limited ("CKI") and a non-executive director of Cheung Kong (Holdings) Limited ("CKH"). Mr. Fok is also alternate director to a director of HTHKH. He holds a Bachelor of Arts degree and a Diploma in Financial Management, and is a member of the Institute of Chartered Accountants in Australia.

DR. JOHN EDWARD WENHAM MEREDITH

Deputy Chairman and Non-executive Director

Dr. John Edward Wenham MEREDITH, aged 76, has been Deputy Chairman and a Non-executive Director of the Trustee-Manager since February 2011. He is a non-independent non-executive director of Westport Holdings Berhad and holds senior management positions in other companies within worldwide operations of Hutchison Port Holdings Limited ("HPH"). Dr. Meredith became a non-executive deputy chairman of HPH on 1 January 2014. He graduated from the University of Southampton

as a Master Mariner and holds an honorary Doctor of Laws degree awarded by the University of Western Ontario in Canada. Dr. Meredith has received a number of awards and recognitions for his services to the international maritime industry and as a pioneer in containerisation. In August 2013, he was conferred the National Decoration of Grand Officer of the Order of Vasco Núñez de Balboa from the President of Panama and in June 2011, he was awarded the Commander of the Order of the British Empire (CBE) by Queen Elizabeth II.

MR. IP SING CHI

Executive Director

Mr. IP Sing Chi, aged 61, has been an Executive Director of the Trustee-Manager since February 2011. He is group managing director of HPH since 2014 and chairman of Yantian International Container Terminals Limited. He is also an external director of Hyundai Merchant Marine Co., Ltd., a non-independent non-executive director of Westport Holdings Berhad and an independent non-executive director of COSCO Pacific Limited and China Shipping Development Company Limited. In addition, he was a member of the Hong Kong Port Development Council until the end of December 2014, and was the founding chairman (in 2000-2001) of the Hong Kong Container Terminal Operators Association Limited. He has over 35 years of experience in the maritime industry. He holds a Bachelor of Arts degree.

MR. FRANK JOHN SIXT

Non-executive Director

Mr. Frank John SIXT, aged 63, has been a Non-executive Director of the Trustee-Manager since February 2011. He is also a member of the Audit Committee of the Trustee-Manager. He is an executive director and group finance director of HWL, non-executive

chairman of TOM Group Limited, an executive director of CKI, a non-executive director of CKH, HTHKH and Power Assets, a director of HTAL and Husky. In addition, he is a director of Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust, Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust and Li Ka-Shing Unity Trustcorp Limited as trustee of another discretionary trust. He is also alternate director to directors of HTAL. He holds a Master's degree in Arts and a Bachelor's degree in Civil Law, and is a member of the Bar and of the Law Society of the Provinces of Quebec and Ontario, Canada.

MR. CHAN TZE LEUNG, ROBERT

Independent Non-executive Director

Mr. CHAN Tze Leung, Robert, aged 68, has been an Independent Non-executive Director of the Trustee-Manager since February 2011. He is an independent non-executive director of Noble Group Limited, Quam Limited and Sibanye Gold Limited. He is also chairman (non-executive) of The Hour Glass (HK) Limited. Mr. Chan is an experienced banker with over 39 years of experience in both commercial and investment banking. He retired as chief executive officer of United Overseas Bank, Hong Kong on 31 December 2011. He is a senior adviser to Long March Capital Limited, a fund management company based in Beijing and Shanghai in partnership with leading Chinese institutions including the CITIC Group and a Fellow of the Hong Kong Institute of Directors. He holds a Bachelor of Science (Econ) Hons. and a Master's degree in Business Administration.

**MR. GRAEME
ALLAN JACK**

*Independent
Non-executive Director*

Mr. Graeme Allan JACK, aged 64, has been an Independent Non-executive Director of the Trustee-Manager since February 2011. He is also Chairman of the Audit Committee of the Trustee-Manager. He has extensive experience in finance and audit. He is an independent director of The Greenbrier Companies Inc., and the independent trustee of Hutchison Provident Fund and the Hutchison Provident and Retirement Plan, two trusts established to fund the retirement of HWL Group employees. He retired as a partner of PricewaterhouseCoopers in 2006. He holds a Bachelor of Commerce degree and is a Fellow of the Hong Kong Institute of Certified Public Accountants and an Associate of The Institute of Chartered Accountants in Australia.



1. MR. FOK KIN NING, CANNING
2. DR. JOHN EDWARD WENHAM MEREDITH
3. MR. IP SING CHI
4. MR. FRANK JOHN SIXT
5. MR. CHAN TZE LEUNG, ROBERT
6. MR. GRAEME ALLAN JACK

BOARD OF DIRECTORS



**PROF. MA SI HANG,
FREDERICK**

*Independent
Non-executive Director*

Prof. MA Si Hang, Frederick, aged 63, has been an Independent Non-executive Director of the Trustee-Manager since February 2011. He is a director (independent) of Husky, an independent non-executive director of Agricultural Bank of China Limited, Aluminium Corporation of China Limited, MTR Corporation Limited and FWD Group Management Holdings Limited. He is also a non-executive director of COFCO Corporation and China Mobile Communications Corporation Limited. Prof. Ma has extensive experience in the financial services industry and was the Secretary for Financial Services and the Treasury of the Hong Kong Special Administrative Region ("HKSAR") Government between 2002 and 2007. In July 2007, he was appointed Secretary for Commerce and Economic Development and he resigned from the government in July 2008 due to medical reasons. He is a member of the International Advisory Council of China Investment Corporation and an Honorary Professor of the School of Economics and Finance at the University of Hong Kong, Professor of Finance Practice of the Institute of Advanced Executive Education at The Hong Kong Polytechnic University and an Honorary Professor of the Faculty of Business Administration at Chinese University of Hong Kong. Prof. Ma received an Honorary Fellowship from the School of Accountancy, Central University of Finance and Economics in 2010. He is a Justice of Peace and was awarded a Gold Bauhinia Star by the HKSAR Government in 2009. Prof. Ma holds a Bachelor of Arts (Hons) in Economics and History.



**MRS. SNG SOW-MEI
(ALIAS POON SOW MEI)**

*Independent Non-executive
Director and Lead
Independent Director*

Mrs. SNG Sow-Mei (alias POON Sow Mei), aged 73, has been an Independent Non-executive Director of the Trustee-Manager since February 2011. She is also a member of the Audit Committee and Lead Independent Director of the Trustee-Manager. Mrs. Sng is an independent non-executive director of CKI, ARA Asset Management (Fortune) Limited and ARA Asset Management (Prosperity) Limited. She was conferred the title of PPA(P) - Pingat Pentadbiran Awam (Perak), the Singapore Public Administration Medal (Silver) by the Republic of Singapore in 1996. She holds a Bachelor of Arts degree.



**MR. KEVIN ANTHONY
WESTLEY**

*Independent
Non-executive Director*

Mr. Kevin Anthony WESTLEY, aged 66, has been an Independent Non-executive Director of the Trustee-Manager since February 2011. He is a non-executive director of The Zuellig Group Incorporated Limited and The Hongkong and Shanghai Banking Corporation Limited. He is also a member of the investment committee of the West Kowloon Redevelopment Authority. He retired from the HSBC Group in 2000 as chairman and chief executive of HSBC Investment Bank (Asia) Limited, and as an advisor to chairman of The Hongkong and Shanghai Banking Corporation Limited at the start of 2013. He holds a Bachelor of Arts (Hons) degree and is a Fellow of the Institute of Chartered Accountants of England and Wales.

7. PROF. MA SI HANG, FREDERICK

8. MRS. SNG SOW-MEI

(ALIAS POON SOW MEI)

9. MR. KEVIN ANTHONY WESTLEY

SENIOR MANAGEMENT

MR. YIM LUI FAI, GERRY

Chief Executive Officer

Mr. YIM Lui Fai, Gerry has been the Chief Executive Officer of the Trustee-Manager since July 2012. He is also the managing director of HIT and a member of the HPH Trust Exco, a committee of executives that determines the strategy for HPH Trust. Mr. Yim was the managing director of the Africa, Middle East and Americas division of HPH and was employed by the HPH Group from 2003 to 2009 in various senior positions before joining Hysan Development Company Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited, in December 2009 as its executive director and subsequently in March 2010 as its chief executive officer. He has also held senior positions in general management, finance, and investment banking at major organisations in Hong Kong. He is the chairman of the Shipping & Port Operations Group of the Employers' Federation of Hong Kong and a member of the Hong Kong Port Development Council. He holds a Bachelor's degree in Economics and is a member of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants.

MR. IVOR CHOW

Chief Financial Officer and Investor Relations Officer

Mr. Ivor CHOW has been the Chief Financial Officer ("CFO") of the Trustee-Manager since February 2011. He is also in charge of the investor relations function of the Trustee-Manager. He is a member of the HPH Trust Exco and executive director of HIT. He has been on the board of directors of several HPH Trust business portfolio assets since 2008.

He previously served as the general manager of the commercial division, the finance director of the South China division, and the chief financial officer of several HPH subsidiaries. He holds a Bachelor's degree in Mathematics and is a Chartered Accountant of The Institute of Chartered Accountants of Ontario.

MS. LEE TUNG WAN, DIANA

Deputy Chief Financial Officer

Ms. LEE Tung Wan, Diana has been the Deputy CFO of the Trustee-Manager since February 2011. She is also the finance and legal director and company secretary of YICT. She held various executive positions at HPH. She focused in the financial planning and corporate finance area of the South China division of HPH and served as the chief financial officer of several HPH subsidiaries. She has also served as director on some of HPH Trust business portfolio assets' boards of directors since 2006. She holds a Bachelor's degree in Commerce and is an Associate of The Institute of Chartered Accountants in Australia.

MR. LAM HING MAN, PATRICK

Managing Director of YICT

Mr. LAM Hing Man, Patrick is the managing director of YICT and a member of the HPH Trust Exco. He first joined HIT in 1988 and spent the following two decades developing joint-venture projects for HPH in China. He held various executive positions at HPH. He was previously the general manager of two HPH subsidiaries in China, the general manager of human resources at HIT and the director of operations and human resources at YICT. He holds a Master's degree in International Shipping and Transport Logistics.

MR. YING TZE MAN, KENNETH

Managing Director of COSCO-HIT and Deputy Managing Director of ACT

Mr. YING Tze Man, Kenneth is the managing director of COSCO-HIT, deputy managing director of ACT and a member of the HPH Trust Exco. He has held various executive positions at HPH. He was an executive director of HIT and the finance director of the South China division of HPH. He was a member of the Port Development Advisory Group of Hong Kong. He is also a member of the Hong Kong Institute of Certified Public Accountants and a Fellow of the Association of the Chartered Association of Certified Accountants in the United Kingdom.

MR. TANG HIN KEE, EDWARD

Operations Director

Mr. Tang Hin Kee, Edward has over 35 years of experience in port operations and is a member of the HPH Trust Exco. He oversees the port operations of HPH Trust and has been the Operations Director of HPH Trust since 2013. He is also the general manager of operations at HIT and was the general manager of operations at YICT prior to his transfer back to HIT. He first joined HIT in 1979 and held various executive positions at HPH. He had successively been the general manager of three HPH ports in China. He is a member of Hong Kong Port Operations Committee of Marine Department, and MILT member of The Chartered Institute of Logistics and Transport.



View of YICT from one of the 74 quay cranes at the terminal

SUSTAINING OUR GROWTH

LAYING THE FOUNDATIONS FOR THE FUTURE

As we take stock of our performance each year, we look to build on our strengths, and draw lessons from our experience, implementing programmes and plans that will strengthen our operations and nurture our staff.



FINANCIAL REVIEW

TOP LINE REMAINED STABLE AND OPERATING PROFIT GREW

HPH Trust maintained stable revenue and other income of HK\$12.6 billion for the full year 2014, amidst a challenging trading environment and the sluggish Eurozone economy. This represented a 1.9% improvement year-on-year, although ACT's revenue and other income has been excluded since 14 March 2014, when the Trust began to recognise it as a joint venture by virtue of its 40% effective interest in ACT.

The overall operating expenses for HPH Trust, after the inclusion of the net gain arising from the disposal of 60% effective interest in ACT in March 2014, was HK\$8.5 billion for the year. Despite higher container throughput, increase in external contractors' costs and inflationary pressure, the Trust managed to keep overall operating expenses at a mild increase of 3.0% year-on-year, after excluding the net gain on disposal of ACT. As a result, operating profit was around HK\$4.2 billion, or 5.8% higher than full year 2013.

As a result of the changes in the global economic climate, customer demand, and continued challenging trading environment in Hong Kong, the

Trust recognised a one-off non-cash goodwill impairment loss of HK\$19.0 billion allocated to a cash-generating unit ("CGU") in Hong Kong. As goodwill is an intangible asset, the write-down did not affect the cash flows and hence the distributions. Nonetheless, this meant the Trust incurred an accounting loss of HK\$16.0 billion, and loss attributable to unitholders of HK\$17.2 billion.

Excluding the goodwill impairment, net profit after tax for the full year 2014 was over HK\$2.9 billion, 0.7% below 2013 due to substantial increase in taxation, while net profit after tax attributable to unitholders was HK\$1.8 billion, representing a 8.0% year-on-year increase.

THROUGHPUT ROSE DESPITE CHALLENGING OPERATING ENVIRONMENT

Overall, HPH Trust's deep-water ports handled 24.2 million TEU, 6.3% more throughput than in 2013, in the face of a very challenging operating environment. The combined throughput of HIT, COSCO-HIT and ACT grew by 4.7%, while throughput for YICT grew by 8.1% year-on-year.

YICT's throughput growth was primarily due to growth in transshipment, U.S. and empty cargoes, and as a result of the throughput mix, average revenue per TEU for China was slightly lower than 2013. Container throughput growth for HIT was 2.1% year-on-year, mainly due to higher transshipment volume, but was partially offset by weaker intra-Asia cargoes. Average revenue per TEU for Hong Kong was higher than last year due to favourable throughput mix from liners.

Contributions to the top line by the Trust's China operations continued to be on a consistent uptrend, accounting for 57.8% of total revenue, a 2.9% increase from the 54.9% in 2013.

The Trust's reputation as the preferred deep-water ports operator in the PRD was crucial in softening the effects of the lukewarm economic climate, allowing it to hold steady relative to its peers in terms of throughput.



STRONG CASH BALANCE AND CONTINUED STABLE DISTRIBUTIONS

HPH Trust concluded the year with a 34.0% increase in cash balance, with a strong cash position of HK\$7.8 billion.

Cash generated from operations was HK\$6.7 billion, and net cash from operating activities was HK\$5.4 billion, representing a year-on-year increase of 7.4% and 4.7% respectively.

Similar to the previous year, HPH Trust has recommended a total payout of HK\$3.6 billion in distributions to unitholders for 2014, representing a DPU of 41 HK cents and a distribution yield of 7.7% based on the market price of US\$0.69 on 31 December 2014.

Under the conditions of a muted global economy, prudent cash flow management and maintaining stable cash distributions continue to remain at the forefront of the Trustee-Manager's priorities.

BALANCED CAPITAL STRUCTURE

HPH Trust has a balanced capital structure with leverage of about 53%. Short-term debt forms only about a quarter of total consolidated debt. The Trust's total outstanding bank loans amount to HK\$33.8 billion, and the majority of them are unsecured. Details of the bank loans are set out on page 97 of the Annual Report.

FINANCIAL OUTLOOK FOR 2015

Looking ahead, U.S. economic outlook for 2015 is expected to be favourable, in line with a strengthening economy, positive consumer spending, and lower unemployment rates. Accordingly, outbound cargoes to the U.S. should continue to display an upward trend. China's economic outlook also remains positive for 2015, as the government has committed to sustaining reasonable expansion, such as cutting interest rates to spur growth.

On the other hand, the European Central Bank has implemented more aggressive policy stimulus to boost the sluggish Eurozone economy, as evidenced by



continued weak outbound cargoes to the Eurozone. Cargo volume for transshipment and the niche trade routes of Far East, Africa, Central and South America and Oceania is projected to increase moderately.

Leading liners continue to form large carrier alliances and strengthen their mega-vessel fleets. HPH Trust with its well-built infrastructures, natural deep-water channels and mega-vessel handling capabilities, is well positioned to cater to this trend.

Building on its cutting-edge infrastructure and strong fundamentals, HPH Trust will continue to drive growth by focusing on managing cash flows through appropriate financing arrangements, managing capital expenditure, controlling working capital needs and optimising capital deployment with the objective of providing stable annual distributions to unitholders.

FUN FACT

DID YOU KNOW?

If placed end-to-end, the combined length of the container berths at the Trust's ports would be 12,952m, equivalent to more than 15 times the height of the Burj Khalifa, the world's tallest building!



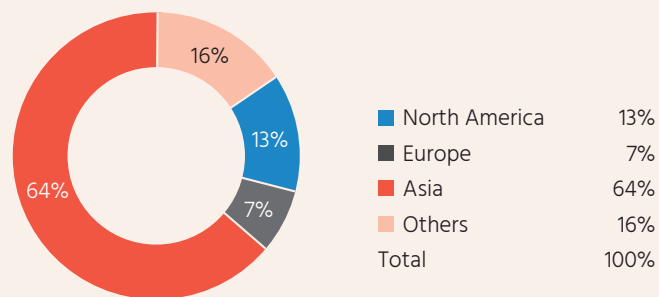
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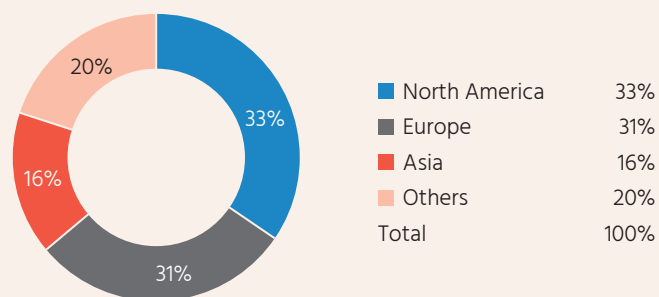


OPERATIONAL REVIEW

PROPORTION OF WEEKLY SERVICES BY TRADE ROUTES



HIT, COSCO-HIT AND ACT



YICT

OPERATIONAL REVIEW

A YEAR OF SUSTAINED PERFORMANCE

The Trust maintained a steady operational record in 2014, and plans to expand the capabilities of its ports. Numerous enhancements were completed throughout the year, and many more are on track for completion. These include investments in new equipment at HIT in Hong Kong, and the establishment of the new Yantian Haiphong service at YICT in Shenzhen. Aside from the various improvements, the Trust continued to achieve outstanding operational performance, including breaking the monthly throughput record at YICT, and servicing a steady stream of mega-vessel calls throughout the year.

In seeking to retain its position as the leading port operator in the PRD, and to improve its outstanding operational track record, the Trust also undertook a series of initiatives that served to enhance operational efficiency and safety, including programmes and awareness campaigns that reduced accidents. These initiatives provided a solid platform for the Trust as it navigated a year filled with changes in both the industry and the global economy.

THE REGIONAL LEADER IN HANDLING MEGA-VESSELS

Mega-vessels continued to remain a prominent fixture throughout the industry, with even larger mega-vessels being deployed in 2014. The Trust's ports remained the regional leader in mega-vessel handling, with their strategically contiguous berths and natural deep-water channels, and the unique capability of simultaneously handling multiple such vessels in the region.

Mega-vessel calls at the Trust's Hong Kong ports increased in 2014, with a total of 330 such vessels handled. Some of the larger mega-vessels to call at the Trust's Hong Kong ports included the *CMA CGM Marco Polo* and *CMA CGM Jules Verne*, both with carrying capacities of 16,000 TEU.



Over in Shenzhen, YICT once again serviced some of the largest mega-vessels. YICT received a total of 1,033 mega-vessels in 2014, including the *CSCL Globe*, with a carrying capacity of 19,100 TEU, and the world's first LNG-ready mega-vessel, the 14,500 TEU *Sajir*. In early 2015, YICT welcomed the world's largest mega-vessel, *MSC Oscar*, with a carrying capacity of 19,224 TEU, at 395.4 metres in length and 59 metres wide.

ENHANCING OPERATIONS THROUGH TECHNOLOGY AND SAFETY

In 2013, there were 16 container berths and 65 quay cranes spreading across the Trust's ports in Hong Kong. In 2014, HIT took delivery of two additional barge quay cranes, the first of their kind in southern China, bringing the total number of quay cranes at the Trust's Hong Kong ports to 67. The barge cranes, with a lifting height of 18 metres and a maximum loading weight of 35 tonnes, are capable of handling containers stacked seven rows across; and allow HIT to service the largest barges currently in service.

At ACT and COSCO-HIT, the control towers of both terminals were integrated in June 2014, enabling

seamless connectivity between both terminals. Following the commencement of the strategic partnership between COSCO Pacific and CSTD in March 2014, the combined berth length of Terminal 8 amounted to 1,380 metres, the longest in Hong Kong, and enable ACT and COSCO-HIT to jointly service 3 mega-vessels with carrying capacities larger than 13,000 TEU simultaneously. Improvements were also made to 25 bollards at ACT, enhancing the terminal's berthing capacity from 50 tonnes to 150 tonnes.

The Trust also took steps to improve operational safety through the launching of various initiatives in 2014 that reduced accidents and injuries. These initiatives included safety programmes, which focused on stevedore safety and vessel lighting, as well as safety awareness campaigns, which included the HPH Trust Safety Quiz, and a slogan and logo competition. Throughout the year, safety talks were held at the terminals to enhance awareness of various topics such as first aid and port traffic safety.

RAISING PUBLIC AWARENESS ON PORT OPERATIONS

Throughout the past year, around 11,400 visitors were invited for guided tours at the Trust's port facilities, and for meetings with management. These included visitors from government delegations, customers, students as well as others who sought to better understand how the Trust's ports operate.

STRENGTH IN THROUGHPUT PERFORMANCE

Combined throughput of the Trust's Hong Kong ports was 12.5 million TEU for 2014. HIT, COSCO-HIT and ACT together recorded an average of 188 weekly shipping line services by trade routes. This was a direct benefit of Hong Kong's free port status and the city's position as a globally-recognised transshipment hub.

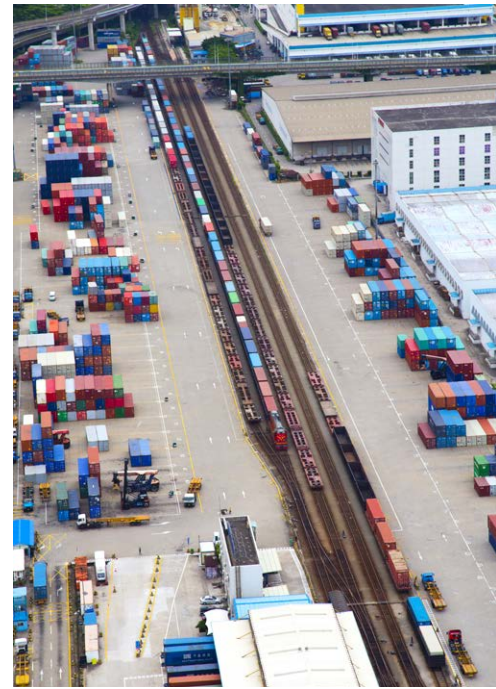
YICT once again achieved outstanding throughput volumes in 2014. This included the handling of more than 1 million TEU each month for five consecutive months, from July to November 2014. Among these was a record-breaking August throughput of 1,212,357 TEU, surpassing its previous record of 1,114,297 TEU set in 2012. The new record is symbolic of the

expansive capabilities of the port, the dedication of its staff, and the efficiency of its practices. Interestingly, YICT also handled its 123,456,789th TEU in early 2015. The milestone was recognised as an auspicious event for the port, but also highlighted the port's unquestionable operational efficiency, given that it handled its 100 millionth TEU a mere two years prior. These achievements brought YICT's overall throughput for the year to 11.7 million TEU.

The Trust expects significant increase in handling capability upon completion of three additional deep-water berths at West Port Phase II. YICT also has a network of 92 weekly shipping line services by trade routes, an affirmation of its position as the leading Origin & Destination ("O&D") cargo hub in the region and as the gateway to Guangdong, one of the densest manufacturing regions in the world.

LOOKING TOWARDS THE FUTURE

The Trust capitalises on its position as a leading regional port operator, with its advanced infrastructure, natural deep-water channels and long contiguous berths, to raise throughput volumes and increase customer satisfaction. Operationally, plans have been put in place to ensure that best practices are retained and continuously improved



upon, and that lessons learned from operational experience are shared across all of the Trust's ports. An initial step in this process is the launch of a cross-departmental project at HIT, that aims to continually and systematically evaluate and improve on operational efficiency.

The Trust is confident that its port facilities will remain best-in-class, by capitalising on advanced technologies, and improving the skills of its workforce. The ability to adapt to the rapidly changing industry trends enables the Trust to overcome all challenges and maintain its renowned stability, and to look toward the future with sound, effective plans.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



Daytime aerial view of YICT

1. STAKEHOLDER ENGAGEMENT

Throughout the year we interacted with many different stakeholders, including unitholders, customers, suppliers, financial institutions, and our very own employees. With each group, we aim to identify their individual concerns, and work with them to foster a strong, dynamic professional relationship. Communication is an essential aspect of business and we continually seek to strengthen our established networks with the various stakeholder groups.

1.1 UNITHOLDERS

Over the years, the Trust's investor base has gone from strength to strength. Maintaining frequent communication with our investors is a core aspect of our operations, and we actively engage with unitholders and the financial community during the course of the year through quarterly financial updates, results briefings, global non-deal roadshows, industry conferences and various investor outreach events.

1.2 CUSTOMERS

We count all of the world's top carriers amongst our customers, and work hard to meet their needs under the changing industry dynamics, to ensure the best overall customer experience possible.



China's first Port Vocational Skills Competition was held at YICT

YICT Customer Communication Session

In June 2014, YICT held a Customer Communication Session focusing on recent innovative developments at the port. Around 200 attendees participated in the session, including cargo owners, freight forwarders and representatives from shipping lines, warehousing enterprises and port authorities. During the session, YICT representatives shared with customers the terminal's latest port facility upgrades to extend mega-vessel handling capabilities, faster clearance procedures, and auto-gate project.

1.3 EMPLOYEES

Our employees form the core of our business and operations. Over the years, we have nurtured many employees and enabled them to carve out successful careers with us. We recognise how essential they are to the organisation, and believe that training and dialogue are key to maintaining a committed, effective workforce.

Shenzhen Quay Crane Operating Event

Staff from YICT participated in the Shenzhen Quay Crane Operating Event, held in July 2014. Among the staff who took part, seven finished in the top ten, with the top four places going to

YICT employees. The event was part of the 8th Shenzhen Vocational Skills Competition and in which a total of 63 contestants from Shenzhen's major container terminals took part.

HIT Children Scholarship

HIT once again held a ceremony to present scholarships to recipients of the 2014 HIT Children Scholarship Award. The scholarship recognises children of employees who have achieved outstanding academic results in their secondary education. Candidates for the scholarship were evaluated by a panel comprising managers from different departments who evaluated their academic results in public exams, and other non-curricular achievements.

Recipients of the HIT Children Scholarship with Mr. Gerry Yim, CEO of HPH Trust



Vocational Skills Competition

In late 2014, the National Vocational Skills Competition for the Transport Industry was held at YICT. The annual event, which tests the vocational skills of various groups within the transport industry, focused on the port sector for the first time, and attracted approximately 3,000 contestants. The event had competitions covering quay crane and forklift operations. Quay crane operators had to demonstrate the stability and accuracy of their control over the hoist, while forklift operators had to demonstrate stability, accuracy and speed. The competition also included written theory tests.

After a grueling test of both their operational and theoretical knowledge, representatives from YICT were crowned champions of both the quay crane and forklift segments. Crane operators from YICT also clinched the second and third places in their category, while forklift operators came in first, fourth and seventh. The combined results of the YICT participants enabled the Shenzhen Port delegation to win the overall group championship.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1.4 SUPPLIERS AND VENDORS

When selecting vendors and suppliers, the Trust adheres to a standard policy devised to provide a holistic assessment of the vendor or supplier, including their quality of services and products, past performance and financial position.

Vendor Forum at YICT

In August 2014, Lowe's, a leading home improvement retailer, hosted a vendor forum at YICT. The forum attracted around 120 suppliers of the brand's furniture, home decorations and landscaping products from southern China, and representatives from YICT were also present at the forum to introduce terminal operations, container rail services and port clearance procedures.

Lowe's has been a valued client of YICT for the past 15 years, relying on the terminal's position as a global gateway to deliver its products to the Americas and Europe. With the region's most extensive weekly sailings to the Americas and Europe, YICT continues to provide a wide variety of logistics support services to Lowe's and many other customers.

9th China (Shenzhen) International Logistics and Transportation Fair

YICT was a participant at the 9th China (Shenzhen) International Logistics and Transportation Fair ("CILF"), held in October 2014 at the Shenzhen Convention and Exhibition Centre. CILF is an ideal platform for YICT to introduce its services and the latest developments to

shipping lines, cargo owners, freight forwarders, third-party logistics advisors and government officials. At the event, YICT promoted its status as a preferred port-of-call for mega-vessels and highlighted other programmes available at the terminal, such as its new port clearance initiatives, which ensure efficient terminal operations.

1.5 GOVERNMENT

We understand that respecting legal frameworks within our operating jurisdictions is key to smooth, long-term operations. We maintain constant contact with regional authorities and ensure compliance with the latest laws and regulations.

2. WORKPLACE QUALITY

Our staff carry out their daily duties across a diverse range of working environments. Whether it involves guiding vessel operations from within a command centre, moving containers through a quay crane, or repairing a forklift in a workshop, we recognise that a healthy working environment is a top priority. Ensuring that all employees can carry out their tasks in a safe and efficient manner is the basic step towards improving employee satisfaction, which in turn benefits productivity levels and service standards.

2.1 WORKING CONDITIONS

HIT's new staff changing room

The frontline staff changing room renovation project at HIT was

completed in July 2014, and the official re-opening of the facilities was marked by a ceremony involving staff and management of HIT. The renovation was part of a series of yard improvement initiatives launched in 2013, giving the changing rooms at HIT a new lease on life.

2.2 HEALTH AND SAFETY

HIT launched "Live a Better Life" programme in September 2014

In an effort to encourage a healthy lifestyle among employees, the Human Resources department of HIT rolled out the "Live a Better Life" programme, beginning in September 2014. This initiative encompasses themes like raising awareness about exercise, a healthy diet, the importance of medical check-ups, low carbon living, and simple steps to preventing chronic diseases such as high blood pressure.

HIT staff won the Silver Award at the 2014 Best Occupational Safety and Health Employee Awards

A staff member of HIT's engineering department, Wong Pak Ki, received the Silver Award for the Individuals Campaign in the 2014 Best Occupational Safety and Health Employee Awards organised by the Occupational Safety & Health Council together with the Labour Department.

The award aims to raise awareness of safety and health in the workplace, and rewards employees who foster the development of occupational safety and health. The award presentation ceremony was held on 28 April 2014, with Mr. Matthew Cheung Kin-chung, GBS, JP, Secretary for Labour and Welfare of HKSAR, as the guest-of-honour.

Opening of the Yantian Maritime Safety Administration Inspection Yard

The Yantian Maritime Safety Administration Inspection Yard officially opened on 11 June 2014, and is China's first inspection yard dedicated to handling containerised dangerous cargo. Located at YICT's West Port, the yard marks a new phase in YICT's ability to handle dangerous cargo and enhances both its service levels and competitive strengths.



YICT staff members at the 9th China (Shenzhen) International Logistics and Transportation Fair



Firefighters from the Hong Kong Fire Services Department collaborated with HIT for its annual fire drill

HIT signed Kwai Tsing Safety and Health Charter

HIT Assistant General Manager of Operations, Franco Ning, signed the Kwai Tsing Safety and Health Charter on 27 June 2014, declaring the terminal's commitment to continue promoting safety and health in the district. Kwai Tsing is the first "Safe Community" designated by the Occupational Safety & Health Council ("OSHC"), and was the first district in Hong Kong to receive the title in 2003.



HIT Safety Slogan and Logo Competition

HIT's Safety and Health Committee's Safety

Slogan and Logo Competition drew overwhelming response, with nearly 300 submissions from both HIT staff and external contractor staff. Prizes were presented on 30 June 2014, and the winning entries were printed as banners and displayed in various locations around the yard and office buildings.

HIT also has a number of other programmes to enhance frontline staff's awareness of occupational safety and health issues, such as safety videos, an occupational safety and health "Innovative Incentive Plan", a safety quiz, and other regular activities such as safety talks and inspections.

HIT's annual fire drill

HIT conducted its annual fire drill in collaboration with the Hong Kong Fire Services Department on 29 October 2014. This year's scenario involved a simulation of a tractor carrying a 20-foot container that was on fire, with the driver (simulated by a dummy) trapped inside the cab.

2.3 DEVELOPMENT AND TRAINING

We are committed to nurturing and developing our employees, giving them opportunities to grow with the company. To this end, we provide our staff with a variety of learning opportunities, such as training courses, thematic seminars, sharing sessions, vocational-based workshops and web-based learning. In January 2014, we established a new Training Centre, situated at Terminal 8 West, for conducting technical training programmes, generic skills and people management programmes. Internally, we facilitate job rotations for talented staff to widen their exposure to different functions within the organisation. It is our goal to retain and develop home-grown expertise to maintain our leading market position.

2.4 RECRUITMENT AND PROMOTION

A key aspect of our operations is to ensure that we have a reliable, skilled workforce for the long-term success of our business. We regularly

review operational requirements and employment practices, and seek to recognise the commitment and abilities of our employees through promotions and other incentive programmes.

HPH Trust is an equal opportunity employer, with employees progressing along a well-established and transparent grading structure. We welcome applications from all qualified candidates, and frequently participate in job fairs and campus talks with the aim to attract young talent.

3 SUSTAINABILITY AND ENVIRONMENTAL PROTECTION

For the Trust, conducting our operations in an environmentally-conscious way is not simply about completing a checklist. It is a key area of focus in how we do business at all our terminals. We have set and will continue to maintain a good track record particularly in energy efficiency, pollution prevention, emissions reduction, operational sustainability and environmental protection.

Indoor Air Quality Good Class Certificate

On 25 February 2014, HIT was presented with the Indoor Air Quality ("IAQ") Good Class Certificate for Tower 1 and 2, and several floors at Tower 3 and 4. The award recognises HIT's efforts in implementing good IAQ practices, and maintaining good air quality inside its office buildings.

HIT renewed its ISO 14001 environmental management system certification

HIT successfully renewed its ISO 14001 environmental management system certification, after completing a full audit on 3 and 4 June 2014. The ISO 14001 system provides practical tools for companies to identify and control the environmental impact of their operations, and to constantly improve their environmental performance. HIT was first certified in 2011.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

YICT released fingerlings at Mirs Bay
YICT, together with Yantian Port Group, released over 570,000 fingerlings into its surrounding waters at Mirs Bay on 22 July 2014. The event, which began in 2009 and is now in its sixth year, has released over 45 million fish and shrimp fingerlings into the port's waters, and contributes to YICT's commitment to its "Green Port" practice.

HIT Environmental Week
As part of HIT's Environmental Week, the terminal launched a two-day event on 23 October 2014 at its Sports Centre, which was decorated with display boards about HIT's numerous environmental programmes and initiatives. An auction selling second-hand and new goods raised nearly HK\$23,000 for a local hospital. An environmental awareness video was also screened, and staff were given souvenirs of home-made soap and cleaning spray made from recycled items.



Rubbish bins were painted during HIT's graffiti workshop, and placed around the container yard

HIT held graffiti workshop
HIT held the city's first-ever graffiti art project in a container terminal on 23 September 2014, in conjunction with The Warehouse Teenage Club, a local non-governmental organisation. Staff from the Trust's business units and external contractors, as well as their families and friends, were invited to participate in the graffiti workshop to promote recycling. The rubbish bins were placed around the yard, and usage of these bins have increased significantly since then.

A second graffiti workshop was organised on 31 January 2015, for the students from CCC Yen Ching College, IVE Tsing Yi and IVE Kwai Chung and members of the public. The workshop was led by famous professional graffiti artist "Uncle", who together with


participants painted seven rubbish bins which were also placed around HIT's container yard.

HIT received an incentive from CLP Group for its commitment to working together for emissions reduction
CLP Group, a local utility company in Hong Kong, gave HIT an incentive cheque for its cooperation on load reduction during the peak demand hours from June to October 2014. Throughout the exercise, CLP did not need to operate its standby turbine to serve the peak period. As a result, no carbon emissions were generated by this standby turbine.

COSCO-HIT acquired new LPG-powered forklift
COSCO-HIT purchased its ninth new liquefied petroleum gas ("LPG") forklift, which is a more environmentally-friendly option than the traditional diesel-powered one. Since phasing out diesel-powered forklifts three years ago, COSCO-HIT has only purchased LPG-fueled forklifts.

4 OPERATING PRACTICES

Given the scale of our operations, the Trust has in place stringent frameworks and processes that ensure smooth, uninterrupted operations. Periodic reviews are carried out to ensure that all practices maintain the highest levels of safety, security and efficiency, and that all certifications and guidelines are up-to-date.



FUN FACT

DID YOU KNOW?

The Trust employs a total of 4,300 full-time staff at its ports, enough to fill almost 35 double-decker buses!

4.1 SUPPLY CHAIN MANAGEMENT

In our interactions with and selection of vendors, the Trust adheres to a strict framework and stringent series of protocols. Assessments of vendors are done in a fair and unbiased manner, with the entire tender process clearly communicated to each potential vendor. We also ensure that appropriate channels are established with our stakeholders, to facilitate transparent communication and swift reporting of any suspected improprieties.

HIT staff and the management team at the launch of HIT's Environmental Week





HIT summer interns presenting their case study

4.2 CUSTOMER PROTECTION

Technology is key to the way the Trust operates and interacts with customers, and it is therefore crucial to safeguard how it is used with respect to data privacy and integrity of intellectual property. We implement strict data protection mechanisms to ensure the confidentiality of our customers' information.

4.3 ANTI-CORRUPTION

In establishing a strong internal control framework, stringent policies and a vigorous enforcement regime, the Trust has put in place a series of measures against corruption and fraud.

The executive management set a tone of zero-tolerance on corruption and fraud. Such a strong stance is reflected in the Trust's policy on the subject which is communicated to all employees. To reinforce and remind third-party suppliers of this position, the Trust has incorporated suitable clauses into its supply contracts, and such efforts are further strengthened by our internal audit function.

When there is an incident or suspected incident of corruption or fraud, we will initiate a review of the matter immediately. Furthermore, cases belonging to certain criteria are brought to the attention of the Audit Committee and executive management, and thoroughly investigated by our internal auditors. We have also established whistle blower channels for anonymous reports on suspected or actual irregularities or misdeeds. The Trust also cooperates fully with law enforcement agencies in any of their investigations.

5 EDUCATION AND COMMUNITY INVOLVEMENT

The local communities are the lifeblood of the locations in which we operate. As good corporate citizens, we aim to create a positive impact by nurturing the youth, supporting the elderly, and providing opportunities for employment in the various locations. Every year, our employees volunteer outside of their work schedules to organise and participate in a host of activities aimed at contributing back to the society.

The Trust takes a strong anti-corruption and anti-fraud stance, which is an important part of its overall governance framework. Assets and the hard-earned profits of Unitholders are key priorities of the Trust and we dedicate adequate resources to ensure that they are safeguarded.

5.1 NURTURING OUR YOUTH

HIT presented study incentive to Dock School students

HIT presented "study incentive" awards to students at the graduation ceremony of its Dock School, the Tsuen Wan Trade Association School, on 27 June 2014. The award is presented to the top three students in each grade, and is designed to encourage the students to excel in their studies.

HIT presented awards to Dock School Final Year Project Competition winners

On 3 July 2014, HIT Managing Director Gerry Yim presented awards to the winning teams of the Final Year Project Competition, which is part of its Dock School Programme. The top three of a total of 12 teams received certificates and incentive awards for their projects, in which they were tasked to focus on a different container port using the theme "Maritime Transport Management". The Dock School Programme aims to promote the maritime industry as a career option for students.

Kwai Tsing District Youth Community Service Competition

The Kwai Tsing District Youth Community Service Competition organised an oath-taking rally on 17 October 2014. The competition aims to boost teenagers' awareness of social responsibility and encourage their contributions to the

community. This is the 17th year that HIT has participated as a sponsor, and a total of 22 teams joined the event.

HIT sponsored logistics contest for secondary school students

On 22 November 2014, HIT sponsored the Secondary School Contest organised by the Hong Kong Institute of Vocational Education Tsing Yi. This event is a quiz about general knowledge of the logistics industry, with the aim of encouraging students to consider logistics as a future career. Students who joined the contest had a chance to visit HIT and learn more about the logistics industry. HIT has been supporting this event since 2009.

Partner Employer Award for HIT

On 29 November 2014, HIT received the Partner Employer Award from The Hong Kong General Chamber of Small and Medium Business. The award recognises HIT's offer of summer internships and job opportunities to local college students. Mr. Matthew Cheung Kin-chung, GBS, JP, Secretary for Labour and Welfare of HKSAR, was the presenter of the award.

First ever HIT Scholarship for outstanding students

HIT launched the inaugural HIT Scholarship which offers financial support to outstanding students pursuing a Higher Diploma in Logistics & Transport Operations at HKU SPACE Community College. The Start Your Journey @ Port programme was also launched for students pursuing a Higher Diploma in Logistics & Transport Operations and Engineering. The programme encompasses lectures, placements, scholarships, and terminal visits aimed at enhancing students' industry knowledge, and nurturing a passion for developing careers in logistics.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

HIT summer interns presented case study

This year's summer interns at HIT were presented with the case study topic "Live a better life at HIT". A total of 22 interns were divided into three groups, each focusing on a different topic: the food pyramid, a low carbon diet, and organic food. Their findings were presented to other colleagues through email tips, display boards and game booths around the office. The interns underwent eight weeks of apprenticeship.

5.2 PAYING TRIBUTE TO OUR ELDERLY

YICT staff visited elderly residents during Lunar New Year

YICT staff delivered Lunar New Year greetings and gifts to the elderly residents of the Yantian District Welfare Centre on 30 January 2014. They also decorated the centre with red lanterns and paper-cut artwork to create a festive atmosphere.

YICT volunteers celebrated Seniors' Day with elderly residents

On 28 September 2014, YICT volunteers and staff representatives attended a party to celebrate Seniors' Day with the elderly residents of the Yantian District Social Welfare Centre. YICT staff brought towel sets and stewing pots as gifts for the residents, and received a plaque to commemorate their efforts.

ACT and COSCO-HIT visited elderly homes

Volunteers from ACT and COSCO-HIT joined the Senior Citizen Home Safety Association on two occasions in July and November 2014, to visit the elderly who use the personal emergency link service. Volunteers ensured that the elderly understood how to and were able to properly use the service; and briefed them on home safety and security measures.



A YICT staff member presenting gifts to elderly residents of the Yantian District Welfare Centre

Cho Yiu Elderly Health Centre

HIT continued to support South Kwai Chung Service Centre in opening the Cho Yiu Elderly Health Centre on 15 December 2014, which was hosted by Chow Yik Hay, General Secretary of South Kwai Chung Service Centre. The centre serves as a meeting ground for the elderly to learn about health, diet as well as the use of and access to exercise equipment. In a bid to free up resources in the healthcare system, patients who have been discharged from hospital can receive follow up service of their cases at the centre.

5.3 COMMUNITY AND SOCIAL WELFARE

Caring Company Logo

On 28 February 2014, the Hong Kong Council of Social Services awarded the Caring Company Logo to HPH Trust member companies. HIT received the 10 Year Plus Caring Company Logo and APS received the 5 Year Plus Caring Company Logo; Hutchison Logistics (HK) was also awarded the Caring Company Logo.

Care and Consideration Award for HIT

HIT received the Care and Consideration Award from the Social Welfare Department in March 2014. The award recognises the efforts of HIT's volunteers and their commitment towards the elderly. Over the years, HIT's Community Caring Group has organised numerous activities for elderly people living in the Kwai Tsing and Tsuen Wan districts, including house cleaning, tours, and festival parties.

HIT participated in Anti-Drug and Crime Carnival

On 2 November 2014, HIT took part in an Anti-Drug and Crime Carnival organised by the Hong Kong New Territory South Police at the Kwai Chung Sports Ground. HIT was presented with a certificate recognising its commitment to the community, and its game booth design won second prize.

FUN FACT

DID YOU KNOW?

The average lifespan of a quay crane at any of the Trust's ports is about 35 years, slightly shorter than the amount of time that the twin spacecraft Voyager 1 and Voyager 2 have been traveling through space, since their launch in 1977.

INVESTOR RELATIONS

We view sustained communication with our stakeholders as an essential component of good corporate governance. Practices such as the timely provision of information, participation in investor conferences, and reaching out to various research houses, have allowed the Trust to develop strong long-term relationships with our key investors. Our investor relations team continues to facilitate effective and meaningful conversations between the Trust and our stakeholder groups through various initiatives and communication channels.

FINANCIAL RESULTS AND CORPORATE LITERATURE

All announcements, whether related to our financial results or corporate developments, are published in a timely manner on both our corporate website (www.hpitrust.com), as well as on the online portal of the SGX, SGXNET. Our website also allows both current and potential stakeholders to register for individual email notifications, which are automatically disseminated upon release of the announcements. Where relevant, these are also simultaneously distributed to the media, ensuring accessibility via a number of sources.

We also publish our annual report at the end of each financial year, by April of the following year. This is made available on both SGXNET as well as our website, and is also distributed to stakeholders in CD-Rom or printed format. All corporate announcements and the Trust's published annual report can be accessed through the "Investor Centre" section of the HPH Trust corporate website (http://www.hpitrust.com/investor_home.html).

From time to time, and particularly in conjunction with the release of financial results, management organises physical briefings for analysts, fund managers, equity stake representatives, unitholders and various other investor groups. For those unable to attend, management may also arrange teleconferences with either small groups or individual investors. During these briefings and teleconferences, management provides updates on the business, as



Unitholders at HPH Trust's AGM in Singapore in 2014

well as the outlook for the Trust and the industry as a whole. The largest of these is the Annual General Meeting ("AGM"), which is held in Singapore each year, following the release of our full year results.

CONFERENCES, BRIEFINGS AND ROADSHOWS

In line with efforts to foster good relationships and maintain open dialogue with the global investor community, management regularly participates in investor conferences, small group, one-on-one meetings and non-deal roadshows.

In 2014, the Trust met with over 200 analysts and investors from around the world, in both individual dialogues and larger group events such as investor conferences. We also attended roadshows and key investor conferences spanning Hong Kong and Singapore, and various cities across Japan, Europe and U.S. These include Barclays Asia's Infrastructure and Transportation Corporate Day, DBS's Pulse of Asia Conference, Deutsche Bank's 5th Annual dbAccess Asia Conference, HSBC's 8th Annual Shipping Conference, and Morgan Stanley's 13th Annual Asia Pacific Summit.

RESEARCH COVERAGE

Senior management and the investor relations team maintain close contact

with research houses since the Trust was listed in 2011. This ensures that investors have easy and timely access to research and analyst reports, which are key to keeping them abreast of the Trust's ongoing operational progress and financial position.

There are currently approximately 15 research houses covering the Trust, including Barclays, Citi Research, CLSA, Credit Suisse, DBS Vickers, Deutsche Bank, Goldman Sachs, HSBC, Jefferies, J.P. Morgan, Macquarie, Merrill Lynch, UBS, UOB Kay Hian and Value Investment Principals.

SITE VISITS

Management periodically conducts guided tours of the Trust's facilities, to provide analysts and interested investors with an in-depth look at our operations. We welcome all interested parties to our port, and regularly host VIPs, foreign and local dignitaries, and ministry officials on tours of our facilities.

In 2014, some notable visitors included His Excellency Dr. Ahmed Mohammed Salem Al Futaisi, Minister of Transport and Communications from Sultanate of Oman; Mr. Sun Weon-Pyo, President of Yeosu Gwangyang Port Authority from Korea; Mr. Li Bing, Chairman of Yantian Port Group from Shenzhen, and Mr. Tsuyoshi Takagi, Senior Vice-Minister of Land, Infrastructure, Transport and Tourism of Japan.

CORPORATE INFORMATION

TRUSTEE-MANAGER

Hutchison Port Holdings Management Pte. Limited
(incorporated in the Republic of Singapore with limited liability)

BOARD OF DIRECTORS

Chairman and Non-executive Director

Mr. FOK Kin Ning, Canning, BA, DFM, CA (Aus)

Deputy Chairman and Non-executive Director

Dr. John Edward Wenham MEREDITH, CBE, LLD (Hon.)

Executive Director

Mr. IP Sing Chi, BA

Non-executive Director

Mr. Frank John SIXT, MA, LLL

Independent Non-executive Director and Lead Independent Director

Mrs. SNG Sow-Mei (alias POON Sow Mei), BA, PPA(P)

Independent Non-executive Directors

Mr. CHAN Tze Leung, Robert, BSc (Econ), MBA
Mr. Graeme Allan JACK, BCom, CA (Aus), FHKICPA
Prof. MA Si Hang, Frederick, BA, GBS, JP
Mr. Kevin Anthony WESTLEY, BA, FCA, BBS

AUDIT COMMITTEE

Mr. Graeme Allan JACK (Chairman)
Mr. Frank John SIXT
Mrs. SNG Sow-Mei (alias POON Sow Mei)

REGISTERED OFFICE

50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Telephone: (65) 6536 5355
Fax: (65) 6536 1360

COMPANY SECRETARY

Ms. LIM Ka Bee

UNIT REGISTRAR AND UNIT TRANSFER OFFICE

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Telephone: (65) 6536 5355
Fax: (65) 6536 1360

AUDITOR

PricewaterhouseCoopers LLP
8 Cross Street
#17-00 PWC Building
Singapore 048424
Telephone: (65) 6236 3788
Fax: (65) 6236 3300

Partner-in-charge: Mr. SOH Kok Leong
Date of appointment: 23 February 2011

PRINCIPAL BANKERS

DBS Bank Ltd
Bank of China Ltd
China Construction Bank Corporation
Industrial and Commercial Bank of China Ltd
Standard Chartered Bank (Hong Kong) Ltd
The Hongkong and Shanghai Banking Corporation Ltd

CORPORATE DIRECTORY

Company Registration No.: 201100749W
Website: www.hphtrust.com

CORPORATE GOVERNANCE REPORT

HPH Trust is a business trust constituted under the Business Trusts Act, Chapter 31A of Singapore ("BTA"). Hutchison Port Holdings Management Pte. Limited ("Trustee-Manager") as the trustee-manager of HPH Trust is responsible for managing the business of HPH Trust as defined in the deed of trust dated 25 February 2011 and the first supplemental deed dated 28 April 2014 (collectively, "Trust Deed").

The Trustee-Manager strives to attain and maintain high standards of corporate governance best suited to the needs and interests of HPH Trust group companies ("Group") as it believes that effective corporate governance practices are fundamental to safeguarding interests of unitholders and other stakeholders and enhancing unitholder value. Accordingly, the Trustee-Manager has adopted and applied corporate governance principles that emphasise a quality Board of Directors ("Board"), effective internal controls, stringent disclosure practices, transparency and accountability. It is, in addition, committed to continuously improving these practices and inculcating an ethical corporate culture.

The Board sets out in this report the corporate governance principles and practices in place for the year ended 31 December 2014 in reference to the BTA, the Business Trusts Regulations 2005 ("BTR") and the Code of Corporate Governance 2012 ("Code").

HPH Trust has complied throughout the year ended 31 December 2014 with all the principles and guidelines of the Code, where applicable.

BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1

The Board, which is accountable to unitholders for the long-term performance of HPH Trust, is responsible for directing the strategic objectives of HPH Trust and overseeing the management of the business. Directors are charged with the task of promoting the success of HPH Trust and making decisions in the best interests of HPH Trust with due consideration on sustainability issues. The Board has established a framework for the management of HPH Trust, putting in place all relevant internal controls and risk management processes.

The Board, led by the Chairman (Non-executive), Mr. Fok Kin Ning, Canning, determines and monitors Group-wide strategies and policies, annual budgets and business plans, evaluates the performance of HPH Trust, and supervises the management of HPH Trust ("Management"). Management is responsible for the day-to-day operations of the Group under the leadership of Mr. Yim Lui Fai, Gerry, the Chief Executive Officer ("CEO").

The Board has established an Audit Committee to assist it in discharging its responsibilities.

The Board meets at least once every quarter with all Board and Board Committee meetings and the Annual General Meeting dates scheduled well in advance, in consultation with the Board. Among other things, the Board approves the quarterly and full-year financial results for release to the Singapore Exchange Securities Trading Limited ("SGX-ST") and material transactions requiring announcements under the Listing Manual of the SGX-ST. As and when necessary, Board meetings are also supplemented by resolutions circulated to Directors for decisions.

The Trustee-Manager has adopted and documented internal guidelines setting forth matters reserved for Board approval ("Reserved Matters"). The Reserved Matters include:

- (a) Matters in relation to the overall strategy and management of the Group;
- (b) Material changes to the Group's capital or corporate structure;
- (c) Matters involving financial reporting and distributions;
- (d) Major investments, major capital projects and material transactions not in the ordinary course of business;
- (e) Transactions between the Trustee-Manager for and on behalf of the Trust and any of its related parties; and
- (f) Matters which require Board approval as specified under the SGX-ST Listing Manual, BTA or other relevant laws and regulations.

CORPORATE GOVERNANCE REPORT

The Board held four Board meetings in 2014 with an average Director attendance of approximately 97%.

NAME OF DIRECTOR	ATTENDED/ELIGIBLE TO ATTEND
CHAIRMAN AND NON-EXECUTIVE DIRECTOR	
Mr. Fok Kin Ning, Canning	4/4
DEPUTY CHAIRMAN AND NON-EXECUTIVE DIRECTOR	
Dr. John Edward Wenham Meredith	4/4
EXECUTIVE DIRECTOR	
Mr. Ip Sing Chi	4/4
NON-EXECUTIVE DIRECTOR	
Mr. Frank John Sixt	3/4
INDEPENDENT NON-EXECUTIVE DIRECTORS	
Mr. Graeme Allan Jack	4/4
Mr. Chan Tze Leung, Robert	4/4
Prof. Ma Si Hang, Frederick	4/4
Mrs. Sng Sow-Mei (alias Poon Sow Mei)	4/4
Mr. Kevin Anthony Westley	4/4

To enable Directors to fully discharge their duties and obligations, each Director has been furnished with a legal and regulatory compliance manual prepared by professional advisers.

Directors are provided with updates and briefings from time to time by professional advisers, auditors and Management on relevant practices, new laws, rules and regulations, directors' duties and responsibilities, corporate governance, changes in accounting standards and risk management issues applicable or relevant to the performance of their duties and responsibilities as Directors.

Briefings and updates provided to Directors for the year ended 31 December 2014

At every Audit Committee meeting, the Chief Financial Officer ("CFO"), Mr. Ivor Chow, briefed the Audit Committee members on developments in accounting and governance standards.

At every quarterly Board meeting, the CEO and/or CFO provided business updates and highlights of HPH Trust's quarterly accounts. The scope of such update includes general economic conditions and how it affects HPH Trust's business, overview of industry trends and developments, and developing trends.

The Trustee-Manager arranges and provides continuous professional development ("CPD") training and relevant reading materials to Directors to help ensure that they are apprised of the latest changes in the commercial, legal and regulatory environment in which the Group conducts its business and to refresh their knowledge and skills on the roles, functions and duties of a listed entity director. In addition, attendance at external forums and briefing sessions (including delivery of speeches) on relevant topics also counts towards CPD training.

CORPORATE GOVERNANCE REPORT

The Directors are required to provide the Trustee-Manager with details of the CPD training undertaken by them from time to time. Based on the details so provided, the CPD training undertaken by the Directors in 2014 is summarised as follows:

NAME OF DIRECTOR	AREAS	
	LEGAL AND REGULATORY	DIRECTORS' ROLES, FUNCTIONS AND DUTIES
CHAIRMAN AND NON-EXECUTIVE DIRECTOR		
Mr. Fok Kin Ning, Canning	✓	✓
DEPUTY CHAIRMAN AND NON-EXECUTIVE DIRECTOR		
Dr. John Edward Wenham Meredith	✓	✓
EXECUTIVE DIRECTOR		
Mr. Ip Sing Chi	✓	✓
NON-EXECUTIVE DIRECTOR		
Mr. Frank John Sixt	✓	✓
INDEPENDENT NON-EXECUTIVE DIRECTORS		
Mr. Graeme Allan Jack	✓	✓
Mr. Chan Tze Leung, Robert	✓	✓
Prof. Ma Si Hang, Frederick	✓	✓
Mrs. Sng Sow-Mei (alias Poon Sow Mei)	✓	✓
Mr. Kevin Anthony Westley	✓	✓

Board Composition and Guidance

Principle 2

Board appointment has been, and will continue to be, made based on merit that complements and expands the skills, experience and expertise of the Board as a whole, taking into account the following principles:

- The majority of Board members should be Non-executive and Independent Directors;
- The Chairman of the Board should be a Non-executive Director;
- The Board should comprise Directors with a wide range of commercial and management experience, which provides an appropriate balance of diversity of skills, experience, gender and industry knowledge; and
- At least a majority of the Directors should be independent from management and business relationships with the Trustee-Manager and from every substantial shareholder of the Trustee-Manager.

The Board comprises nine Directors, of whom five are independent and non-executive. Throughout the year, the number of Independent Non-executive Directors on the Board fulfilled the minimum requirement of the BTA. The Directors come from diverse backgrounds with various expertise in the container terminal industry and finance, business and management fields. They are able to apply their expertise and experience to further the interests of HPH Trust. The Board has the appropriate balance of Independent Directors and the five Independent Directors are particularly aware of their responsibility to constantly place the interests of unitholders as a whole foremost in the consideration of all relevant matters.

CORPORATE GOVERNANCE REPORT

Chairman and CEO

Principle 3

The role of the Chairman and the Deputy Chairman are separate from that of the CEO. Such division of responsibilities reinforces the independence and accountability of these Directors.

The Chairman, Mr. Fok Kin Ning, Canning, assisted by the Deputy Chairman, Dr. John Edward Wenham Meredith, is responsible for providing leadership to, and overseeing the functioning of, the Board to ensure that it acts in the best interests of the Group and that Board meetings are planned and conducted effectively. The Chairman is responsible for setting the agenda for each Board meeting, taking into account, where appropriate, matters proposed by the Directors, the Company Secretary and the Deputy Company Secretary. With the support of the Executive Director, the Company Secretary and the Deputy Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and provided with adequate and accurate information in a timely manner. The Chairman promotes a culture of openness and actively encourages Directors to voice their opinion and be fully engaged in the Board's affairs so as to contribute to the Board's effective functioning. The Board, under the leadership of the Chairman, has adopted good corporate governance practices and procedures and taken appropriate steps to provide effective communication with unitholders and other stakeholders, as outlined later in this report.

The CEO is responsible for managing the businesses of the Group, attending to the formulation and successful implementation of Group policies and assuming full accountability to the Board for all Group operations. Acting as the principal manager of the Group's businesses, the CEO attends to developing strategic operating plans that reflect the long-term objectives and priorities established by the Board and is directly responsible for maintaining the operational performance of the Group. Working with the CFO, and the executive management team of each core business division, the CEO presents annual budgets to the Board for consideration and approval, and ensures that the Board is fully apprised of the funding requirements of the businesses of the Group. With the assistance of the CFO, the CEO sees to it that the funding requirements of the businesses are met and closely monitors the operating and financial results of the businesses against plans and budgets, taking remedial action if necessary. He maintains an ongoing dialogue with the Chairman, the Deputy Chairman and all Directors to keep them fully informed of all major business developments and issues. He is also responsible for building and maintaining an effective executive team to support him in his role.

Mrs. Sng Sow-Mei (alias Poon Sow Mei) is appointed as the Lead Independent Director. Unitholders may contact the Lead Independent Director in cases where they have concerns for which contact through normal channels of the Chairman, the CEO or the CFO has failed to resolve the issue or is inappropriate. Her contact details are available on HPH Trust's corporate website (www.hphtrust.com/corporate_governance.html).

The Lead Independent Director provides feedback to the Chairman as appropriate should there be any issue coming to her attention from the discussions among the Independent Non-executive Directors without the presence of the other Directors.

Board Membership

Principle 4

As at 31 December 2014, the Board comprised nine Directors, including the Chairman, the Deputy Chairman, one Executive Director, one Non-executive Director and five Independent Non-executive Directors. Biographical details of the Directors are set out on pages 22 to 24 of the Annual Report and on HPH Trust's corporate website.

The Board takes into consideration its size, experience and overall competence and expertise to determine if the Board is effective. No Nominating Committee has been established as the Trustee-Manager and not HPH Trust appoints all the Directors. The nomination function, however, is still to be performed annually by the Board, taking into account the performance and contribution of the Directors.

The Board does not set the maximum number of board representations which a director may hold but confirmation is received from each Director that he/she has provided sufficient time and attention to the affairs of the Group. Besides, Directors disclose to the Trustee-Manager their interests as director and other office in other public companies and organisation in a timely manner and update the Trustee-Manager on any subsequent changes. The Board, on the basis of the above, is satisfied that the Directors have given sufficient time and attention to the affairs of the Trustee-Manager and HPH Trust.

From time to time, new Directors may be identified by the Board for appointment, if necessary, to complement the experience and competency of the existing members of the Board.

CORPORATE GOVERNANCE REPORT

Directors' Independence

A Director is considered to be independent in accordance with the provisions of the BTR if he or she is independent from management and business relationships with the Trustee-Manager and from every substantial shareholder of the Trustee-Manager. The Board has conducted an annual review of the independence of the Independent Directors: Messrs. Chan Tze Leung, Robert, Graeme Allan Jack, Ma Si Hang, Frederick, Kevin Anthony Westley and Mrs. Sng Sow-Mei (alias Poon Sow Mei).

Messrs. Graeme Allan Jack, Chan Tze Leung, Robert, and Kevin Anthony Westley, are considered to be independent from management and business relationships with the Trustee-Manager, and from every substantial shareholder(s) of the Trustee-Manager. Construed within the context of the BTR, Prof. Ma Si Hang, Frederick and Mrs. Sng Sow-Mei (alias Poon Sow Mei) are considered to be independent from management and business relationships with the Trustee-Manager, but not independent from the substantial shareholder of the Trustee-Manager. With respect to Prof. Ma Si Hang, Frederick and Mrs. Sng Sow-Mei (alias Poon Sow Mei), the Board has in its review taken the following into consideration:

In the case of Mrs. Sng Sow-Mei (alias Poon Sow Mei), notwithstanding that she is currently an independent non-executive director and a member of the audit committees of Cheung Kong Infrastructure Holdings Limited ("CKI"), which is listed in Hong Kong; ARA Asset Management (Fortune) Limited ("Fortune REIT Manager"), which manages Fortune Real Estate Investment Trust ("Fortune REIT", listed in Singapore and Hong Kong) and ARA Asset Management (Prosperity) Limited ("Prosperity REIT Manager"), which manages Prosperity Real Estate Investment Trust ("Prosperity REIT", listed in Hong Kong), the Directors noted that these roles should not interfere with her ability to exercise independent judgment in the interests of the unitholders of HPH Trust for the following reasons:

- (i) Mrs. Sng does not have any relationship with the chief executive officers, members of the management teams, boards of directors or major shareholders or unitholders of CKI or these real estate investment trusts ("REITs");
- (ii) She is not involved in the day-to-day management and operation of CKI or these REITs;
- (iii) She does not own any shares/units of any of CKI and Prosperity REIT, and she is only a minority unitholder of Fortune REIT holding 220,000 units;
- (iv) She exercises independent judgment as a member of the audit committees of the above-mentioned companies/REITs, in particular on interested person transactions and on internal audit control and management;
- (v) the above-mentioned companies/REITs of which she is currently an independent non-executive director are in different businesses from HPH Trust.

As such, given her extensive experience and qualifications, she will be able to contribute as an Independent Director on the Board.

In the case of Prof. Ma Si Hang, Frederick, notwithstanding that he is a director (independent) of Husky Energy Inc. ("Husky"), an associated company of Hutchison Whampoa Limited, he is not involved in the day-to-day management of Husky. In any case, Husky does not engage in the same business as HPH Trust and his role as an independent director of Husky should not interfere with the exercise of his independent judgment with regard to the interests of all the unitholders of HPH Trust.

Having carried out the review, the Board is satisfied that the relationships described above will not interfere with either of Mrs. Sng Sow-Mei's (alias Poon Sow Mei) or Prof. Ma Si Hang, Frederick's independent judgment and ability to act with regard to the interests of all the unitholders of HPH Trust as a whole. Accordingly, the Board has, pursuant to Regulation 12(6) of the BTR, determined that both Mrs. Sng Sow-Mei (alias Poon Sow Mei) and Prof. Ma Si Hang, Frederick are independent from management and business relationships with the Trustee-Manager or independent from the substantial shareholder of the Trustee-Manager, as the case may be, and the Board is satisfied that these Directors' independent judgment and ability to act with regard to the interests of all the unitholders of HPH Trust as a whole will not be interfered with, despite the relationships, and are therefore both Independent Directors.

As (i) Mrs. Sng Sow-Mei (alias Poon Sow Mei) is also a director of CKI, the Fortune REIT Manager and the Prosperity REIT Manager and (ii) Prof. Ma Si Hang, Frederick is also a director of Husky, they will not participate in any discussions of the Board in relation to any transactions with (a) (in relation to Mrs. Sng Sow-Mei (alias Poon Sow Mei)) CKI, Fortune REIT and Prosperity REIT, (b) (in relation to Prof. Ma Si Hang, Frederick) Husky, or (c) (in relation to both of them) any matters that might give rise to a conflict of interest with the above mentioned entities and shall abstain from voting on any such proposals at any meeting of the Board.

The Board is satisfied that the Independent Directors are considered to be independent.

CORPORATE GOVERNANCE REPORT

Board Performance

Principle 5

Evaluation of the performance of the Board as a whole and the Audit Committee together with the Directors was conducted by questionnaires. The objective of such evaluation is to ensure that the Board, the Audit Committee and the Directors continued to act effectively in fulfilling the duties and responsibilities expected of them.

The Board has reviewed and is satisfied that it has met its performance objectives.

Access to Information

Principle 6

The Board meets regularly, and at least four times a year with meeting dates scheduled prior to the beginning of the year. Between scheduled meetings, Management of HPH Trust provides to Directors, on a regular basis, monthly internal financial statements of key operating entities of the Group and other relevant information with respect to the performance, and business activities and development of the Group. Throughout the year, Directors participate in the deliberation and approval of routine and operational matters of the Trustee-Manager by way of written resolutions with supporting explanatory materials, supplemented by additional verbal and/or written information from the Company Secretary, the Deputy Company Secretary, or other executives as and when required. Details of material or notable transactions of subsidiaries and associated companies are provided to the Directors as appropriate. Whenever warranted, additional Board meetings are held. In addition, Directors have full access to information on the Group and independent professional advice at the expense of HPH Trust at all times whenever deemed necessary by the Directors and they are at liberty to propose appropriate matters for inclusion in Board agendas. Directors also have separate and independent access to Management, the Company Secretary and the Deputy Company Secretary at all times.

The Company Secretary, Ms. Lim Ka Bee, and the Deputy Company Secretary, Ms. Edith Shih, are accountable to the Board for ensuring that Board procedures are followed and Board activities are efficiently and effectively conducted. These objectives are achieved through adherence to proper Board processes and the timely preparation and dissemination to Directors of comprehensive Board meeting agendas and papers. Minutes of all Board and Audit Committee meetings are prepared and maintained by the Company Secretary to record in sufficient details the matters considered and decisions reached by the Board or the Audit Committee, including any concerns raised or dissenting views voiced by any Director. All draft and final minutes of Board and Audit Committee meetings are sent to Directors and Audit Committee members respectively for comments, approval and records. Board records are available for inspection by any Director upon request.

The Company Secretary and the Deputy Company Secretary are responsible for ensuring that the Board is fully apprised of all legislative, regulatory and corporate governance developments of relevance to the Group and that it takes these into consideration when making decisions for the Group. From time to time, they organise seminars on specific topics of importance and interest and disseminate reference materials to Directors for their information.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7

Directors' remuneration and fees are borne by the Trustee-Manager and not HPH Trust. In practice, the Directors' remuneration and fees are paid out from the Trustee-Manager's fee income, subject to the Board's endorsement and approval by the shareholder of the Trustee-Manager.

No Remuneration Committee has been established as all the Directors are appointed and remunerated by the Trustee-Manager, and not HPH Trust.

The Trustee-Manager has established policy on, and formal procedure for determining, executive remuneration, which is subject to review by the Board from time to time.

CORPORATE GOVERNANCE REPORT

Level and Mix of Remuneration

Principle 8

The remuneration of key management personnel is determined with reference to their expertise and experience in the industry, the performance and profitability of the Group as well as remuneration benchmarks from other local and international companies and prevailing market conditions. The level and structure of remuneration of key management personnel also have regard to long-term interest and risk policies of the Group and comprise both fixed and variable components. The key management personnel participate in bonus arrangements which are determined in accordance with the performance of the Group and the individual's performance.

Disclosure on Remuneration

Principle 9

The table below disclosed (a) the remuneration of the CEO and (b) in bands of S\$250,000, the remuneration of the top five key management personnel (other than the CEO) for the financial year ended 31 December 2014:

KEY MANAGEMENT PERSONNEL	SALARY (%)	VARIABLE (%)	BENEFITS (%)	TOTAL (%)
S\$1,500,001 TO S\$1,750,000				
Mr. Yim Lui Fai, Gerry Chief Executive Officer Managing Director, HIT	30%	67%	3%	100 ¹
S\$1,250,001 TO S\$1,500,000				
NIL				
S\$1,000,001 TO S\$1,250,000				
NIL				
S\$750,001 TO S\$1,000,000				
Mr. Ivor Chow Chief Financial Officer and Investor Relations Officer Executive Director, HIT	49%	47%	4%	100 ²
Mr. Lam Hing Man, Patrick Managing Director, YICT	46%	46%	8%	100 ²
S\$500,001 TO S\$750,000				
Ms. Lee Tung Wan, Diana Deputy Chief Financial Officer Finance and Legal Director and Company Secretary, YICT	53%	42%	5%	100 ²
Mr. Tang Hin Kee, Edward Operations Director General Manager - Operations, HIT	50%	41%	9%	100 ²
Mr. Ying Tze Man, Kenneth Managing Director, COSCO-HIT	54%	41%	5%	100 ²

Notes:

- The total remuneration paid to the CEO was S\$1,714,000, most of which was paid by HIT to Mr. Yim Lui Fai, Gerry in relation to his role as Managing Director of HIT and the remainder was paid by the Trustee-Manager (out of its own account)
- Most of the aggregate compensation of the relevant key management personnel was paid by the relevant operating subsidiaries of the Group (i.e. HIT to Mr. Ivor Chow in relation to his role as Executive Director of HIT; Mr. Tang Hin Kee, Edward in relation to his role as General Manager - Operations of HIT; YICT to Mr. Lam Hing Man, Patrick in relation to his role as Managing Director of YICT and Ms. Lee Tung Wan, Diana in relation to her role as Finance and Legal Director and Company Secretary of YICT; and COSCO-HIT to Mr. Ying Tze Man, Kenneth in relation to his role as Managing Director of COSCO-HIT), and the remainder of the aggregate compensation of each of the relevant key management personnel was paid by the Trustee-Manager (out of its own account). In 2014, the total remuneration paid to the above key executives (excluding the CEO) was S\$3,593,000

CORPORATE GOVERNANCE REPORT

Remuneration of key management personnel is determined with consideration of market pay level, business performance and individual performance.

There are no employees of the Trustee-Manager and the Group who are immediate family members of the Directors or the CEO and whose remuneration exceeded S\$50,000 during the financial year ended 31 December 2014.

The Group currently does not have any share option scheme or share plan. There are no existing or proposed service agreements with the CEO and the key management personnel of HPH Trust that provide for benefits upon termination of appointment, retirement or post-employment.

The remuneration of the Trustee-Manager is provided for in the Trust Deed. The Trustee-Manager is entitled under the Trust Deed to management fees, acquisition fee, divestment fee and development fee based on pre-agreed mechanisms set out in the Trust Deed. Fees paid to the Trustee-Manager for the financial year ended 31 December 2014 are set out on pages 107 and 108 of the Annual Report.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10

The Board has overall responsibility to unitholders for ensuring that the Group is well managed and guided by its strategic objectives. In presenting HPH Trust's quarterly and full-year financial results, the Board aims to provide a balanced and understandable assessment of HPH Trust's performance, position and prospects.

Management provides the Board with financial and operational reports on HPH Trust's performance and financial position on a quarterly basis and monthly financial performance reports of key operating entities of the Group. All Directors also have unrestricted access to HPH Trust's records and information through requests for further explanations, briefings and informal discussions on HPH Trust's operations or business issues from the Management.

Risk Management and Internal Controls

Principle 11

The Board has overall responsibility for the Group's system of internal control, corporate governance compliance and assessment and management of risks.

In meeting its responsibility, the Board seeks to increase risk awareness across the Group's business operations and has put in place policies and procedures, including parameters of delegated authority, which provide a framework for the identification and management of risks. It also reviews and monitors the effectiveness of the systems of internal control to ensure that the policies and procedures in place are adequate. Reporting and review activities include review by the CEO and the Board and approval of detailed operational and financial reports, budgets and plans provided by the management of the business operations, review by the Board of actual results against budget, review by the Audit Committee of the ongoing work of the Group's internal audit and risk management functions, as well as regular business reviews by the CEO and the executive management team for each core business division.

On behalf of the Board, the Audit Committee reviews regularly the corporate governance structure and practices within the Group and monitors compliance fulfillment on an ongoing basis.

Whilst these procedures are designed to identify and manage risks that could adversely impact the achievement of the Group's business objectives, they do not provide absolute assurance against material mis-statement, errors, losses, fraud or non-compliance.

CORPORATE GOVERNANCE REPORT

Internal Control Environment and Systems

Managing Directors or General Managers are appointed to the boards of all material operating subsidiaries and associated companies for monitoring those companies, including attendance at board meetings, review and approval of business strategies, budgets and plans, and setting of key business performance targets. The executive management team of each core business division is accountable for the conduct and performance of each business in the division within the agreed strategies and similarly management of each business is accountable for its conduct and performance.

The Group's internal control procedures include a comprehensive system for reporting information to the executive management teams of each core business and the Executive Director.

Business plans and budgets are prepared annually by management of individual businesses and subject to review and approval by both the executive management teams and the Executive Director as part of the Group's five-year corporate planning cycle. Reforecasts for the current year are prepared on a quarterly basis, reviewed for variances to the budget and for approval. When setting budgets and reforecasts, management identifies, evaluates and reports on the likelihood and potential financial impact of significant business risks.

The Executive Director reviews monthly management reports on the financial results and key operating statistics of each business and holds monthly meetings with the executive management team and senior management of business operations to review these reports, business performance against budgets, forecasts, significant business risk sensitivities and strategies. In addition, finance directors and financial controllers of each of the major businesses attend monthly meetings with the CFO to review monthly performance against budget and forecast, and to address accounting and finance related matters.

The Group maintains a centralised cash management system for its subsidiary operations and the Group's Finance Department oversees the Group's investment and lending activities. Treasury reports on the Group's cash and liquid investments, borrowings and movements thereof are distributed weekly.

The CFO has established guidelines and procedures for the approval and control of expenditures. Operating expenditures are subject to overall budget control and are controlled within each business with approval levels set by reference to the level of responsibility of each executive and officer. Capital expenditures are subject to overall control within the annual budget review and approval process, and more specific control and approval prior to commitment by the Executive Director, the CEO or the CFO are required for unbudgeted expenditures and material expenditures within the approved budget. Quarterly reports of actual versus budgeted and approved expenditures are also reviewed.

Review of Risk Management and Internal Control Systems

The Trustee-Manager regularly reviews the business and operational activities of HPH Trust to identify areas of significant business risk as well as take appropriate measures to control and mitigate these risks. The Trustee-Manager reviews all significant control policies and procedures and highlights all significant matters to the Audit Committee and the Board.

The Board has received assurance from the CEO and the CFO that (i) the Group's financial records have been properly maintained and the financial statements give a true and fair view of HPH Trust's operations and finance and (ii) the Group's risk management and internal control systems are effective.

CORPORATE GOVERNANCE REPORT

The Board, through the Audit Committee, has conducted a review of the adequacy and effectiveness of the Group's internal control systems for the year ended 31 December 2014 covering all material financial, operational, compliance and information technology controls as well as risk management functions. Based on such reviews and the work performed by the internal and external auditors, the Board, with the concurrence of the Audit Committee, is satisfied that such systems are effective and adequate. Such review covered reviews on the Group's compliance with terms provided for in the right of first refusal agreement ("ROFR Agreement") and the non-compete agreement ("Non-Compete Agreement"), both dated 28 February 2011, entered into between Hutchison Port Holdings Limited ("HPH") and the Trustee-Manager, in its capacity as the trustee-manager of HPH Trust. Details of the ROFR Agreement and Non-Compete Agreement are set out in the "Statement of Policies and Practices" section on pages 56 and 57 of the Annual Report. In addition, it has also reviewed and is satisfied with the adequacy of resources, qualifications and experience of the staff of the Group's accounting and financial reporting function, and their training programmes and budget.

Audit Committee

Principle 12

The Audit Committee comprises two Independent Non-executive Directors and one Non-executive Director who possess the relevant business, accounting and financial management experience and skills to understand financial statements and contribute to the financial governance, internal controls and risk management of HPH Trust. It is chaired by Mr. Graeme Allan Jack with Mr. Frank John Sixt and Mrs. Sng Sow-Mei (alias Poon Sow Mei) as members.

The Audit Committee held four meetings in 2014 with 100% attendance.

NAME OF MEMBER	ATTENDED/ELIGIBLE TO ATTEND
Mr. Graeme Allan Jack (Chairman)	4/4
Mr. Frank John Sixt	4/4
Mrs. Sng Sow-Mei (alias Poon Sow Mei)	4/4

Under its terms of reference, the Audit Committee is required to oversee the relationship between the Trustee-Manager and its external auditor and external audit process, review the Group's quarterly and full-year results and financial statements, and any formal announcements relating to the Group's financial performance, oversee the Group's internal control and risk management function, monitor compliance with statutory and the SGX-ST Listing Manual requirements, review the scope, extent and effectiveness of the activities of the Group's internal audit function, oversee interested person transactions of the Group, report to the Board any inadequacies or deficiencies or matters of concern within its terms of reference and engage independent legal and other advisers and perform investigations as it determines to be necessary.

The Audit Committee meets with the CFO and other senior management of the Group from time to time for the purposes of reviewing the quarterly and full-year results and financial statements, and any formal financial performance-related announcements and other financial, internal control, corporate governance and risk management matters of the Group. It considers and discusses the reports and presentations of Management, the Group's internal and external auditors, with a view of ensuring that the Group's consolidated financial statements are prepared in accordance with accounting principles generally accepted in Hong Kong and Singapore. It also meets at least four times a year with the Group's principal external auditor, PricewaterhouseCoopers LLP ("PwC"), to consider the reports of PwC on the scope, strategy, progress and outcome of its independent review of the quarterly financial information and its annual audit of the consolidated financial statements. In addition, the Audit Committee holds regular private meetings with the external auditor, the CFO and the internal auditor separately without the presence of Management.

CORPORATE GOVERNANCE REPORT

The Audit Committee assists the Board in meeting its responsibilities for maintaining an effective system of internal control. It reviews the process by which the Group evaluates its control environment and risk assessment process, and the way in which business and control risks are managed. It reviews with the Group's internal auditor the work plan for its audits together with its resource requirements and considers the report of the General Manager of the Group's internal audit function to the Audit Committee on the effectiveness of internal controls in the Group's business operations. Further, it also receives reports from the Deputy Company Secretary on the Group's material litigation proceedings and compliance status on regulatory requirements. These reviews and reports are taken into consideration by the Audit Committee when it makes its recommendation to the Board for approval of the consolidated financial statements for the year. The Audit Committee has adequate resources, including access to external consultants and auditor, to enable it to discharge its responsibilities properly.

During 2014, the Audit Committee reviewed the volume and nature of non-audit services provided by the external auditor and received the requisite information from the external auditor evidencing the latter's independence. Based on the information, the Audit Committee is satisfied that the financial, professional and business relationships between HPH Trust and the external auditor will not prejudice the independence and objectivity of the external auditor.

The total fees paid to the external auditor, PwC, are disclosed in the table below:

EXTERNAL AUDITOR FEES FOR FY2014	HK\$'000	% OF TOTAL FEES
Total Audit Fees	14,521	97
Total Non-Audit Fees	502	3
Total Fees Paid	15,023	100

Based on the Interested Person Transactions Policy, the Audit Committee monitored the procedures established by the Trustee-Manager to regulate interested person transactions to ensure timely, complete and accurate reporting of these transactions. The Audit Committee also reviewed the volume and nature of interested person transactions.

HPH Trust has in place a Whistle-blowing Policy where staff of the Group and any other person may, in confidence, approach the Audit Committee to raise concerns about possible improprieties in matters of financial reporting or other matters. The Whistle-blowing Policy is available on our corporate website (www.hphtrust.com/misc/Whistle-BlowingPolicy.pdf).

Internal Audit Principle 13

The General Manager of the Group's internal audit function, reporting directly to the Audit Committee, provides independent assurance as to the existence and effectiveness of the risk management activities and controls in the Group's business operations worldwide. Using risk assessment methodology and taking into account the dynamics of the Group's activities, internal audit derives its yearly audit plan which is reviewed by the Audit Committee, and reassessed during the year as needed to ensure that adequate resources are deployed and the plan's objectives are met. Internal audit is responsible for assessing the Group's internal control system, formulating an impartial opinion on the system, and reporting its findings to the Audit Committee, the CEO, the CFO and the senior management concerned as well as following up on all reports to ensure that all issues have been satisfactorily resolved. In addition, a regular dialogue is maintained with the Group's external auditor so that both are aware of the significant factors which may affect their respective scope of work.

CORPORATE GOVERNANCE REPORT

Depending on the nature of business and risk exposure of individual business units, the scope of work performed by the internal audit function includes financial and operations reviews, the reviews of compliance and information technology controls as well as risk management system, recurring and surprise audits, fraud investigations and productivity efficiency reviews.

Reports from the external auditor on internal controls and relevant financial reporting matters are presented to the General Manager of the Group's internal audit function and, as appropriate, to the CFO and the finance director or financial controller of the relevant executive management team. These reports are reviewed and the appropriate actions are taken.

Legal and Regulatory

The Legal Department has the responsibility of safeguarding the legal interests of the Group. It is responsible for monitoring the day-to-day legal affairs of the Group, including preparing, reviewing and approving all legal and corporate secretarial documentation of Group companies, working in conjunction with finance, tax, treasury, corporate secretarial and business unit personnel on the review and co-ordination process, and advising Management of legal and commercial issues of concern. In addition, the Legal Department is also responsible for overseeing regulatory compliance matters of all Group companies. It analyses and monitors the regulatory framework within which the Group operates, including reviewing applicable laws and regulations and preparing and submitting response or filings to relevant regulatory and/or government authorities and consultations as the case may be. The department also determines and approves the engagement of external legal advisors, ensuring the requisite professional standards are adhered to as well as most cost effective services are rendered.

UNITHOLDER RIGHTS AND RESPONSIBILITIES

Unitholder Rights

Principle 14

The Group's corporate governance practices promote the fair and equitable treatment of all unitholders. The Trustee-Manager ensures that all pertinent information is conveyed to unitholders on a comprehensive, accurate and timely basis via SGXNET to facilitate the exercise of unitholders' ownership rights. The Board is committed to the release of timely and relevant information to enable unitholders to make informed decisions in respect of their investments in HPH Trust.

All unitholders are entitled to attend the Annual General Meeting and are given the opportunity to participate effectively in the Annual General Meeting. In accordance with the Trust Deed, a unitholder is allowed to appoint up to two proxies to attend and vote at the Annual General Meetings on his behalf through proxy forms sent in advance. Unitholders who hold units through nominees such as CPF and custodian banks may vote through their nominee or custodian banks. Such unitholders may also, upon presentation of official letters issued by their nominees, attend the Annual General Meeting as observers, subject to availability of seats.

Communication with Unitholders

Principle 15

The Group actively promotes investor relations and communication with the investment community throughout the course of the year. An Investor Relations Policy, which is available on HPH Trust's corporate website, was adopted and is subject to regular review by the Board from time to time to ensure pertinent information is conveyed to unitholders regularly in order to promote regular, effective and fair communication with unitholders. Through its CEO and CFO and the Group's Corporate Affairs function, the Group responds to requests for information and queries from the investment community including unitholders, analysts and the media through regular briefing meetings, announcements, conference calls and presentations.

CORPORATE GOVERNANCE REPORT

The Board is committed to providing clear and full information on the Group to unitholders through the publication of notices, announcements, circulars, quarterly and full-year financial results. The Trustee-Manager does not practise selective disclosures and releases its financial results and other material information to the unitholders of HPH Trust on a timely basis in accordance with the requirements of the Listing Manual of the SGX-ST, via the SGXNET system. All announcements made on behalf of HPH Trust are also available on HPH Trust's corporate website throughout the year.

All unitholders of HPH Trust will receive a copy of the Annual Report, and Notice of Annual General Meeting of the unitholders annually. Notices of all general meetings of the unitholders will also be advertised in a major newspaper in Singapore and will be made available on the SGX-ST's website.

Conduct of Unitholder Meetings

Principle 16

At the general meetings of the unitholders, unitholders will be given opportunities to participate, engage, and openly communicate their views on matters relating to HPH Trust to the Board. The Chairman of the Board, the Chairman and/or members of the Audit Committee, Management, as well as the external auditor will be available to attend to any queries raised by the unitholders.

All Directors attended the Annual General Meeting and Extraordinary General Meeting of the unitholders both held on 28 April 2014 other than Mr Frank John Sixt who was not available to attend due to other prior engagements.

Unitholders are given the opportunity to vote at the Annual General Meeting and Extraordinary General Meeting, if any. However, as the authentication of unitholder identity information and other related security issues still remain a concern, the Trustee-Manager has decided, for the time being, not to implement voting in absentia by mail, email or fax.

Voting at all general meetings are conducted by way of poll. Detailed results of the outcome are announced after the meeting via SGXNet.

The Company Secretary prepares minutes of unitholders' meetings and these minutes are available to unitholders upon their request.

Further information concerning the Group and its business can be located on the Group's website.

The Group values feedback from unitholders on its efforts to promote transparency and foster investor relationships. Comments and suggestions to the Board or HPH Trust are welcome and can be addressed to the Group Corporate Affairs function by mail at 150 Beach Road, #17-03 Gateway West, Singapore 189720 or by email to the Group at ir@hphtrust.com.

DEALING IN SECURITIES

The Trustee-Manager has adopted its own internal code of conduct to provide guidance to all officers of the Trustee-Manager with regard to dealings in units of HPH Trust ("Code of Conduct") in compliance with Rule 1207(19) of the Listing Manual of the SGX-ST.

Directors and executives are also expected to observe insider-trading laws at all times even when dealing with units of HPH Trust within the permitted trading period. In response to specific enquiries made, all Directors have confirmed that they have complied with the Code of Conduct in their securities transactions throughout 2014. Key officers may, as requested by the Trustee-Manager, be required to confirm annually that they have complied with and are not in breach of the provisions of the Code of Conduct.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE RESPONSIBILITY

The Trustee-Manager is committed to ensuring that its commercial activities have minimal impact on both the marine environment and climate change. The Trustee-Manager is also committed to ensuring that high standards are adhered to in relation to health, safety and welfare of its employees. The Trustee-Manager places strong emphasis on developing a corporate culture premised on socially and environmentally responsible actions and behaviour.

The Group is committed to the long-term sustainability of its businesses and the communities in which it conducts business. It has adopted a proactive approach to environmental, social and governance responsibility and focuses on initiatives related to its stakeholders, its employees, the environment, its operating practices and the community. Details of the Trust's initiatives are set out on pages 34 to 40 of the Annual Report.

CORPORATE GOVERNANCE REPORT

STATEMENT OF POLICIES AND PRACTICES

The Trustee-Manager has established the following policies and practices in relation to its management and governance:

- (a) The trust property of HPH Trust is properly accounted for and trust property is kept distinct from the property of the Trustee-Manager held in its own capacity. Different bank accounts are maintained for the Trustee-Manager in its capacity as trustee-manager of HPH Trust and the Trustee-Manager in its own capacity, and regular internal reviews are carried out to ascertain that all trust property has been fully accounted for.
- (b) The Management provides regular updates to the Board and the Audit Committee about potential projects that it is looking into on behalf of HPH Trust and the Board and the Audit Committee ensure that all such projects are within the permitted business scope under the Trust Deed. Prior to the carrying out of any significant business transaction, the Board, the Audit Committee and/or the Management will have careful regard to the provisions of the Trust Deed and when in doubt seek advice from professional advisers.
- (c) The Trustee-Manager is not involved in any other businesses other than managing HPH Trust. All potential conflicts, if arising, will be identified by the Board and the Management and reviewed. In addition, the majority of the Board are Independent Directors of the Trustee-Manager who do not have management or business relationships with the Trustee-Manager and are independent from any substantial shareholder of the Trustee-Manager and are therefore able to examine independently and objectively, any potential conflicts between the interest of the Trustee-Manager in its own capacity and the interests of all unitholders of HPH Trust. In respect of matters in which a Director has an interest, direct or indirect, such interested Director will abstain from participating in the review and approval process with regard to the matter. There is (i) the Non-Compete Agreement pursuant to which HPH has undertaken not to invest in, develop, operate and manage deep-water container ports in the Guangdong Province, Hong Kong and Macau and HPH Trust has undertaken not to invest in, develop, operate and manage deep-water container ports in any part of the world outside of the Guangdong Province, Hong Kong and Macau, save that HPH may pursue any investment opportunity (including undertaking greenfield port development) declined by HPH Trust; and (ii) the ROFR Agreement pursuant to which (aa) a right of first refusal has been granted by HPH to HPH Trust to acquire port development project or developed port falling within the investment mandate of HPH Trust and owned by HPH or its subsidiaries and (bb) a right of first refusal has been granted by the Trustee-Manager as the trustee-manager of HPH Trust to HPH to acquire port development project or developed port of HPH Trust, both on terms and conditions contained in the ROFR Agreement. The Trustee-Manager maintains a register of all opportunities/transactions arising from the implementation of the Non-Compete Agreement and the ROFR Agreement. Also, the Trustee-Manager incorporates in its internal audit plan, a review of the implementation of the Non-Compete Agreement and the ROFR Agreement and the Audit Committee reviews the internal audit reports at least twice a year to ascertain that the terms of the Non-Compete Agreement and the ROFR Agreement have been complied with.
- (d) The Management identifies interested person transactions in relation to HPH Trust. The Trustee-Manager maintains a register to record all interested person transactions which are entered into by HPH Trust and the bases, including any quotations from unrelated parties obtained to support such bases, on which they are entered into. The Trustee-Manager incorporates into its internal audit plan a review of all interested person transactions entered into by HPH Trust. The Audit Committee reviews the internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor interested person transactions have been complied with and conducts annual review of all such transactions to determine if such transactions have been conducted on normal commercial terms and will not be prejudicial to the interests of HPH Trust and the unitholders. In addition, all such interested person transactions conducted and any contract entered into by the Trustee-Manager on behalf of HPH Trust with a related party of the Trustee-Manager or HPH Trust, shall comply with and be in accordance with all applicable requirements of the Listing Manual of the SGX-ST and the BTA as well as such other guidelines as may from time to time be prescribed to apply to business trusts.
- (e) The expenses payable to the Trustee-Manager in its capacity as the trustee-manager of HPH Trust out of the Trust property are appropriate and in accordance with the Trust Deed, and regular internal reviews are carried out to ensure such expenses payable are in order. Fees and expenses paid to the Trustee-Manager out of HPH Trust property for the financial year ended 31 December 2014 are disclosed in note 29(i)(f) of the Accounts, on page 108 of the Annual Report.

CORPORATE GOVERNANCE REPORT

- (f) The Trustee-Manager has engaged the services of and obtained advice from professional advisers and consultants from time to time, and has complied with the requirements of the BTA and the Listing Manual of the SGX-ST.

INTERESTED PERSON TRANSACTIONS

The aggregate of transactions entered into with interested persons of HPH Trust during the financial year ended 31 December 2014 pursuant to Rule 907 of the Listing Manual of the SGX-ST are as follows:

NAME OF INTERESTED PERSON	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under unitholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under unitholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	2014 HK\$'000	2014 HK\$'000
Hutchison Whampoa Limited and its subsidiaries and its associates	376,784	NIL

MATERIAL CONTRACTS

There are no material contracts between HPH Trust and its subsidiaries involving the interests of the CEO, each Director or controlling unitholder² of HPH Trust, either still subsisting at the end of the financial year ended 31 December 2014, or if not then subsisting, entered into since the end of the previous financial year, other than, where applicable:

- (a) as disclosed on page 305 to 330 of the IPO Prospectus¹;
- (b) as disclosed in note 29 to the financial statements of the Annual Report; and
- (c) interested person transactions as listed in the Interested Person Transactions section of the Annual Report

¹ The Prospectus dated 7 March 2011 and registered with the Monetary Authority of Singapore on 7 March 2011

² "Controlling unitholder" refers to a person with an interest in the units of HPH Trust consisting not less than 15% of all outstanding units

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REPORT OF THE TRUSTEE-MANAGER

The directors of Hutchison Port Holdings Management Pte. Limited, the trustee-manager of Hutchison Port Holdings Trust ("HPH Trust" or the "Trust" and the trustee-manager of HPH Trust, the "Trustee-Manager") present their report to the unitholders of the Trust together with the audited accounts of the Trust and its subsidiaries (collectively the "Group") for the year ended 31 December 2014.

DIRECTORS

The directors of the Trustee-Manager in office at the date of this report are as follows:

Mr. Fok Kin Ning, Canning (Chairman)
Dr. John Edward Wenham Meredith
Mr. Ip Sing Chi
Mr. Frank John Sixt
Mr. Chan Tze Leung, Robert
Mr. Graeme Allan Jack
Prof. Ma Si Hang, Frederick
Mrs. Sng Sow-Mei (alias Poon Sow Mei)
Mr. Kevin Anthony Westley

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE UNITS AND DEBENTURES

Neither at the end of nor at any time during the year was the Trustee-Manager a party to any arrangement whose object was to enable the directors of the Trustee-Manager to acquire benefits by means of the acquisition of units in, or debentures of, the Trust.

DIRECTORS' INTERESTS IN UNITS OR DEBENTURES

According to the register kept by the Trustee-Manager for the purposes of Sections 13 and 76 of the Business Trusts Act, Chapter 31A of Singapore, particulars of the interests of directors who held office at the end of the year in units in, or debentures of, the Trust are as follows:

	Holdings registered in name of director		Holdings in which a director is deemed to have an interest	
	At 31.12.2014	At 1.1.2014	At 31.12.2014	At 1.1.2014
Number of units held by:				
Mr. Fok Kin Ning, Canning	-	-	601,000	601,000
Dr. John Edward Wenham Meredith	-	-	-	-
Mr. Ip Sing Chi	-	-	-	-
Mr. Frank John Sixt	-	-	20,000	20,000
Mr. Chan Tze Leung, Robert	-	-	400,000	400,000
Mr. Graeme Allan Jack	-	-	-	-
Prof. Ma Si Hang, Frederick	-	-	-	-
Mrs. Sng Sow-Mei (alias Poon Sow Mei)	-	-	1,000,000	1,000,000
Mr. Kevin Anthony Westley	-	-	250,000	250,000

There were no changes in any of the above mentioned interests in the Trust between the end of the financial year and 21 January 2015.

OPTIONS

There were no options granted during the year by the Trustee-Manager to any person to take up unissued units in the Trust.

No units have been issued during the year by virtue of the exercise of options to take up unissued units of the Trust.

There were no unissued units of the Trust under option at the end of the year.

REPORT OF THE TRUSTEE-MANAGER

DIRECTORS' CONTRACTUAL BENEFITS

No director of the Trustee-Manager has received or become entitled to receive a benefit by reason of any material contract made by the Trust or its subsidiaries with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the accompanying accounts and in this report, and except that certain directors receive remuneration as a result of their employment with such subsidiaries.

AUDIT COMMITTEE

The members of the audit committee of the Trustee-Manager (the "Audit Committee") during the year, at the end of the year and at the date of this report were as follows:

Mr. Graeme Allan Jack (Chairman)
Mrs. Sng Sow-Mei (alias Poon Sow Mei)
Mr. Frank John Sixt

Mr. Graeme Allan Jack and Mrs. Sng Sow-Mei (alias Poon Sow Mei) are independent and are non-executive directors. Mr. Frank John Sixt is a non-executive director with the relevant business and financial management experience and skills to understand financial statements and contribute to the financial governance, internal controls and risk management of the Trust.

The Audit Committee carried out its functions in accordance with Regulation 13(6) of the Business Trusts Regulations 2005. In performing its functions, the Audit Committee has reviewed:

- the scope and the results of internal audit procedures with the internal auditor of the Trustee-Manager;
- with the independent auditor of the Trust, the audit plan of the Trust and the independent auditor's report in relation to significant accounting, tax and internal control matters of the Trust arising from the statutory audit;
- the assistance given by the officers of the Trustee-Manager to the independent auditor; and
- the statement of financial position and statement of changes in equity of the Trust and the consolidated accounts of the Group for the year ended 31 December 2014 before their submission to the Board of Directors of the Trustee-Manager (the "Board"), as well as the independent auditor's report on the statement of financial position and statement of changes in equity of the Trust and the consolidated accounts of the Group.

The Audit Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment as the auditor of the Trust at the forthcoming Annual General Meeting of the unitholders.

BOARD OPINION ON THE ADEQUACY OF INTERNAL CONTROLS

The Board, through the Audit Committee, has conducted a review of the effectiveness of the Group's internal control systems for the year ended 31 December 2014 covering all material financial, operational and compliance and information technology controls as well as management functions, and is satisfied that such systems are effective and adequate.

INDEPENDENT AUDITOR

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

On behalf of the Board of Directors of the Trustee-Manager

John Edward Wenham Meredith
Director

Ip Sing Chi
Director

STATEMENT BY THE TRUSTEE-MANAGER

In the opinion of the directors of the Trustee-Manager,

- (a) the consolidated income statement and consolidated statement of comprehensive income set out in the accounts on pages 64 and 65 are drawn up so as to give a true and fair view of the results of the business of the Group for the year ended 31 December 2014;
- (b) the statements of financial position set out on pages 66 and 67 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Trust at 31 December 2014;
- (c) the statements of changes in equity set out on pages 69 and 70 are drawn up so as to give a true and fair view of the changes in equity of the Group and of the Trust for the year ended 31 December 2014;
- (d) the consolidated statement of cash flows set out on page 68 is drawn up so as to give a true and fair view of the cash flows of the Group for the year ended 31 December 2014; and
- (e) at the date of this statement, there are reasonable grounds to believe that the Trustee-Manager will be able to fulfill, out of the Trust's property, the Trust's debts as and when they fall due.

In accordance with Section 86(2) of the Business Trusts Act, Chapter 31A of Singapore, we further certify:

- (a) the fees or charges paid or payable out of the trust property of the Trust to the Trustee-Manager are in accordance with the Deed of Trust dated 25 February 2011 (as amended) constituting the Trust;
- (b) the interested person transactions entered into by the Group during the year are not detrimental to the interests of all the unitholders of the Trust as a whole based on the circumstances at the time of the relevant transactions; and
- (c) the Board of Directors of the Trustee-Manager is not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of the Trust or on the interests of all the unitholders of the Trust as a whole.

The Board of Directors has, on the date of this statement, authorised the above statements and the accounts of the Group as at and for the year ended 31 December 2014 for issue.

On behalf of the Board of Directors of the Trustee-Manager

John Edward Wenham Meredith
Director

Ip Sing Chi
Director

6 February 2015

STATEMENT BY THE CHIEF EXECUTIVE OFFICER

In accordance with Section 86(3) of the Business Trusts Act, Chapter 31A of Singapore, I certify that I am not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of the Trust or on the interests of all the unitholders of the Trust as a whole.

Yim Lui Fai, Gerry
Chief Executive Officer
6 February 2015

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF HUTCHISON PORT HOLDINGS TRUST

REPORT ON THE ACCOUNTS

We have audited the accompanying accounts of Hutchison Port Holdings Trust (the "Trust") and its subsidiaries (the "Group") set out on pages 64 to 114, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Trust as at 31 December 2014, the consolidated income statement, the consolidated statement of comprehensive income and the consolidated statement of changes in equity of the Group, the statement of changes in equity of the Trust, and the consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

TRUSTEE-MANAGER'S RESPONSIBILITY FOR THE ACCOUNTS

Hutchison Port Holdings Management Pte. Limited (the "Trustee-Manager") is responsible for the preparation of accounts that give a true and fair view in accordance with the provisions of the Singapore Business Trusts Act (the "Act") and Hong Kong Financial Reporting Standards, 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 income statements and statements of financial position and to maintain accountability of assets.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of accounts that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Trustee-Manager, as well as evaluating the overall presentation of the accounts.

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

OPINION

In our opinion, the accounts of the Group and the statement of financial position and the statement of changes in equity of the Trust are properly drawn up in accordance with the provisions of the Act and Hong Kong Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Trust as at 31 December 2014, and of the results, changes in equity and cash flows of the Group and the changes in equity of the Trust for the financial year ended on that date.

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.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 6 February 2015

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2014

	Note	2014 HK\$'000	2013 HK\$'000
Revenue and other income	4	12,622,228	12,384,386
Cost of services rendered		(4,814,198)	(4,494,361)
Staff costs		(305,195)	(288,327)
Depreciation and amortisation		(2,805,347)	(2,853,469)
Other operating income		322,126	82,406
Other operating expenses		(859,353)	(898,830)
Total operating expenses		<u>(8,461,967)</u>	<u>(8,452,581)</u>
Operating profit	5	4,160,261	3,931,805
Interest and other finance costs	6	(586,106)	(641,438)
Share of profits less losses after tax of associated companies		17,087	19,385
Share of profits less losses after tax of joint ventures		121,476	101,284
Impairment of goodwill	14(b)	<u>(19,000,000)</u>	-
(Loss)/profit before tax		(15,287,282)	3,411,036
Tax	7	<u>(730,972)</u>	<u>(409,071)</u>
(Loss)/profit for the year		(16,018,254)	3,001,965
Allocated as: Profit attributable to non-controlling interests		<u>(1,173,701)</u>	<u>(1,327,181)</u>
(Loss)/profit attributable to unitholders of HPH Trust	9	<u>(17,191,955)</u>	<u>1,674,784</u>
		HK cents	HK cents
(Loss)/earnings per unit attributable to unitholders of HPH Trust	9	<u>(197.36)</u>	<u>19.23</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	2014 HK\$'000	2013 HK\$'000
Comprehensive income: (Loss)/profit for the year	(16,018,254)	3,001,965
Other comprehensive income:		
Item that will not be reclassified to profit or loss:		
Remeasurement of defined benefit plans	(14,202)	258,993
Items that may be reclassified subsequently to profit or loss:		
Investments		
Valuation (losses)/gains taken to reserves	(33,583)	12,284
Currency translation differences	(71,159)	85,322
Total comprehensive (loss)/income for the year	(16,137,198)	3,358,564
Allocated as:		
Attributable to non-controlling interests	(1,143,812)	(1,362,750)
Attributable to unitholders of HPH Trust	(17,281,010)	1,995,814

Note:

Items shown within other comprehensive income have no tax effect.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Note	2014 HK\$'000	2013 HK\$'000
ASSETS			
Non-current assets			
Fixed assets	10	25,040,000	28,123,057
Projects under development	11	2,331,967	1,847,826
Leasehold land and land use rights	12	42,554,823	44,579,430
Railway usage rights	13	15,002	15,941
Customer relationships	14(a)	7,172,802	7,507,008
Goodwill	14(b)	22,629,044	42,500,443
Associated companies	15	154,408	150,814
Joint ventures	16	4,150,299	2,515,878
Investments	17	798,388	832,038
Deferred tax assets	18	12,868	12,929
		<u>104,859,601</u>	<u>128,085,364</u>
Current assets			
Cash and cash equivalents	19	7,798,806	5,818,662
Trade and other receivables	20	3,318,249	3,101,331
Inventories		133,759	160,664
		<u>11,250,814</u>	<u>9,080,657</u>
Current liabilities			
Trade and other payables	21	6,940,993	6,582,175
Bank loans	22	8,190,242	10,799,156
Current tax liabilities		487,092	238,177
		<u>15,618,327</u>	<u>17,619,508</u>
Net current liabilities		<u>(4,367,513)</u>	<u>(8,538,851)</u>
Total assets less current liabilities		<u>100,492,088</u>	<u>119,546,513</u>
Non-current liabilities			
Bank loans	22	25,491,172	22,999,370
Pension obligations	23	144,079	115,582
Deferred tax liabilities	18	11,442,991	12,179,387
Other non-current liabilities		19,651	20,507
		<u>37,097,893</u>	<u>35,314,846</u>
Net assets		<u>63,394,195</u>	<u>84,231,667</u>
EQUITY			
Units in issue	24	68,553,839	68,553,839
Reserves		(24,237,451)	(3,384,890)
Net assets attributable to unitholders of HPH Trust		<u>44,316,388</u>	<u>65,168,949</u>
Non-controlling interests		<u>19,077,807</u>	<u>19,062,718</u>
Total equity		<u>63,394,195</u>	<u>84,231,667</u>

STATEMENT OF FINANCIAL POSITION OF HUTCHISON PORT HOLDINGS TRUST

At 31 December 2014

	Note	2014 HK\$'000	2013 HK\$'000
ASSETS			
Non-current asset			
Investment in a subsidiary	25	60,893,189	63,719,174
Current assets			
Cash and cash equivalents	19	2,133	1,762
Trade and other receivables	20	1,587	1,867
		<u>3,720</u>	<u>3,629</u>
Current liability			
Trade and other payables	21	39,142	63,216
		<u>(35,422)</u>	<u>(59,587)</u>
Net current liabilities		<u>(35,422)</u>	<u>(59,587)</u>
Total assets less current liabilities/Net assets		<u>60,857,767</u>	<u>63,659,587</u>
EQUITY			
Units in issue	24	68,553,839	68,553,839
Reserves		<u>(7,696,072)</u>	<u>(4,894,252)</u>
Total equity		<u>60,857,767</u>	<u>63,659,587</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	Note	2014 HK\$'000	2013 HK\$'000
Operating activities			
Cash generated from operations	26	6,668,862	6,210,419
Interest and other finance costs paid		(510,964)	(475,818)
Tax paid		(760,821)	(579,993)
Net cash from operating activities		<u>5,397,077</u>	<u>5,154,608</u>
Investing activities			
Acquisition of subsidiary companies		-	(3,868,054)
Purchase of fixed assets and additions to projects under development		(1,106,035)	(705,796)
Proceeds on disposal of fixed assets and investment		6,093	11,549
Dividends received from investments		56,738	65,728
Dividends received from associated companies and joint ventures		141,733	143,992
Interest received		85,694	58,444
Proceeds on disposal of subsidiary companies	27	2,411,342	-
Net cash from/(used in) investing activities		<u>1,595,565</u>	<u>(4,294,137)</u>
Financing activities			
Drawdown of bank loans		10,800,000	32,080,000
Repayment of bank loans		(10,972,700)	(27,432,769)
Upfront debt transaction costs and facilities fees of bank loans		(7,800)	(148,400)
Capital contribution from non-controlling interests		-	119,419
Repayment of loan by a joint venture		3,200	3,050
Distributions to unitholders of HPH Trust		(3,571,551)	(3,996,922)
Dividends to non-controlling interests		(1,263,647)	(1,835,027)
Net cash used in financing activities		<u>(5,012,498)</u>	<u>(1,210,649)</u>
Net changes in cash and cash equivalents		1,980,144	(350,178)
Cash and cash equivalents at beginning of the year		5,818,662	6,168,840
Cash and cash equivalents at end of the year		<u>7,798,806</u>	<u>5,818,662</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Units in issue HK\$'000	Exchange and other reserves HK\$'000	Revaluation reserve HK\$'000	Pension reserve HK\$'000	Accumulated losses HK\$'000	Attributable to unitholders HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
Group								
At 1 January 2014	68,553,839	91,970	20,525	34,607	(3,531,992)	65,168,949	19,062,718	84,231,667
Comprehensive income:								
Loss for the year	-	-	-	-	(17,191,955)	(17,191,955)	1,173,701	(16,018,254)
Remeasurement of defined benefits plans	-	-	-	(14,202)	-	(14,202)	-	(14,202)
Investments:								
Valuation losses taken to reserves	-	-	(33,583)	-	-	(33,583)	-	(33,583)
Currency translation differences	-	(41,270)	-	-	-	(41,270)	(29,889)	(71,159)
Transferred to/(from) reserves	-	35	-	-	(35)	-	-	-
Total comprehensive (loss)/income	-	(41,235)	(33,583)	(14,202)	(17,191,990)	(17,281,010)	1,143,812	(16,137,198)
Transactions with owners:								
Equity contribution from non-controlling interests	-	-	-	-	-	-	123,624	123,624
Distributions	-	-	-	-	(3,571,551)	(3,571,551)	-	(3,571,551)
Dividends	-	-	-	-	-	-	(1,252,347)	(1,252,347)
At 31 December 2014	68,553,839	50,735	(13,058)	20,405	(24,295,533)	44,316,388	19,077,807	63,394,195
At 1 January 2013	68,539,835	42,217	8,241	(224,386)	(1,209,854)	67,156,053	18,351,069	85,507,122
Comprehensive income:								
Profit for the year	-	-	-	-	1,674,784	1,674,784	1,327,181	3,001,965
Remeasurement of defined benefit plans	-	-	-	258,993	-	258,993	-	258,993
Investments:								
Valuation gains taken to reserves	-	-	12,284	-	-	12,284	-	12,284
Currency translation differences	-	49,753	-	-	-	49,753	35,569	85,322
Total comprehensive income	-	49,753	12,284	258,993	1,674,784	1,995,814	1,362,750	3,358,564
Transactions with owners:								
Issuance of units	14,004	-	-	-	-	14,004	-	14,004
Equity contribution from non-controlling interests	-	-	-	-	-	-	119,419	119,419
Distributions	-	-	-	-	(3,996,922)	(3,996,922)	-	(3,996,922)
Dividends	-	-	-	-	-	-	(770,520)	(770,520)
At 31 December 2013	68,553,839	91,970	20,525	34,607	(3,531,992)	65,168,949	19,062,718	84,231,667

STATEMENT OF CHANGES IN EQUITY OF HUTCHISON PORT HOLDINGS TRUST

For the year ended 31 December 2014

	Units in issue HK\$'000	Accumulated losses HK\$'000	Attributable to unitholders HK\$'000
Trust			
At 1 January 2014	68,553,839	(4,894,252)	63,659,587
Profit and total comprehensive income for the year	-	769,731	769,731
Transaction with owners:			
Distributions	-	(3,571,551)	(3,571,551)
At 31 December 2014	<u>68,553,839</u>	<u>(7,696,072)</u>	<u>60,857,767</u>
At 1 January 2013	68,539,835	(3,544,923)	64,994,912
Profit and total comprehensive income for the year	-	2,647,593	2,647,593
Transaction with owners:			
Issuance of units	14,004	-	14,004
Distributions	-	(3,996,922)	(3,996,922)
At 31 December 2013	<u>68,553,839</u>	<u>(4,894,252)</u>	<u>63,659,587</u>

NOTES TO THE ACCOUNTS

1 GENERAL INFORMATION

Hutchison Port Holdings Trust (“Trust” or “HPH Trust”) is a business trust constituted by a deed of trust dated 25 February 2011 (the “Trust Deed”) and registered with the Monetary Authority of Singapore. HPH Trust is principally regulated by the Business Trusts Act, Chapter 31A of Singapore and Securities and Futures Act, Chapter 289 of Singapore. Under the Trust Deed, Hutchison Port Holdings Management Pte. Limited (the “Trustee-Manager”), has declared that it will hold all its assets (including businesses) acquired on trust for the unitholders as the Trustee-Manager of HPH Trust. The registered address of the Trustee-Manager is at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623. HPH Trust was listed on the Main Board of Singapore Exchange Securities Trading Limited (the “SGX-ST”) on 18 March 2011.

HPH Trust is established with the principal investment mandate of investing in, developing, operating and managing deep-water container ports in the Guangdong Province of the People’s Republic of China (“PRC”), Hong Kong and Macau. HPH Trust may also invest in other types of port assets including river ports, which are complementary to the deep-water container ports owned by HPH Trust, as well as undertake certain port ancillary services including, but not limited to, trucking, feeder, freight-forwarding, supply chain management, warehousing and distribution services.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The accounts have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The accounts have been prepared under the historical cost convention except for investments which are stated at fair value, as explained in the significant accounting policies set out below.

There is no material difference in preparing the accounts using HKFRS and International Financial Reporting Standards (“IFRS”). No material adjustments are required to restate the accounts prepared under HKFRS to comply with IFRSs.

At 31 December 2014, HPH Trust and its subsidiary companies (the “Group”) recorded net current liabilities of HK\$4.4 billion, mainly resulting from an unsecured bank loan of HK\$7.8 billion which will mature in August 2015. Management is confident to complete the refinancing arrangement before the expiry of the existing loans. Based on the Group’s history of its ability to obtain external financing, its operating performance and its expected future working capital requirements, management believes that there are sufficient financial resources available to the Group to meet its liabilities as and when they fall due. Accordingly, these consolidated accounts have been prepared on a going concern basis.

The preparation of accounts in conformity with HKFRS requires management to exercise its judgement in the process of applying the accounting policies of the Group. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the accounts, are disclosed in Note 3.

Adoption of amendments to existing standards

On 1 January 2014, the Group has adopted the following amendments which are relevant to the Group’s operations and mandatory for annual period beginning 1 January 2014:

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting

The adoption of the above amendments has no material effect on the results and financial position of the Group.

NOTES TO THE ACCOUNTS

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Standards and amendments which are not yet effective

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

Annual Improvements to HKFRSs 2010 – 2012 Cycle ⁽¹⁾	Improvements to HKFRSs
Annual Improvements to HKFRSs 2011 – 2013 Cycle ⁽¹⁾	Improvements to HKFRSs
Amendments to HKAS 19(2011) ⁽¹⁾	Defined Benefit Plans: Employee Contributions
Amendments to HKAS 27 ⁽²⁾	Equity Method in Separate Financial Statements
Annual Improvements to HKFRSs 2012 – 2014 Cycle ⁽²⁾	Improvements to HKFRSs
Amendments to HKFRS 10 and HKAS 28 ⁽²⁾	Sale or Contribution of Assets between an Investor and its Associate and Joint Venture
Amendments to HKAS 1 ⁽²⁾	Presentation of Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 ⁽²⁾	Investment Entities
HKFRS 15 ⁽³⁾	Revenue from Contracts with Customers
HKFRS 9(2014) ⁽⁴⁾	Financial Instruments

⁽¹⁾ Effective for annual periods beginning 1 July 2014

⁽²⁾ Effective for annual periods beginning 1 January 2016

⁽³⁾ Effective for annual periods beginning 1 January 2017

⁽⁴⁾ Effective for annual periods beginning 1 January 2018

HKFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of HKFRS 9 was issued in July 2014. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit and loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. HKFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under HKAS 39.

HKFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces HKAS 18 'Revenue' and HKAS 11 'Construction contracts' and related interpretations.

The Group is assessing the full impact of these new or revised HKFRS, certain of them will give rise to change in presentation, disclosure and measurements of certain items in the financial statements. It is not expected to have material impact on the Group.

(a) Basis of consolidation

The consolidated accounts of the Group for the year ended 31 December 2014 include all its direct and indirect subsidiary companies and also incorporate the interest in associated companies and joint ventures on the basis set out in Notes 2(c) and 2(d) below. Results of subsidiary companies, associated companies and joint ventures acquired or disposed of during the year are included as from their effective dates of acquisition to 31 December 2014 or up to the dates of disposal as the case may be. The acquisition of subsidiary companies is accounted for using the purchase method.

NOTES TO THE ACCOUNTS

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Subsidiary companies

A subsidiary company is an entity in which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. In the unconsolidated accounts of the holding company, investments in subsidiary companies are carried at cost less provision for impairment in value.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of subsidiary companies are the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On the acquisition by acquisition basis, the Group recognises a non-controlling interest in the acquiree either at fair value or at non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

(c) Associated companies

An associate is an entity, other than a subsidiary company or a joint venture, in which the Group has a long-term equity interest and over which the Group is in a position to exercise significant influence over its management, which includes participation in the financial and operating policy decisions.

The results and assets and liabilities of associates are incorporated in these accounts using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under HKFRS 5, "Non-current assets held for sale and discontinued operations". The total carrying amount of such investments is reduced to recognise any identified impairment loss in the value of individual investments.

(d) Joint ventures

A joint venture is a contractual arrangement whereby the venturers undertake an economic activity which is subject to joint control and over which none of the participating parties has unilateral control.

Joint ventures involve the establishment of separate entities. The results and assets and liabilities of joint ventures are incorporated in these accounts using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under HKFRS 5, "Non-current assets held for sale and discontinued operations". The total carrying amount of such investments is reduced to recognise any identified impairment loss in the value of individual investments.

(e) Fixed assets

Fixed assets are stated at cost less depreciation and any impairment loss. Properties comprise buildings and civil works. Buildings and civil works are depreciated on the basis of an expected life of 50 years, or the remainder thereof, or over the remaining period of the lease of the underlying leasehold land and land use rights, whichever is lesser. The period of the lease includes the period for which a right of renewal is attached. Other assets comprise motor vehicles, computer equipment and other fixed assets.

NOTES TO THE ACCOUNTS

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Fixed assets (Continued)

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

Container terminal equipment	10 - 35 years
Barges	15 years
Motor vehicles	5 years
Computer equipment	5 years
Other fixed assets	5 - 25 years

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

(f) Projects under development

Projects under development are carried at cost and include project development expenditure and capitalised interest on related loans incurred up to the date of completion. On completion, projects under development are transferred to fixed assets.

(g) Leasehold land and land use rights

The acquisition costs and upfront payments made for leasehold land and land use rights are presented on the statement of financial position as leasehold land and land use rights and expensed in the income statement on a straight-line basis over the period of the lease/rights.

(h) Customer relationships

Customer relationships, which are acquired in a business combination, are recognised at fair value at the acquisition date. Customer relationships are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the customer relationships.

(i) Goodwill

Goodwill is initially measured at cost being excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed. Goodwill on acquisition of a foreign operation is treated as an asset of the foreign operation.

Goodwill arising on acquisition is retained at the carrying amount as a separate asset or, as applicable, included within investments in associated companies and joint ventures at the date of acquisition, and subject to impairment test annually and when there are indications that the carrying value may not be recoverable. If the cost of acquisition is less than the fair value of the Group's share of the net identifiable assets of the acquired company, the difference is recognised directly in the income statement.

The profit or loss on disposal of a subsidiary company, associated company or joint venture is calculated by reference to the net assets at the date of disposal including the attributable amount of goodwill but does not include any attributable goodwill previously eliminated against reserves.

(j) Railway usage rights

Railway usage rights are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line basis over the period of operation of approximately 45 years.

NOTES TO THE ACCOUNTS

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Current and deferred tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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

Deferred tax is provided in full, using the liabilities method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(l) Investments

Investments (other than investments in subsidiary companies, associated companies or joint ventures) are non-derivative financial assets that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. At the end of the reporting period subsequent to initial recognition, these financial assets are carried at fair value and changes in fair value are recognised in other comprehensive income and accumulated under the heading of revaluation reserve except for impairment losses which are charged to the income statement. Where these investments are interest bearing, interest calculated using the effective interest method is recognised in the income statement. Dividends from investments are recognised as other operating income in the income statement when the right to receive payment is established. When investments are sold, the cumulative fair value gains or losses previously recognised in revaluation reserve are removed from revaluation reserve and recognised in the income statement.

(m) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of the reporting period subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method less impairment. Interest calculated using the effective interest method is recognised in the income statement.

(n) Trade and other receivables

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

(o) Inventories

Inventories consist mainly of replacement parts and are stated at the lower of cost and net realisable value. Cost is calculated on the weighted average basis.

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits with maturity less than three months, and bank overdrafts, excluding secured bank balances.

NOTES TO THE ACCOUNTS

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Borrowings and borrowing costs

The borrowings are initially measured at fair value, net of transaction costs, and are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the period of the borrowings using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

(r) Trade and other payables

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

(s) Provisions

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

(t) Asset impairment

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

(u) Pension plans

Pension plans are classified into defined benefit and defined contribution plans.

Pension costs for defined benefit plans are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to income statement so as to spread the regular cost over the future service lives of employees in accordance with the advice of the actuaries who carry out a valuation of the plans. The pension obligation is measured as the present value of the estimated future cash outflows using interest rates determined by reference to market yields at the end of the reporting period based on high quality corporate bonds with currency and term similar to the estimated term of benefit obligations. All actuarial gains and losses are recognised in full, in the year in which they occur, in other comprehensive income.

The contributions to the defined contribution plans are charged to the income statement in the year incurred.

Pension costs are charged against the income statement within staff costs. The pension plans are generally funded by the relevant Group companies taking into account the recommendations of independent qualified actuaries and by payments from employees for contributory plans.

(v) Foreign exchange

The consolidated accounts are presented in Hong Kong dollars, which is same as the functional currency of HPH Trust.

Transactions in foreign currencies are converted at the rates of exchange ruling at the transaction dates. Monetary assets and liabilities are translated at the rates of exchange ruling at the end of the reporting period.

NOTES TO THE ACCOUNTS

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Foreign exchange (Continued)

The accounts of foreign operations (i.e. subsidiary companies, associated companies, joint ventures or branches whose activities are based or conducted in a country or currency other than those of the Trust) are translated into Hong Kong dollars using the year end rates of exchange for the statement of financial position items and the average rates of exchange for the year for the income statement items. Exchange differences are recognised in other comprehensive income and accumulated under the heading of exchange reserve. Exchange differences arising from foreign currency borrowings and other currency instruments designated as hedges of such overseas investments, are recognised in other comprehensive income and accumulated under the heading of exchange reserve.

Exchange differences arising from translation of inter-company loan balances between Group entities are recognised in other comprehensive income and accumulated under the heading of exchange reserve when such loans form part of the Group's net investment in a foreign entity. On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange gains or losses accumulated in exchange reserve in respect of that operation attributable to the owners of the Company are transferred out of the exchange reserve and are recognised in the income statement.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests and is not recognised in the income statement. For all other partial disposals (i.e. partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is transferred out of the exchange reserve and is recognised in the income statement.

All other exchange differences are recognised in the income statement.

(w) Distributions to the Trust's unitholders

Distributions to the Trust's unitholders are recorded in equity in the period in which they are approved for payment.

(x) Operating leases

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

(y) Revenue and other income recognition

Revenue is recognised:

- (i) for ports and related services and transportation and logistics solutions, when the service is rendered; and
- (ii) for management and service fee income and system development and support fees, when the service is rendered.

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

NOTES TO THE ACCOUNTS

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

Note 2 includes a summary of the significant accounting policies used in the preparation of the accounts. The preparation of accounts often requires the use of judgements to select specific accounting methods and policies from several acceptable alternatives. Furthermore, significant estimates and assumptions concerning the future may be required in selecting and applying those methods and policies in the accounts. The Group bases its estimates and judgements on historical experience and various other assumptions that it believes are reasonable under the circumstances. Actual results may differ from these estimates and judgements under different assumptions or conditions.

The following is a review of the more significant assumptions and estimates as well as the accounting policies and methods used in the preparation of the accounts.

(a) Long lived assets

The Group has made substantial investments in tangible long-lived assets in its container terminal operating business. Changes in technology or changes in the intended use of these assets may cause the estimated period of use or value of these assets to change.

The Group considers its assets impairment accounting policy to be a policy that requires one of the most extensive applications of judgements and estimates by management.

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

Management's judgement is required in the area of asset impairment, particularly in assessing: (1) whether an event has occurred that may indicate that the related asset values may not be recoverable; (2) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell or net present value of future cash flows which are estimated based upon the continued use of the asset in the Group; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level, if any, of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the income statement.

NOTES TO THE ACCOUNTS

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT (CONTINUED)

(b) Goodwill

For the purposes of impairment tests, the recoverable amount of goodwill is determined based on value-in-use calculations. The value-in-use calculations primarily use cash flow projections based on financial projections approved by management. There are a number of assumptions and estimates involved for the preparation of cash flow projections. The key assumptions adopted in the value in use calculations are based on management's best estimates and past experience. Changes to key assumptions can affect significantly the results of the impairment tests.

Key assumptions are made with respect to the expected growth in revenues and cost of services rendered, timing of future capital expenditures, terminal value growth rates and selection of discount rate, which approximately reflect the risks involved. The growth in revenues will be affected by the growth in both the volume of containers handled and tariff. The volume of containers handled will be impacted by economic and global market conditions, and influenced by the performance and growth of regional and international trading economies. If key export markets for local exporters experience an economic downturn or recession, export volumes may decrease. The growth of tariff depends on the Group's overall competitiveness, which is determined by a number of factors, such as geographical reach and connectivity, operating efficiency, berth availability, mega vessel handling capability, technology offerings, transportation and logistics network and ancillary services and facilities.

A significant portion of cost of services rendered is labour cost which will be impacted by labour supply and inflation. In addition, the introduction of ever larger vessels by shipping lines will require upgrading of equipment and new work practices to increase productivity so as to remain competitive.

(c) Customer relationships

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. Customer relationships are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the customer relationships.

The Group considers its impairment accounting policy to be a policy that requires one of the most extensive applications of judgements and estimates by management. Intangible assets with definite useful lives that are subject to amortisation are reviewed to determine whether there is any indication that the carrying value of these assets may not be recoverable and have suffered an impairment loss. If any such indication exists, the recoverable amounts of the intangible assets are estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Such impairment loss is recognised in the income statement. Management's judgement is required in the area of intangible asset impairment, particularly in assessing: (1) whether an event has occurred that may indicate that the related asset values may not be recoverable; and (2) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell or net present value of future cash flows which are estimated based upon the continued use of the asset in the Group.

(d) Depreciation

Depreciation of operating assets constitutes a substantial operating cost for the Group. The cost of fixed assets is charged as depreciation expense over the estimated useful lives of the respective assets using the straight-line method. The Group periodically reviews changes in technology and industry conditions, asset retirement activity and residual values to determine adjustments to estimated remaining useful lives and depreciation rates.

Actual economic lives may differ from estimated useful lives. Periodic reviews could result in a change in depreciable lives and therefore depreciation expense in future periods.

NOTES TO THE ACCOUNTS

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT (CONTINUED)

(e) Accrual of net revenue

Revenue is accrued at period end with reference to the throughput handled and the terms of agreements for container handling service. Consequently, recognition of revenue is based on the volume of services rendered as well as the latest tariff agreed with customers or best estimated by management. This estimate is based on the latest tariff and other industry considerations as appropriate. If the actual revenue differs from the estimated accrual, this will have an impact on revenue in future periods.

(f) Pension costs

The Group operates several defined benefit plans. Pension costs for defined benefit plans are assessed using the projected unit credit method in accordance with Hong Kong Accounting Standards ("HKAS") 19 (2011), Employee Benefits. Under this method, the cost of providing pensions is charged to consolidated income statement so as to spread the regular cost over the future service lives of employees in accordance with the advice of the actuaries who carry out a valuation of the plans. The pension obligation is measured at the present value of the estimated future cash outflows using interest rates determined by reference to market yields at the end of the reporting period based on high quality corporate bonds with currency and term similar to the estimated term of benefit obligations. All actuarial gains and losses are recognised in full, in the year in which they occur, in the consolidated statement of comprehensive income.

Management appointed actuaries to carry out a full valuation of these pension plans to determine the pension obligations that are required to be disclosed and accounted for in the accounts in accordance with the HKFRS requirements.

The actuaries use assumptions and estimates in determining the fair value of the defined benefit plans and evaluate and update these assumptions on an annual basis. Judgement is required to determine the principal actuarial assumptions to determine the present value of defined benefit obligations and service costs. Changes to the principal actuarial assumptions can significantly affect the present value of plan obligations and service costs in future periods.

(g) Tax

The Group is subject to income taxes in different jurisdictions. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were previously recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the accounts. Deferred tax assets are recognised for unused tax losses carried forward to the extent it is probable that future taxable profits will be available against which the unused tax losses can be utilised, based on all available evidence. Recognition primarily involves judgement regarding the future financial performance of the particular legal entity or tax group in which the deferred tax asset has been recognised. A variety of other factors are also evaluated in considering whether there is convincing evidence that it is probable that some portion or all of the deferred tax assets will ultimately be realised, such as the existence of taxable temporary differences, group relief, tax planning strategies and the periods in which estimated tax losses can be utilised. The carrying amount of deferred tax assets and related financial models and budgets are reviewed at the end of the reporting period and to the extent that there is insufficient convincing evidence that sufficient taxable profits will be available within the utilisation periods to allow utilisation of the carry forward tax losses, the asset balance will be reduced and charged to the consolidated income statement.

NOTES TO THE ACCOUNTS

4 REVENUE AND OTHER INCOME AND SEGMENT INFORMATION

(a) Revenue and other income

	2014 HK\$'000	2013 HK\$'000
Revenue		
Rendering of port and related services	12,166,759	11,997,758
Rendering of transportation and logistics solutions	273,577	235,626
Management and service fee income	59,777	65,507
System development and support fees	30,856	24,964
Others	3,582	2,471
	<u>12,534,551</u>	<u>12,326,326</u>
Other income		
Interest income	87,677	58,060
	<u>12,622,228</u>	<u>12,384,386</u>

(b) Segment information

The chief operating decision maker has been determined to be the executive committee of HPH Trust (the "Executive Committee"). The Executive Committee reviews the internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

HPH Trust is principally engaged in investing in, developing, operating and managing deep-water container ports and port ancillary services and therefore management considers that HPH Trust operates in one single business segment.

Disclosures by geographical location are shown below:

	Revenue and other income		Non-current assets	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Hong Kong	5,327,303	5,590,010	30,132,371	52,448,187
Mainland China	7,294,925	6,794,376	74,727,230	75,637,177
	<u>12,622,228</u>	<u>12,384,386</u>	<u>104,859,601</u>	<u>128,085,364</u>

NOTES TO THE ACCOUNTS

5 OPERATING PROFIT

Operating profit is stated after crediting and charging the following:

	2014 HK\$'000	2013 HK\$'000
<u>Crediting</u>		
Dividend income from the River Ports Economic Benefits (Note 17)	47,410	48,671
Net exchange gain	-	2,807
Net gain on disposal of fixed assets	1,926	-
<u>Charging</u>		
Auditor's remuneration		
- audit services	14,521	14,166
- non-audit services	502	477
Amortisation		
- leasehold land and land use rights	1,270,832	1,287,083
- railway usage rights	568	571
- customer relationships	334,206	334,206
Depreciation of fixed assets	1,199,741	1,231,609
Net loss on disposal of fixed assets	-	14,961
Operating lease rentals		
- office premises and port facilities	66,496	65,469
Staff costs included in cost of services rendered	1,301,366	1,152,151
Net exchange loss	61,462	-

6 INTEREST AND OTHER FINANCE COSTS

	2014 HK\$'000	2013 HK\$'000
Interest and other finance costs on:		
Bank loans and overdrafts	517,901	484,558
Loans from non-controlling interests	1,519	1,518
Other finance costs	66,686	155,362
	586,106	641,438

NOTES TO THE ACCOUNTS

7 TAX

	2014 HK\$'000	2013 HK\$'000
Current tax	1,001,289	607,121
Deferred tax (Note 18)	(270,317)	(198,050)
	730,972	409,071

The tax charge on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate of the Group as follows:

	2014 HK\$'000	2013 HK\$'000
Profit before tax excluding share of profits less losses after tax of joint ventures and associated companies and impairment of goodwill (Note)	3,574,155	3,290,367
Tax calculated at weighted average tax rate of 24.0% (2013: 24.8%)	858,176	814,580
Tax exemption in the PRC	(216,066)	(564,711)
Income not subject to tax	(54,386)	(12,500)
Expenses not deductible for tax purposes	63,295	60,762
Withholding tax on unremitted earnings	113,124	122,805
Utilisation of previously unrecognised tax losses	(11,003)	(13,016)
(Over)/under provision in prior year	(25,461)	748
Tax losses not recognised	3,403	741
Others	(110)	(338)
Total tax	730,972	409,071

Note:

A one-off, non-cash goodwill impairment loss of HK\$19.0 billion was recognised in 2014.

NOTES TO THE ACCOUNTS

8 DISTRIBUTIONS

	2014 HK\$'000	2013 HK\$'000
For the period from 1 July 2012 to 31 December 2012		
Distribution of 27.19 HK cents per unit	-	2,367,947
For the period from 1 January 2013 to 30 June 2013		
Distribution of 18.70 HK cents per unit	-	1,628,975
For the period from 1 July 2013 to 31 December 2013		
Distribution of 22.30 HK cents per unit	1,942,576	-
For the period from 1 January 2014 to 30 June 2014		
Distribution of 18.70 HK cents per unit	1,628,975	-
	<u>3,571,551</u>	<u>3,996,922</u>

On 6 February 2015, the Board of Directors of the Trustee-Manager recommended the distribution of 22.30 HK cents per unit for the financial result from 1 July 2014 to 31 December 2014 (2013: 22.30 HK cents per unit) amounting to HK\$1,942.6 million (2013: HK\$1,942.6 million) and payable on 27 March 2015. This distribution is not reflected in these accounts and will be recognised in equity as an appropriation of retained profits in the financial year ending 31 December 2015.

9 (LOSS)/EARNINGS PER UNIT

The calculation of (loss)/earnings per unit is based on loss attributable to unitholders of HPH Trust of HK\$17,191,955,000 for the year ended 31 December 2014 (2013: HK\$1,674,784,000) and on 8,711,101,022 units in issue (2013: 8,710,597,787 units in issue), which is the weighted average number of units for the year ended 31 December 2014.

Diluted (loss)/earnings per unit is the same as the basic (loss)/earnings per unit for the years ended 31 December 2014 and 2013.

NOTES TO THE ACCOUNTS

10 FIXED ASSETS

	Properties HK\$'000	Container handling equipment HK\$'000	Barges HK\$'000	Other assets HK\$'000	Total HK\$'000
Group					
2014					
Opening net book amount	19,290,008	8,446,880	25,352	360,817	28,123,057
Additions	59,089	158,120	6,404	1,945	225,558
Transfer from projects under development (Note 11)	34,177	283,954	-	83,179	401,310
Disposal of subsidiary companies (Note 27)	(1,918,801)	(525,470)	-	(36,993)	(2,481,264)
Depreciation	(563,714)	(571,419)	(5,283)	(59,325)	(1,199,741)
Disposals	(9)	(3,568)	-	(216)	(3,793)
Currency translation differences	(19,631)	(5,085)	-	(411)	(25,127)
Closing net book amount	16,881,119	7,783,412	26,473	348,996	25,040,000
At 31 December 2014					
Cost	19,000,276	9,968,715	39,970	597,179	29,606,140
Accumulated depreciation	(2,119,157)	(2,185,303)	(13,497)	(248,183)	(4,566,140)
Net book amount	16,881,119	7,783,412	26,473	348,996	25,040,000
2013					
Opening net book amount	17,774,591	8,107,310	21,255	344,720	26,247,876
Acquisition of subsidiary companies	1,974,734	522,783	-	26,027	2,523,544
Additions	35,690	168,428	8,853	21,009	233,980
Transfer from projects under development (Note 11)	78,140	225,442	-	35,345	338,927
Depreciation	(600,000)	(561,577)	(3,937)	(66,095)	(1,231,609)
Disposals	(13)	(22,532)	(819)	(744)	(24,108)
Currency translation differences	26,866	7,026	-	555	34,447
Closing net book amount	19,290,008	8,446,880	25,352	360,817	28,123,057
At 31 December 2013					
Cost	20,908,184	10,089,822	35,188	559,933	31,593,127
Accumulated depreciation	(1,618,176)	(1,642,942)	(9,836)	(199,116)	(3,470,070)
Net book amount	19,290,008	8,446,880	25,352	360,817	28,123,057

NOTES TO THE ACCOUNTS

11 PROJECTS UNDER DEVELOPMENT

	2014 HK\$'000	2013 HK\$'000
Group		
At beginning of the year	1,847,826	1,315,394
Additions	918,932	836,644
Transfer to fixed assets (Note 10)	(401,310)	(338,927)
Currency translation differences	(33,481)	34,715
	<u>2,331,967</u>	<u>1,847,826</u>

Projects under development mainly represent the cost of construction of port facilities in the PRC incurred by subsidiary companies.

12 LEASEHOLD LAND AND LAND USE RIGHTS

	2014 HK\$'000	2013 HK\$'000
Group		
Net book value		
At beginning of the year	44,579,430	44,958,859
Additions	127,394	-
Acquisition of subsidiary companies	-	896,372
Disposal of subsidiary companies (Note 27)	(869,721)	-
Disposals	(374)	(1,833)
Amortisation	(1,270,832)	(1,287,083)
Currency translation differences	(11,074)	13,115
	<u>42,554,823</u>	<u>44,579,430</u>

13 RAILWAY USAGE RIGHTS

	2014 HK\$'000	2013 HK\$'000
Group		
Net book value		
At beginning of the year	15,941	16,004
Amortisation	(568)	(571)
Currency translation differences	(371)	508
	<u>15,002</u>	<u>15,941</u>

NOTES TO THE ACCOUNTS

14 INTANGIBLE ASSETS

(a) Customer relationships

	2014 HK\$'000	2013 HK\$'000
Group		
Net book value		
At beginning of the year	7,507,008	7,841,214
Amortisation	(334,206)	(334,206)
At end of the year	7,172,802	7,507,008

(b) Goodwill

Goodwill is allocated to the Group's CGU identified according to geographical locations as the Group has one business segment only. The goodwill is allocated as follows:

	2014 HK\$'000	2013 HK\$'000
Group		
Hong Kong	1,666,002	21,537,401
Mainland China	20,963,042	20,963,042
	22,629,044	42,500,443
	2014 HK\$'000	2013 HK\$'000
Group		
At beginning of the year	42,500,443	41,629,044
Acquisition of subsidiary companies	-	871,399
Disposal of subsidiary companies (Note 27)	(871,399)	-
Impairment of goodwill (accumulated: HK\$19.0 billion)	(19,000,000)	-
At end of the year	22,629,044	42,500,443

In the fourth quarter of 2014, an impairment assessment was undertaken in respect of the Group's goodwill. Management reviewed the latest market developments and the business plan and considers the Hong Kong operation to be adversely impacted by the uncertainties in the global economy and demand, and challenging labour cost pressure. As a result, the assumptions regarding growth rate in revenue and cost of services rendered used in the current year's assessment of the Hong Kong CGU have been reduced by approximately 1% and increased by approximately 3% to 7%, respectively, as compared to last year. As in prior years, the impairment methodology assumed terminal values and discount rates of 2-3% and 8-10% per annum, respectively. Terminal values are determined by considering both internal and external factors relating to the port operation and discount rates reflect specific risks relating to the relevant business. Based on the assessment, a non-cash goodwill impairment loss of HK\$19.0 billion was recognised against the goodwill allocated to the CGU in Hong Kong.

For illustration purposes, a hypothetical 0.5% decrease in revenue growth rate, a 0.5% increase in cost of services rendered, and a 0.5% increase in the discount rate used in the value-in-use calculations, with all other variables and assumptions held constant, would decrease the recoverable amount of the Hong Kong CGU, by HK\$3.2 billion, HK\$2.0 billion and HK\$1.8 billion, respectively. Actual results in the future may differ materially from the sensitivity analysis due to developments in the global markets and changes in economic conditions which may cause fluctuations in growth and market interest rates to vary and therefore it is important to note that the hypothetical amounts so generated do not represent a projection of likely future events and profits or losses.

NOTES TO THE ACCOUNTS

15 ASSOCIATED COMPANIES

	2014 HK\$'000	2013 HK\$'000
Group		
Share of net assets	154,408	150,814

Details of the principal associated company at 31 December 2014 are as follows:

Name	Place of establishment	Principal activities	Interest held
Shenzhen Yantian Tugboat Company Ltd. ¹	PRC	Provision of tugboat services in the PRC	23.84%

¹ Audited by PricewaterhouseCoopers network firm

The aggregate amounts of revenue, results, assets and liabilities of the associated companies are as follows:

	2014 HK\$'000	2013 HK\$'000
Revenue	260,620	259,376
Net profit for the year	54,420	63,535

	2014 HK\$'000	2013 HK\$'000
Total assets	552,803	568,894
Total liabilities	74,560	99,640

The Group's share of revenue and results of associated companies are as follows:

	2014 HK\$'000	2013 HK\$'000
Share of revenue	79,658	79,762
Share of results	17,087	19,385

NOTES TO THE ACCOUNTS

16 JOINT VENTURES

	2014 HK\$'000	2013 HK\$'000
Group		
Share of net assets	3,596,049	2,498,428
Loans to joint ventures	554,250	17,450
	4,150,299	2,515,878

A loan of HK\$540,000,000 to a joint venture (2013: Nil) is interest bearing at Hong Kong Interbank Offered Rate plus 5.00%. Another loan to a joint venture of HK\$14,250,000 (2013: \$17,450,000) is interest free. Both of the loans to joint ventures are unsecured and not expected to be repayable within one year. The carrying amount of the loans to joint ventures approximates its fair value.

Details of principal joint ventures at 31 December 2014 are as follows:

Name	Place of establishment	Principal activities	Interest held
COSCO-HIT Terminals (Hong Kong) Limited ¹	Hong Kong	Development and operation of a container terminal	50.00%
Asia Container Terminals Holdings Limited ¹	Hong Kong	Development and operation of a container terminal	40.00%
Beijing Leading Edge Container Services Co. Limited ¹	PRC	Provision of logistic services	50.00%
Mercury Sky Group Limited ²	British Virgin Islands	Investment holding	50.00%
Shenzhen Leading Edge Port Services Co. Limited ¹	PRC	Provision of port agency services	49.00%
Yantian Port International Information Co. Limited ¹	PRC	Provision of electronic port community system	28.21%

¹ Audited by PricewaterhouseCoopers network firms

² Not required to be audited under the laws of the country of incorporation

NOTES TO THE ACCOUNTS

16 JOINT VENTURES (CONTINUED)

The aggregate amounts of revenue, results, assets and liabilities of the joint ventures are as follows:

	2014 HK\$'000	2013 HK\$'000
Revenue	1,564,122	1,008,117
Net profit for the year	250,062	202,566
	2014 HK\$'000	2013 HK\$'000
Non-current assets	9,010,449	6,564,529
Current assets	1,837,877	1,319,169
Total assets	10,848,326	7,883,698
Non-current liabilities	1,705,680	2,204,808
Current liabilities	2,951,806	794,706
Total liabilities	4,657,486	2,999,514

The Group's share of revenues and results of joint ventures are as follows:

	2014 HK\$'000	2013 HK\$'000
Share of revenue	732,346	502,425
Share of results	121,476	101,284

17 INVESTMENTS

	2014 HK\$'000	2013 HK\$'000
Group		
Listed equity security	58,388	57,038
River Ports Economic Benefits (Note)	740,000	775,000
	798,388	832,038

Note:

The River Ports Economic Benefits represent the economic interest and benefits of the river ports in Nanhai, Jiangmen and Zhuhai Jiuzhou, PRC (together the "River Ports"), including all dividends and any other distributions or other monies payable to a related company or any of its subsidiaries in its capacity as a shareholder of the relevant holding company of the River Ports arising from the profits attributable to the business of the River Ports and all sale or disposal proceeds derived from such businesses, assets, rights and/or liabilities constituting any part of the business of the River Ports as agreed with a related company and any of its subsidiaries.

NOTES TO THE ACCOUNTS

18 DEFERRED TAX

	2014 HK\$'000	2013 HK\$'000
Group		
Deferred tax assets	(12,868)	(12,929)
Deferred tax liabilities	11,442,991	12,179,387
Net deferred tax liabilities	11,430,123	12,166,458

The movements in deferred income tax (assets)/liabilities during the year are as follows:

	Unused tax losses HK\$'000	Accelerated depreciation allowances HK\$'000	Fair value adjustments arising from acquisitions HK\$'000	Withholding tax on unremitted earnings HK\$'000	Others HK\$'000	Total HK\$'000
2014						
At 1 January 2014	(22,021)	715,130	11,288,489	185,254	(394)	12,166,458
Disposal of subsidiary companies (Note 27)	-	(147,010)	(318,916)	-	52	(465,874)
Tax charged/(credited) to income statement	4,409	15,049	(295,066)	5,184	107	(270,317)
Other temporary differences	-	-	(67)	-	(77)	(144)
At 31 December 2014	(17,612)	583,169	10,674,440	190,438	(312)	11,430,123
2013						
At 1 January 2013	(13,922)	534,632	11,236,948	134,269	(325)	11,891,602
Acquisition of subsidiary companies	-	143,850	329,202	-	(52)	473,000
Tax (credited)/charged to income statement	(8,099)	36,648	(277,594)	50,985	10	(198,050)
Other temporary differences	-	-	(67)	-	(27)	(94)
At 31 December 2013	(22,021)	715,130	11,288,489	185,254	(394)	12,166,458

NOTES TO THE ACCOUNTS

18 DEFERRED TAX (CONTINUED)

Notes:

- (a) The deferred tax assets and liabilities are offset when there is a legally enforceable right to set off and when the deferred income taxes relate to the same fiscal authority.
- (b) Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through the future taxable profit is probable. The Group has unrecognised tax losses of HK\$406,915,000 at 31 December 2014 (2013: HK\$456,336,000) to carry forward against future taxable income. Of these, HK\$405,765,000 (2013: HK\$445,117,000) can be carried forward indefinitely. The remaining HK\$1,150,000 (2013: HK\$11,219,000) expires in the following years:

	2014 HK\$'000	2013 HK\$'000
In the first year	-	3,674
In the second year	-	-
In the third year	-	-
In the fourth year	-	7,545
In the fifth year	1,150	-
	1,150	11,219

- (c) Deferred tax liabilities are calculated in full on temporary differences under the liabilities method using the tax rate of the countries in which the Group operated. The temporary differences are for accelerated depreciation allowances, fair value adjustments arising from acquisitions and withholding taxes arising from unremitted earnings.

19 CASH AND CASH EQUIVALENTS

	2014 HK\$'000	2013 HK\$'000
Group		
Cash at bank and on hand	325,743	232,063
Short-term bank deposits	7,473,063	5,586,599
	7,798,806	5,818,662
	2014 HK\$'000	2013 HK\$'000
Trust		
Cash at bank and on hand	2,133	1,762

NOTES TO THE ACCOUNTS

19 CASH AND CASH EQUIVALENTS (CONTINUED)

Cash and cash equivalents are denominated in the following currencies:

	2014 Percentage	2013 Percentage
Group		
Hong Kong dollar	60%	36%
Renminbi	26%	45%
United States dollar	14%	19%
	100%	100%
	2014 Percentage	2013 Percentage
Trust		
Hong Kong dollar	49%	38%
United States dollar	30%	20%
Singapore dollar	21%	42%
	100%	100%

The carrying amounts of cash and cash equivalents approximate their fair values. The maximum exposure to credit risk is the carrying amounts of the cash and cash equivalents.

20 TRADE AND OTHER RECEIVABLES

	2014 HK\$'000	2013 HK\$'000
Group		
Trade receivables	2,566,241	2,514,553
Less : Provision for impairment of receivables	(11,967)	(14,553)
	2,554,274	2,500,000
Other receivables and prepayments	460,705	332,597
Amounts due from related companies (Note a)	32,498	40,117
Amounts due from joint ventures (Note a)	262,827	217,316
Amounts due from associated companies (Note a)	7,945	11,301
	3,318,249	3,101,331

NOTES TO THE ACCOUNTS

20 TRADE AND OTHER RECEIVABLES (CONTINUED)

	2014 HK\$'000	2013 HK\$'000
Trust		
Other receivables and prepayments	1,587	1,837
Amount due from a related company (Note a)	-	30
	<u>1,587</u>	<u>1,867</u>

Trade and other receivables are denominated in the following currencies:

	2014 Percentage	2013 Percentage
Group		
Hong Kong dollar	68%	73%
Renminbi	24%	18%
United States dollar	8%	9%
	<u>100%</u>	<u>100%</u>

	2014 Percentage	2013 Percentage
Trust		
Hong Kong dollar	46%	50%
Singapore dollar	54%	50%
	<u>100%</u>	<u>100%</u>

The carrying amounts of trade and other receivables of the Group and of the Trust approximate their fair values.

Notes:

- (a) The amounts due from related companies, associated companies and joint ventures of the Group and of the Trust are unsecured, interest free and have no fixed terms of repayment.
- (b) At 31 December 2014, trade receivables of the Group amounting to HK\$1,057,471,000 (2013: HK\$1,238,284,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2014 HK\$'000	2013 HK\$'000
Up to 2 months	594,113	745,066
2 to 3 months	218,820	341,225
Over 3 months	244,538	151,993
	<u>1,057,471</u>	<u>1,238,284</u>

NOTES TO THE ACCOUNTS

20 TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes (Continued):

- (c) At 31 December 2014, trade receivables of the Group amounting to HK\$11,967,000 (2013: HK\$14,553,000) were impaired and provided for. The impaired receivables are balances in dispute with customers. The Group does not hold any collateral over these balances.

Movements of provisions for impairment of trade receivables of the Group are as follows:

	2014 HK\$'000	2013 HK\$'000
At beginning of the year	14,553	14,843
Provision for impairment	1,908	6,824
Write back of provision for impairment	(4,033)	(6,096)
Receivables written off as uncollectible	(37)	(1,018)
Disposal of subsidiary companies	(319)	-
Currency translation differences	(105)	-
At end of the year	11,967	14,553

The creation and release of provisions for impairment of receivables have been included in the income statement. Amounts charged to the provision for impairment of receivables are generally written off when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above.

21 TRADE AND OTHER PAYABLES

	2014 HK\$'000	2013 HK\$'000
Group		
Trade payables, other payables and accruals	6,684,492	6,113,405
Loans from non-controlling interests (Note a)	165,442	378,551
Amounts due to related companies (Note b)	91,059	90,219
	6,940,993	6,582,175

NOTES TO THE ACCOUNTS

21 TRADE AND OTHER PAYABLES (CONTINUED)

	2014 HK\$'000	2013 HK\$'000
Trust		
Trade payables, other payables and accruals	22,969	19,516
Amounts due to:		
- a related company (Note b)	12,527	11,837
- a subsidiary company (Note b)	3,646	31,863
	39,142	63,216

Trade and other payables are denominated in the following currencies:

	2014 Percentage	2013 Percentage
Group		
Hong Kong dollar	79%	76%
Renminbi	19%	22%
United States dollar	2%	2%
	100%	100%

	2014 Percentage	2013 Percentage
Trust		
Hong Kong dollar	15%	54%
United States dollar	32%	19%
Singapore dollar	53%	27%
	100%	100%

At 31 December 2014, the carrying amounts of trade and other payables of the Group and of the Trust approximate their fair values.

Notes:

- (a) The loans from non-controlling interests of the Group are unsecured, interest free except for an amount of HK\$30,380,000 (2013: HK\$30,380,000) which bears interest at Hong Kong Dollar Prime Rate (2013: bears interest at Hong Kong Dollar Prime Rate) and has no fixed terms of repayment.
- (b) Amounts due to related companies and a subsidiary company of the Group and of the Trust are unsecured, interest free and have no fixed terms of repayment.

NOTES TO THE ACCOUNTS

22 BANK LOANS

	Current portion HK\$'000	Non-current portion HK\$'000	Total HK\$'000
Group			
Unsecured bank loans	8,067,700	25,559,200	33,626,900
Secured bank loans	127,500	-	127,500
Total principal amount of bank loans	8,195,200	25,559,200	33,754,400
Unamortised loan facilities fees	(4,958)	(68,028)	(72,986)
At 31 December 2014	8,190,242	25,491,172	33,681,414
Unsecured bank loans	10,827,700	22,966,900	33,794,600
Secured bank loans	5,120	130,560	135,680
Total principal amount of bank loans	10,832,820	23,097,460	33,930,280
Unamortised loan facilities fees	(33,664)	(98,090)	(131,754)
At 31 December 2013	10,799,156	22,999,370	33,798,526

The carrying amounts of bank loans of the Group approximate their fair values as the bank loans bear floating interest rates and are repriced within six months at the prevailing market interest rates. The loans are fully repayable from July 2015 to April 2019 (2013: repayable from March 2014 to September 2018).

The effective interest rate of the Group's bank loans at 31 December 2014 is 1.6% per annum (2013: 1.4% per annum).

Bank loans are denominated in the following currencies:

	2014 Percentage	2013 Percentage
Group		
Hong Kong dollar	17%	17%
United States dollar	83%	83%
	100%	100%

At 31 December 2014, assets of the Group totalling HK\$240,739,000 (31 December 2013: HK\$244,342,000) were pledged as security for a bank loan.

NOTES TO THE ACCOUNTS

23 PENSION OBLIGATIONS

	2014 HK\$'000	2013 HK\$'000
Group		
Defined benefit plans		
Pension obligations	144,079	115,582

The Group operates a number of defined benefit and defined contribution plans, the assets of which are held independently of the Group's assets in trustee administered funds.

(a) Defined benefit plans

The Group's defined benefit plans in Hong Kong are a contributory final salary pension plan and a non-contributory guaranteed return defined contribution plan. The Group's plans were valued by Towers Watson Hong Kong Limited, qualified actuaries at 31 December 2014 using the projected unit credit method to account for the pension accounting costs in accordance with HKAS 19 (2011) "Employee Benefits".

The amounts recognised in the consolidated statement of financial position are determined as follows:

	2014 HK\$'000	2013 HK\$'000
Present value of defined benefit obligations	1,300,081	1,192,342
Fair value of plan assets	(1,156,002)	(1,076,760)
Net defined benefit liabilities	144,079	115,582

NOTES TO THE ACCOUNTS

23 PENSION OBLIGATIONS (CONTINUED)

The movements in the present value of the defined benefit liabilities and its components are as follows:

	Defined benefits obligations HK\$'000	Fair value of plan assets HK\$'000	Net defined benefit liabilities HK\$'000
2014			
At 1 January	1,192,342	(1,076,760)	115,582
Net charge/(credit) to the income statement			
Current service cost	47,459	856	48,315
Interest cost/(income)	18,819	(17,209)	1,610
	<u>66,278</u>	<u>(16,353)</u>	<u>49,925</u>
Net charge/(credit) to other comprehensive income			
Remeasurements loss:			
Actuarial loss arising from:			
Experience adjustment	59,399	-	59,399
Financial assumptions	5,572	-	5,572
Return on plan assets excluding interest income	-	(50,769)	(50,769)
	<u>64,971</u>	<u>(50,769)</u>	<u>14,202</u>
Other			
Contributions paid by the employer	-	(35,630)	(35,630)
Contributions paid by the employee	8,714	(8,714)	-
Benefits paid	(41,401)	41,401	-
Net transfer	9,177	(9,177)	-
	<u>1,300,081</u>	<u>(1,156,002)</u>	<u>144,079</u>
At 31 December			

NOTES TO THE ACCOUNTS

23 PENSION OBLIGATIONS (CONTINUED)

(a) Defined benefit plans (Continued)

The movements in the present value of the defined benefit liabilities and its components are as follows:

	Defined benefits obligations HK\$'000	Fair value of plan assets HK\$'000	Net defined benefit liabilities HK\$'000
2013			
At 1 January	1,316,795	(969,280)	347,515
Net charge/(credit) to the income statement			
Current service cost	55,078	444	55,522
Interest cost/(income)	5,902	(4,343)	1,559
	60,980	(3,899)	57,081
Net credit to other comprehensive income			
Remeasurements loss/(gain):			
Actuarial loss/(gain) arising from:			
Experience adjustment	13,627	-	13,627
Financial assumptions	(127,540)	-	(127,540)
Demographic assumptions	(14,655)	-	(14,655)
Return on plan assets excluding interest income	-	(130,425)	(130,425)
	(128,568)	(130,425)	(258,993)
Other			
Contributions paid by the employer	-	(30,021)	(30,021)
Contributions paid by the employee	7,590	(7,590)	-
Benefits paid	(67,236)	67,236	-
Net transfer	2,781	(2,781)	-
At 31 December	1,192,342	(1,076,760)	115,582

The principal actuarial assumptions used for accounting purposes are as follows:

	2014 Percentage	2013 Percentage
Discount rate	1.50 – 1.90	1.50 – 2.10
Future salary increases	4.00	4.00
Interest credited on plan accounts	5.00 – 6.00	5.00 – 6.00

NOTES TO THE ACCOUNTS

23 PENSION OBLIGATIONS (CONTINUED)

(a) Defined benefit plans (Continued)

Fair value of the plan assets is analysed as follows:

	2014 HK\$'000	2013 HK\$'000
Equity instruments	809,202	742,966
Debt instruments	316,752	286,599
Cash and others	30,048	47,197
At 31 December	1,156,002	1,076,762
	2014 Percentage	2013 Percentage
Equity Instruments		
Conglomerates and manufacturing	5%	7%
Construction and materials	2%	2%
Consumer markets	8%	9%
Energy and utilities	4%	5%
Financial institutions and units trust	20%	20%
Health and care	6%	5%
Insurance	4%	4%
Real estate	4%	5%
Information technology	11%	7%
Others	6%	5%
	70%	69%
Debt instruments		
Government (other than US)	8%	10%
Financial institutions	4%	5%
US Treasury	6%	4%
Others	9%	8%
	27%	27%
Cash and others	3%	4%
	100%	100%

NOTES TO THE ACCOUNTS

23 PENSION OBLIGATIONS (CONTINUED)

(a) Defined benefit plans (Continued)

The debt instruments are analysed by issuer's credit rating as follows:

	2014 Percentage	2013 Percentage
Aaa/AAA	24%	26%
Aa1/AA+	12%	15%
Aa2/AA	2%	2%
Aa3/AA-	5%	3%
A1/A+	8%	3%
A2/A	6%	11%
A3/A-	7%	5%
Baa1/BBB+	2%	4%
Baa2/BBB	7%	9%
Other lower grade	7%	7%
No investment grade	20%	15%
	100%	100%

The fair value of the above equity instruments and debt instruments are determined based on quoted market prices.

There is no immediate requirement for the Group to fund the deficit between the fair value of defined benefit plan assets and the present value of the defined benefit plan obligations disclosed at 31 December 2013 and 2014. Contributions to fund the obligations are based upon the recommendations of independent qualified actuaries for each of the pension plans of the Group to fully fund the relevant schemes on an ongoing basis. The realisation of the deficit is contingent upon the realisation of the actuarial assumptions made which is dependent upon a number of factors including the market performance of plan assets. Funding requirements of the major defined benefit plans of the Group are detailed below.

The Group operates two principal plans in Hong Kong. One plan, which has been closed to new entrants since 1994, provides benefits based on the greater of the aggregate of the employee and employer vested contributions plus a minimum interest thereon of 6% per annum, and a benefit derived by a formula based on the final salary and years of service. A formal independent actuarial valuation, undertaken for funding purposes under the provision of Hong Kong's Occupational Retirement Schemes Ordinance ("ORSO"), at 31 July 2013 reported a funding level of 119% of the accrued actuarial liabilities on an ongoing basis. The valuation used the attained age valuation method and the main assumptions in the valuation are an investment return of 6% per annum and salary increases of 4%. The valuation was performed by Tian Keat Aun, a Fellow of The Institute of Actuaries, of Towers Watson Hong Kong Limited. The second plan provides benefits equal to the employer vested contributions plus a minimum interest thereon of 5% per annum. At 31 December 2014, this plan is fully funded for the funding of vested benefits in accordance with the ORSO funding requirements. During the year ended 31 December 2014, forfeited contributions totalling HK\$885,000 (2013: HK\$1,254,000) were used to reduce the level of contributions of the year ended 31 December 2014 and no forfeited contribution was available at 31 December 2014 (2013: Nil) to reduce future year's contributions.

NOTES TO THE ACCOUNTS

23 PENSION OBLIGATIONS (CONTINUED)

(a) Defined benefit plans (Continued)

The sensitivity of the defined benefit obligation to changes in the significant principal assumptions is:

	Change in assumption	Impact on defined benefit obligation	
		Increase in assumption	Decrease in assumption
Discount rate	0.25%	Decrease by 2.0%	Increase by 2.0%
Salary increase	0.25%	Increase by 0.6%	Decrease by 0.6%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

Expected contributions to the defined benefit plans for the year ending 31 December 2015 are HK\$37,931,000.

The weighted average duration of the defined benefit obligation is 8.2 years as at 31 December 2014.

(b) Defined contribution plans

The Group's cost in respect of defined contribution plans for the year amounted to HK\$67,938,000 (2013: HK\$61,977,000).

24 UNITS IN ISSUE

	Number of units	HK\$'000
Group and Trust		
At 1 January 2013	8,708,888,000	68,539,835
Units issued on 25 March 2013 (Note)	2,213,022	14,004
At 31 December 2014 and 31 December 2013	8,711,101,022	68,553,839

All issued units are fully paid and rank pari passu in all respects.

Note:

On 25 March 2013, 2,213,022 units at US\$0.8152 per unit were issued to the Trustee-Manager as the payment of performance fee for the year ended 31 December 2012, according to the trust deed dated 25 February 2011 constituting HPH Trust.

NOTES TO THE ACCOUNTS

25 INVESTMENT IN A SUBSIDIARY

	2014 HK\$'000	2013 HK\$'000
Trust		
Investment cost	10,000	10,000
Capital contribution	60,883,189	63,709,174
	<u>60,893,189</u>	<u>63,719,174</u>

Pursuant to an investment agreement entered between the HPH Trust and a wholly-owned subsidiary, HPHT Limited, dated 4 August 2011, HPH Trust made capital contributions of HK\$67,280,000,000 to HPHT Limited ("Capital Contribution") through capitalising the amounts due from the subsidiary. HPH Trust has no right to require HPHT Limited to return any Capital Contribution. HPHT Limited may return to HPH Trust any Capital Contribution at any time in whole or in part. Accordingly, the capital contribution is accounted for as investment in a subsidiary.

Details of subsidiary companies of the Group are disclosed in Note 31.

26 RECONCILIATION OF OPERATING PROFIT TO CASH GENERATED FROM OPERATIONS

	Note	2014 HK\$'000	2013 HK\$'000
Operating profit		4,160,261	3,931,805
Depreciation and amortisation		2,805,347	2,853,469
Net gain from the disposal of subsidiary companies	27	(243,777)	-
Net (gain)/loss on disposal of fixed assets		(1,926)	14,961
Dividend income		(50,718)	(52,351)
Interest income		(87,677)	(58,060)
Performance fee settled in form of units		-	14,004
		<u>6,581,510</u>	<u>6,703,828</u>
Operating profit before working capital changes			
Decrease/(increase) in inventories		8,308	(7,949)
Increase in trade and other receivables		(174,990)	(35,352)
(Increase)/decrease in amounts due from related companies, associated companies and joint ventures		(43,157)	33,138
Increase/(decrease) in trade and other payables		286,496	(513,906)
Increase in pension obligations		10,695	30,660
		<u>6,668,862</u>	<u>6,210,419</u>
Cash generated from operations			

NOTES TO THE ACCOUNTS

27 DISPOSAL OF SUBSIDIARY COMPANIES

On 13 March 2014, the Group entered into a strategic partnership with COSCO Pacific Limited and China Shipping Terminal Development (Hong Kong) Company Limited through their investment of 40% and 20%, respectively, of effective equity and loan interests in Asia Container Terminals ("ACT") for an aggregate consideration of HK\$2,472 million. Subsequent to the transaction, the Group's interest in ACT decreased from 100% to 40%. Management considers the Group has joint control over ACT and accordingly, the Group's retained interest in ACT is accounted for as a joint venture.

	HK\$'000
Net assets disposed	
Fixed assets	2,481,264
Leasehold land	869,721
Goodwill	871,399
Cash and cash equivalents	60,658
Trade and other receivables	43,699
Inventories	18,594
Trade and other payables	(20,571)
Deferred tax liabilities	(465,874)
	<u>3,858,890</u>
Net gain from the disposal of subsidiary companies (Note)	243,777
Divestment cost and professional fees	17,333
	<u>4,120,000</u>
Less : 40% retained interest accounted for as a joint venture	(1,648,000)
	<u>2,472,000</u>
Represented by	
Cash received	<u>2,472,000</u>
Analysis of net cash inflow in respect of disposal of subsidiary companies	
Cash consideration	2,472,000
Cash and cash equivalents disposed of	(60,658)
	<u>2,411,342</u>

Note:

Reported under other operating income in the consolidated income statement.

NOTES TO THE ACCOUNTS

28 COMMITMENTS

(a) The Group's capital commitments for fixed assets and projects under development are as follows:

	2014 HK\$'000	2013 HK\$'000
Contracted but not provided for	99,256	154,851
Authorised but not contracted for (Note)	2,176,952	1,840,097
	<u>2,276,208</u>	<u>1,994,948</u>

The Group's share of capital commitments of the joint ventures is as follows:

	2014 HK\$'000	2013 HK\$'000
Authorised but not contracted for	<u>137,700</u>	<u>29,428</u>

Note:

The capital commitments were budgeted amounts estimated for future capital expenditures of the Group. These estimates are subject to a rigorous authorisation process before the expenditure is committed.

(b) At 31 December 2014, the Group had future aggregate minimum lease payments under non-cancellable operating leases for office premises and port facilities as follows:

	2014 HK\$'000	2013 HK\$'000
Within one year	31,574	36,715
Between two to five years	29,715	39,173
More than five years	155	-
	<u>61,444</u>	<u>75,888</u>

NOTES TO THE ACCOUNTS

29 RELATED PARTIES TRANSACTIONS

Significant transactions between the Group and related parties during the year that are carried out in the normal course of business are disclosed below. Outstanding balances with associated companies, joint ventures and Group companies are disclosed in Notes 20 and 21.

(i) Income from and expenses to related parties

	2014 HK\$'000	2013 HK\$'000
Income:		
Container handling fees received from joint ventures and related companies (Note a)	61,117	82,329
Management and service fee received from joint ventures and related companies (Note b)	82,197	81,767
Transportation management services fee income from a joint venture and related companies (Note c)	47,691	41,586
Sales of fixed assets and parts to a related company (Note d)	652	4,000
Expenses:		
Container handling charges paid to joint ventures, associated companies and a related company (Note e)	989,079	486,802
Operating lease rentals on premises paid to joint ventures and related companies (Note e)	20,437	20,533
Trustee-Manager management fees (Note f)		
Base fee	22,167	21,188
Divestment fee	12,178	-
Performance fee	-	14,004
Acquisition fee	-	38,681
Global support services fees to a related company (Note g)	131,228	127,132
Information technology ("IT") support and maintenance service fees paid to an associated company and related companies (Note h)	47,360	36,474
Telecommunication charges paid to related companies (Note i)	5,933	5,790
Security guards service fees paid to a related company (Note j)	12,207	12,398
Purchases of fixed assets from a related company (Note k)	45,247	-

NOTES TO THE ACCOUNTS

29 RELATED PARTIES TRANSACTIONS (CONTINUED)

(i) Income from and expenses to related parties (Continued)

Notes:

- (a) Container handling fees received from joint ventures and related companies were charged at terms pursuant to the relevant agreements.
- (b) Management and service fee received from joint ventures and related companies were charged at terms mutually agreed.
- (c) Revenue from a joint venture and related companies for the provision of transportation management services was charged at prices and terms mutually agreed.
- (d) Sales of fixed assets and parts to a related company was charged at prices and terms mutually agreed.
- (e) Container handling charges and operating lease rentals paid to joint ventures, associated companies and related companies were charged at terms pursuant to relevant agreements.
- (f) The Trustee-Manager's management fees were charged in accordance with the Trust Deed.

The base fee was charged at a fixed fee of US\$2,500,000 (equivalent to HK\$19,500,000) per annum which is subject to increase each year from 2012 by such percentage representing the percentage increase in the Hong Kong Composite Consumer Price Index. The base fee for the year ended 31 December 2014 is payable in cash. As the December 2014 figure for the Hong Kong Composite Consumer Price Index is yet to be published as at the date of preparation of these accounts, the adjustment to the base fee, if required, will be accounted for in the subsequent financial period.

Divestment fee was related to the disposal of 60% shareholdings in Asia Container Terminals Holdings Limited by HPH Trust in March 2014. It was calculated based on 0.5% of 60% of the enterprise value (as defined in the Trust Deed) of such divestment.

The Trustee-Manager is entitled to performance fee when the distribution per unit ("DPU") for a particular year satisfies the criteria set in the Trust Deed. Performance fee paid in 2013 was related to DPU for the financial year ended 2012 which was only determined after the board of the Trustee-Manager approved HPH Trust's financial accounts for the financial year ended 2012 on 1 February 2013. For the financial year ended 31 December 2014, any performance fee payable will be accounted for in the subsequent financial period upon finalisation of the DPU of HPH Trust at the board meeting of the Trustee-Manager.

Acquisition fee was related to the acquisition of the entire issued share capital of Asia Container Terminals Holdings Limited in March 2013. It was calculated based on 1% of the enterprise value (as defined in the Trust Deed) of such investments.

- (g) Global support services fees in respect of administration services, and licence for certain intellectual property rights were charged at prices and terms mutually agreed.
- (h) IT support and maintenance services fees in respect of the support and maintenance of IT systems paid to an associated company and related companies were charged at prices and terms mutually agreed.
- (i) Telecommunication charges paid to related companies were charged at prices and terms mutually agreed.
- (j) Security guards service fees paid to a related company were charged at prices and terms mutually agreed.
- (k) Acquisition of fixed assets from a related company were charged at prices and terms mutually agreed.

NOTES TO THE ACCOUNTS

29 RELATED PARTIES TRANSACTIONS (CONTINUED)

(ii) Key management compensation

Key management of the Group includes managing directors and key management of the deep-water container ports of the Group. The compensation paid or payable to key management for employee services is shown below:

	2014 HK\$'000	2013 HK\$'000
Salaries and employee benefits	30,450	25,923

30 FINANCIAL RISK AND CAPITAL MANAGEMENT

The major financial instruments of the Group include liquid funds, investments, trade and other receivables, trade and other payables and borrowings. Details of these financial instruments are disclosed in the respective notes to the accounts. The risk management programme of the Group is designed to minimise the financial risks of the Group. These risks include credit risk, interest rate risk, foreign currency risk and liquidity risk.

(a) Cash management and funding

The Group generally obtains long-term financing to meet funding requirements. Management of the Group regularly and closely monitors its overall net debt position and reviews its funding costs and maturity profile to facilitate refinancing.

(b) Capital management

The Group's strategy involves adopting and maintaining an appropriate mix of debt and equity to ensure optimal returns to unitholders, while maintaining sufficient flexibility to implement growth strategies.

The Group may consider diversifying its sources of debt financing by accessing the debt capital markets through the issuance of bonds to optimise the debt maturity profile and to make adjustments to the capital structure in light of changes in economic conditions.

The Group has complied with all externally imposed covenant requirements during the year.

(c) Credit exposure

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

The receivables from customers and other counterparties also expose the Group to credit risk. The Group controls its credit risk by assessing the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the management. The utilisation of credit limits is regularly monitored.

NOTES TO THE ACCOUNTS

30 FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

(d) Interest rate exposure

The Group's main interest risk exposures relate to cash and cash equivalents, loans from non-controlling interests and bank borrowings. The Group manages its interest rate exposure with a focus on reducing the Group's overall cost of debt and exposure to changes in interest rates.

The impact of a hypothetical 5 basis points increase in market interest rate at the end of the reporting period would reduce the Group's profit and unitholders' equity by HK\$12,994,000 (2013: HK\$14,113,500).

(e) Foreign currency exposure

For overseas subsidiaries, associated companies and joint ventures, which consist of non-Hong Kong dollar assets, the Group generally monitors the development of the Group's cash flows and debt market and, when appropriate, would expect to refinance these businesses with local currency borrowings.

Currency risk as defined by HKFRS 7 arises on financial instruments denominated in a currency that is not the functional currency and being of a monetary nature. Differences resulting from the translation of accounts of overseas subsidiaries into the Group's presentation currency are therefore not taken into consideration for the purpose of the sensitivity analysis for currency risk.

The impact of a hypothetical 5% weakening of the HK dollar against all exchange rates at the end of the reporting period, with all other variables held constant, on the Group's profit for the year is set out as below.

	Hypothetical increase/ (decrease) in profit	
	2014 HK\$'000	2013 HK\$'000
Renminbi	54,152	77,248
United States dollar	(1,341,835)	(1,340,585)
Singapore dollar	(979)	67
	<u>(1,288,662)</u>	<u>(1,263,270)</u>

NOTES TO THE ACCOUNTS

30 FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

(f) Liquidity exposure

The following tables detail the remaining contractual maturities at the end of the reporting period of the Group's and the Trust's non-derivative financial liabilities, which are based on contractual undiscounted principal cash flows and the earliest date on which the Group and the Trust can be required to pay:

	Contractual maturities			
	Carrying amounts HK\$'000	Total undiscounted cash flows HK\$'000	Within 1 year HK\$'000	Within 2 to 5 years HK\$'000
Group				
2014				
Trade and other payables	6,940,993	6,940,993	6,940,993	-
Bank loans and other non-current liabilities	33,701,065	33,754,400	8,195,200	25,559,200
	40,642,058	40,695,393	15,136,193	25,559,200
2013				
Trade and other payables	6,582,175	6,582,175	6,582,175	-
Bank loans and other non-current liabilities	33,819,033	33,930,280	10,832,820	23,097,460
	40,401,208	40,512,455	17,414,995	23,097,460

The table for the Group above excludes interest accruing and payable on certain of these liabilities which are estimated to be HK\$514,511,000 (2013: HK\$397,457,000) in "within 1 year" maturity band, HK\$777,499,000 (2013: HK\$906,582,000) in "within 2 to 5 years" maturity band, and after assuming the effect of interest rates with respect to variable rate financial liabilities remaining constant and no change in aggregate principal amount of financial liabilities other than repayment at scheduled maturity as reflected in the table.

	Contractual maturities			
	Carrying amounts HK\$'000	Total undiscounted cash flows HK\$'000	Within 1 year HK\$'000	Within 2 to 5 years HK\$'000
Trust				
2014				
Trade and other payables	39,142	39,142	39,142	-
2013				
Trade and other payables	63,216	63,216	63,216	-

NOTES TO THE ACCOUNTS

30 FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

(g) Fair value estimation

The financial instruments of the Group that are measured at fair value at 31 December 2014 were the investments. The investments mainly comprise the River Ports Economic Benefits, in which the fair value measurement is classified as Level 3 of the fair value measurement hierarchy (inputs for the assets that are not based on observable market data (i.e. unobservable inputs)) in accordance with the disclosure requirement of HKFRS 7 and HKFRS 13 for financial instruments. Discounted cash flow analysis was used to determine the fair value of the financial instruments.

31 LIST OF SUBSIDIARY COMPANIES OF THE GROUP

(a) Details of principal subsidiary companies of the Group at 31 December 2014 are as follows:

Name	Place of incorporation/ establishment	Principal activities	Particulars of issued share capital	Interest held
HPHT Limited ⁽¹⁾	Hong Kong	Investment holding	HK\$10,000,000 ⁽³⁾	100%
Giantfield Resources Limited ⁽²⁾	British Virgin Islands	Investment holding	2 ordinary shares of US\$1 each	100%
Classic Outlook Investments Limited ⁽²⁾	British Virgin Islands	Investment holding	100,000 ordinary shares of US\$0.1 each	100%
HIT Investments Limited ⁽²⁾	British Virgin Islands	Investment holding	200 ordinary "A" shares of US\$1 each 800 non-voting preferred "B" shares of US\$1 each	100%
HIT Holdings Limited ⁽¹⁾	Hong Kong	Investment holding	HK\$12,500 "A" shares ⁽³⁾⁽⁴⁾ HK\$60,000 "B" shares ⁽³⁾⁽⁴⁾ HK\$100 "P" shares ⁽³⁾	100% ⁽⁵⁾
Pearl Spirit Limited ⁽²⁾	British Virgin Islands	Investment holding	1 ordinary share of US\$1	100%
Hongkong International Terminals Limited ⁽¹⁾	Hong Kong	Development and operation of container terminals	HK\$20 ⁽³⁾	100%

NOTES TO THE ACCOUNTS

31 LIST OF SUBSIDIARY COMPANIES OF THE GROUP (CONTINUED)

(a) Details of principal subsidiary companies of the Group at 31 December 2014 are as follows (Continued):

Name	Place of incorporation/ establishment	Principal activities	Particulars of issued share capital	Interest held
Yantian International Container Terminals Limited ⁽¹⁾	PRC	Development and operation of container terminals	HK\$2,400,000,000	56.41%
Yantian International Container Terminals (Phase III) Limited ⁽¹⁾	PRC	Development and operation of container terminals	HK\$6,056,960,000	51.64%
Shenzhen Pingyan Multimodal Company Limited ⁽¹⁾	PRC	Provision of various transportation services	RMB150,000,000	51.64%
Shenzhen Yantian West Port Terminals Limited ⁽¹⁾	PRC	Development and operation of container terminals	RMB1,546,778,891	51.64%
Hutchison Ports Yantian Limited ⁽¹⁾	Hong Kong	Investment holding	HK\$10,000,000 ⁽³⁾	79.45%
Wattрус Limited ⁽¹⁾	British Virgin Islands	Investment holding	32 "A" shares of US\$1 each 593 "B" shares of US\$1 each	94.88%
Sigma Enterprises Limited ⁽¹⁾	British Virgin Islands	Investment holding	2,005 "A" shares of US\$1 each 8,424 "B" shares of US\$1 each	79.45%
Hutchison Ports Yantian Investments Limited ⁽²⁾	British Virgin Islands	Investment holding	200 ordinary shares of US\$1 each	100%
Birrong Limited ⁽²⁾	British Virgin Islands	Investment holding	10,000 ordinary shares of US\$1 each	100%
Hutchison Shenzhen East Investments Limited ⁽²⁾	British Virgin Islands	Investment holding	1 ordinary share of US\$1	100%

1 Audited by PricewaterhouseCoopers network firms

2 Not required to be audited under the laws of the country of incorporation

3 The Companies Ordinance (Chapter 622 of The Laws of Hong Kong), which came into effect on 3 March 2014, abolishes the concept of par value of Hong Kong incorporated companies. All shares of Hong Kong incorporated companies issued before, on or after 3 March 2014 shall have no par value

4 "A" and "B" shares carry minimal voting right (i.e. one millionth of a vote for each share)

5 100% "P" shares held

Appointment of auditors

The Trust has complied with Rules 712 and 715 of the Listing Manual of the SGX-ST in relation to its auditors.

NOTES TO THE ACCOUNTS

31 LIST OF SUBSIDIARY COMPANIES OF THE GROUP (CONTINUED)

(b) Material non-controlling interests

Yantian International Container Terminals Limited, Yantian International Container Terminals (Phase III) Limited, Shenzhen Yantian West Port Terminals Limited, Wattrus Limited and Sigma Enterprises Limited are the subsidiary companies with non-controlling interests that are material to the Group.

Set out below are the summarised financial information for these subsidiary companies:

Summarised statement of financial position

	2014 HK\$'000	2013 HK\$'000
Non-current assets	69,335,193	70,366,277
Current assets	5,588,612	5,028,314
Total assets	74,923,805	75,394,591
Non-current liabilities	13,212,836	10,809,361
Current liabilities	4,118,998	7,596,311
Total liabilities	17,331,834	18,405,672

Summarised income statement

	2014 HK\$'000	2013 HK\$'000
Revenue and other income	7,081,795	6,649,999
Net profit for the year	2,545,345	2,837,664

Summarised statement of cash flows

	2014 HK\$'000	2013 HK\$'000
Net change in cash and cash equivalents	432,580	(672,174)

The information above is the amount before inter-company eliminations.

32 APPROVAL OF THE ACCOUNTS

The accounts set out on pages 64 to 114 were approved by the Board of Directors of the Trustee-Manager for issue on 6 February 2015.

STATISTICS OF UNITHOLDINGS

As at 10 March 2015

There were 8,711,101,022 units (voting rights: 1 vote per unit) in issue as at 10 March 2015. There is only one class of units in HPH Trust.

DISTRIBUTION OF UNITHOLDINGS

SIZE OF UNITHOLDINGS	NO. OF UNITHOLDERS	%	NO. OF UNITS	%
1 - 99	10	0.03	185	0.00
100 - 1,000	3,356	9.79	3,287,727	0.04
1,001 - 10,000	20,274	59.13	102,373,291	1.18
10,001 - 1,000,000	10,582	30.87	524,651,182	6.02
1,000,001 and above	63	0.18	8,080,788,637	92.76
TOTAL	34,285	100.00	8,711,101,022	100.00

SUBSTANTIAL UNITHOLDERS

Based on Register of Substantial Unitholders as at 10 March 2015

Unitholders	Direct interest		Deemed interest	
	No. of Units	%	No. of Units	%
1. Cheung Kong (Holdings) Limited ⁽¹⁾	-	-	2,619,246,222	30.07
2. Hutchison Port Group Holdings Limited	2,406,227,022	27.62	-	-
3. Hutchison International Limited ⁽²⁾	-	-	2,406,227,022	27.62
4. Hongkong and Whampoa Dock Company, Limited ⁽³⁾	-	-	2,406,227,022	27.62
5. Hutchison Whampoa Limited ⁽⁴⁾	-	-	2,406,227,022	27.62
6. HWDC Holdings Limited ⁽⁵⁾	-	-	2,406,227,022	27.62
7. Whampoa Dock Holdings Limited ⁽⁶⁾	-	-	2,406,227,022	27.62
8. PortCapital Limited	905,364,000	10.39	-	-
9. PSA International Pte Ltd ⁽⁷⁾	-	-	905,364,000	10.39
10. Temasek Holdings (Private) Limited ⁽⁸⁾	-	-	959,555,085	11.01

Notes:

- (1) Cheung Kong (Holdings) Limited ("Cheung Kong"), through its subsidiaries, holds approximately 49.97% of Hutchison Whampoa Limited ("HWL"). Cheung Kong and certain of its subsidiaries (through their 49.97% interest in HWL) are also deemed to have the same interest in HPH Trust as Hutchison Port Group Holdings Limited ("HPGH").
- (2) Hutchison International Limited, being a direct wholly-owned subsidiary of HWL and an intermediate holding company of HPGH in the Hutchison group, is deemed to have the same interest in HPH Trust as HPGH.
- (3) Hongkong and Whampoa Dock Company, Limited, being an indirect wholly-owned subsidiary of HWL and an immediate holding company of HPGH in the Hutchison group, is deemed to have the same interest in HPH Trust as HPGH.
- (4) HWL, being the ultimate holding company of HPGH in the Hutchison group, is deemed to have the same interest in HPH Trust as HPGH.
- (5) HWDC Holdings Limited, being an indirect wholly-owned subsidiary of HWL and an intermediate holding company of HPGH in the Hutchison group, is deemed to have the same interest in HPH Trust as HPGH.
- (6) Whampoa Dock Holdings Limited, being an indirect wholly-owned subsidiary of HWL and an intermediate holding company of HPGH in the Hutchison group, is deemed to have the same interest in HPH Trust as HPGH.
- (7) PortCapital Limited ("PortCapital") is a wholly-owned subsidiary of PSA International Pte Ltd ("PSA"). PSA is deemed interested in the HPH Trust units held by PortCapital.
- (8) PSA is a wholly-owned subsidiary of Temasek Holdings (Private) Limited ("Temasek"). Temasek is deemed interested in the HPH Trust units held by PortCapital and its various other subsidiaries and associated companies.

STATISTICS OF UNITHOLDINGS

As at 10 March 2015

TWENTY LARGEST UNITHOLDERS

NO.	NAME	NO. OF UNITS	%
1	Hutchison Port Group Holdings Limited	2,406,227,022	27.62
2	Citibank Nominees Singapore Pte Ltd	1,189,299,004	13.65
3	DBS Nominees (Private) Limited	1,013,550,947	11.64
4	Portcapital Limited	905,364,000	10.39
5	DBSN Services Pte. Ltd.	566,767,724	6.51
6	HSBC (Singapore) Nominees Pte Ltd	428,366,678	4.92
7	Raffles Nominees (Pte) Limited	362,303,169	4.16
8	United Overseas Bank Nominees (Private) Limited	360,674,552	4.14
9	DBS Vickers Securities (Singapore) Pte Ltd	264,299,294	3.03
10	DB Nominees (Singapore) Pte Ltd	167,111,193	1.92
11	BNP Paribas Nominees Singapore Pte Ltd	91,097,627	1.05
12	Bank of Singapore Nominees Pte. Ltd.	39,305,092	0.45
13	BNP Paribas Securities Services Singapore Branch	35,819,472	0.41
14	Morgan Stanley Asia (Singapore) Securities Pte Ltd	27,933,511	0.32
15	KGI Fraser Securities Pte Ltd	14,709,000	0.17
16	Phillip Securities Pte Ltd	14,692,890	0.17
17	ABN Amro Nominees Singapore Pte Ltd	13,358,415	0.15
18	Goh Kia Seng	13,309,600	0.15
19	UOB Kay Hian Private Limited	13,140,324	0.15
20	OCBC Securities Private Limited	11,936,039	0.14
TOTAL		7,939,265,553	91.14

FREE FLOAT

Based on the information made available to the Trustee-Manager, as at 10 March 2015, approximately 58.9% were held in the hands of the public. Accordingly, HPH Trust complied with Rule 723 of the Listing Manual of the SGX-ST.

ADDITIONAL INFORMATION

	Total Volume (‘000)	Highest Price (US\$) (S\$)		Lowest Price (US\$) (S\$)	
Unit performance in financial year 2014	3,783,233	0.760	0.950	0.615	0.785

NOTICE OF ANNUAL GENERAL MEETING

HUTCHISON PORT HOLDINGS TRUST
(A business trust constituted on 25 February 2011 under the laws of the Republic of Singapore)
(Registration No.: 2011001)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the unitholders of Hutchison Port Holdings Trust (“**HPH Trust**” and unitholders of HPH Trust, “**Unitholders**”) will be held at Suntec Singapore International Convention & Exhibition Centre, Meeting Room 324-326, Level 3, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Monday, 27 April 2015 at 11:00 a.m. for the following purposes:

ORDINARY BUSINESS:

1. To receive and adopt the Report of the Trustee-Manager, Statement by the Trustee-Manager and the audited accounts of HPH Trust for the year ended 31 December 2014 together with the Independent Auditor’s Report thereon. **(Resolution 1)**
2. To re-appoint PricewaterhouseCoopers LLP as the Auditor of HPH Trust and to authorise the Directors of the Trustee-Manager to fix its remuneration. **(Resolution 2)**

SPECIAL BUSINESS:

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution, with or without any modifications:

3. General mandate to issue units in HPH Trust (“**Units**”)

That pursuant to Clause 6.11 of the deed of trust dated 25 February 2011 and the first supplemental deed dated 28 April 2014 (collectively, “**Trust Deed**”), Section 36 of the Business Trusts Act, Chapter 31A of Singapore (“**BTA**”), and Rule 806 of the Listing Manual of Singapore Exchange Securities Trading Limited (“**SGX-ST**”), the Trustee-Manager, on behalf of HPH Trust, be authorised and empowered to:

- (a) (i) issue Units, whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units,

at any time and upon such terms and conditions whether for cash or otherwise and for such purposes and to such persons as the Trustee-Manager may in its absolute discretion deem fit; and

- (b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue Units pursuant to any Instrument made or granted by the Trustee-Manager while this Resolution was in force,

provided that:

- (1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued pursuant to the Instruments, made or granted pursuant to this Resolution) shall not exceed fifty per centum (50.0%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued other than on a pro-rata basis to existing Unitholders shall not exceed twenty per centum (20.0%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by SGX-ST) for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (1) above, the percentage of issued Units shall be based on the number of issued Units (excluding treasury Units, if any) at the time of the passing of this Resolution, after adjusting for:
 - (a) new Units arising from the conversion or exercise of the Instruments; and
 - (b) any subsequent bonus issue, consolidation or subdivision of Units;
- (3) in exercising the authority conferred by this Resolution, the Trustee-Manager shall comply with the provisions of the Listing Manual of SGX-ST for the time being in force (unless such compliance has been waived by SGX-ST), the Trust Deed and the BTA; and

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- (4) unless revoked or varied by HPH Trust in a general meeting, such authority shall continue in force until (i) the conclusion of the next Annual General Meeting of the Unitholders or the date by which the next Annual General Meeting of the Unitholders is required by law to be held, whichever is the earlier; or (ii) in the case of Units to be issued pursuant to the Instruments, made or granted pursuant to this Resolution, until the issuance of such Units in accordance with the terms of the Instruments.

(Resolution 3)

By Order of the Board of Hutchison Port Holdings Management Pte. Limited
(as Trustee-Manager of Hutchison Port Holdings Trust)

LIM KA BEE

Company Secretary
Singapore, 7 April 2015

Explanatory Notes:

Resolution 3

The Ordinary Resolution 3 in item 3 above, if passed, will empower the Trustee-Manager from the date of this Annual General Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held, or the date on which such authority is varied or revoked by HPH Trust in a general meeting of the Unitholders, whichever is the earliest, to issue Units, make or grant Instruments convertible into Units and to issue Units pursuant to such Instruments, up to a number not exceeding, in total, 50.0% of the issued Units, of which up to 20.0% may be issued other than on a *pro-rata* basis to existing Unitholders.

For determining the aggregate number of Units that may be issued, the percentage of issued Units will be calculated based on the issued Units at the time the Ordinary Resolution 3 in item 3 above is passed, after adjusting for any new Units arising from the conversion or exercise of the Instruments, and any subsequent bonus issue, consolidation or subdivision of Units.

Notes:

1. A Unitholder entitled to attend and vote at the Annual General Meeting of Unitholders ("**Meeting**") is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder.
2. The instrument appointing a proxy or proxies must be deposited at the registered office of Hutchison Port Holdings Management Pte. Limited, the Trustee-Manager of HPH Trust at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by HPH Trust (or its agents) for the purpose of the processing and administration by HPH Trust, the Trustee-Manager (or its agents) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for HPH Trust (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to HPH Trust (or its agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by HPH Trust, the Trustee-Manager (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify HPH Trust in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

HUTCHISON PORT HOLDINGS TRUST

(A business trust constituted on 25 February 2011 under the laws of the Republic of Singapore)
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HUTCHISON PORT HOLDINGS MANAGEMENT PTE. LIMITED

(Incorporated in the Republic of Singapore with limited liability)
Co. Reg. No.: 201100749W
(as trustee-manager of Hutchison Port Holdings Trust)

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, _____
holder of NRIC / Passport Number or Company Registration Number or UEN Number _____
of _____
being a unitholder/unitholders of Hutchison Port Holdings Trust ("HPH Trust"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Unitholdings	
		No. of Units	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Unitholdings	
		No. of Units	%
Address			

or failing the person, or either or both of whom failing, referred to the above, the Chairman of the Annual General Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Annual General Meeting of the unitholders of HPH Trust ("**Meeting**") to be held at Suntec Singapore International Convention & Exhibition Centre, Meeting Room 324-326, Level 3, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Monday, 27 April 2015 at 11:00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

No.	Resolutions relating to:	No. of Votes For**	No. of Votes Against**
1	Adoption of the Report of the Trustee-Manager, Statement by the Trustee-Manager and audited accounts of HPH Trust for the year ended 31 December 2014 together with the Auditor's Report thereon		
2	Re-appointment of PricewaterhouseCoopers LLP as the Auditor of HPH Trust		
3	Authority to issue new units in HPH Trust		

** If you wish to exercise all your votes "For" or "Against", please tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2015

*Signature(s) of unitholder(s)/Common Seal
of corporate unitholder*

Total number of Units in:	No. of Units
(a) CDP Register	
(b) Register of Unitholders	



IMPORTANT: PLEASE READ THE NOTES TO THE PROXY FORM BELOW**Notes to Proxy Form:**

1. Please insert the total number of units in Hutchison Port Holdings Trust (“**HPH Trust**”, and units in HPH Trust, “**Units**”) held by you. If you have Units entered against your name in the Depository Register maintained by The Central Depository (Pte) Limited (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore (“**Companies Act**”)), you should insert that number of Units. If you have Units registered in your name in the Register of Unitholders of HPH Trust, you should insert that number of Units. If you have Units entered against your name in the said Depository Register and Units registered in your name in the Register of Unitholders, you should insert the aggregate number of Units entered against your name in the Depository Register and registered in your name in the Register of Unitholders. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Units held by you.
2. A unitholder of HPH Trust entitled to attend and vote at a meeting of HPH Trust is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a unitholder of HPH Trust.
3. Where a unitholder appoints two proxies, he/she must specify the proportion of his/her unitholding (expressed as a percentage of the whole) to be represented by each proxy. Where a unitholder appoints two proxies and does not specify the proportion of his/her unitholding to be represented by each proxy, then the Units held by the unitholder are deemed to be equally divided between the proxies.
4. Completion and return of this instrument appointing a proxy shall not preclude a unitholder from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a unitholder attends the meeting in person, and in such event, Hutchison Port Holdings Management Pte. Limited, the trustee-manager of HPH Trust (“**Trustee-Manager**”), reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
5. The instrument appointing a proxy or proxies must be deposited at the registered office of Trustee-Manager at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than 48 hours before the time appointed for holding the Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.
7. A corporation which is a unitholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the unitholder accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 7 April 2015.

General:

The Trustee-Manager shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Units entered in the Depository Register, the Trustee-Manager may reject any instrument appointing a proxy or proxies lodged if the unitholder, being the appointor, is not shown to have Units entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Trustee-Manager.



HUTCHISON PORT HOLDINGS TRUST

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