



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

## HUTCHISON PORT HOLDINGS TRUST (“HPH Trust”) FINANCIAL STATEMENT ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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Footnote:

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

**1(a)(i) Consolidated income statement for the year ended 31 December 2023**

	2023 HK\$'000	2022 HK\$'000	Favourable/ (Unfavourable) %
Revenue and other income	10,635,522	12,166,251	(12.6)
Cost of services rendered	(3,624,818)	(4,174,560)	13.2
Staff costs	(258,355)	(265,661)	2.8
Depreciation and amortisation	(2,894,820)	(3,003,976)	3.6
Other operating income	67,418	146,167	(53.9)
Other operating expenses	(604,824)	(587,283)	(3.0)
Total operating expenses	(7,315,399)	(7,885,313)	7.2
Operating profit	3,320,123	4,280,938	(22.4)
Interest and other finance costs	(872,022)	(673,345)	(29.5)
Share of net losses after tax of associated companies	(84,727)	(81,423)	(4.1)
Share of net (losses)/profits after tax of joint ventures	(35,298)	74,730	(147.2)
Profit before tax	2,328,076	3,600,900	(35.3)
Tax	(846,591)	(1,081,199)	21.7
Profit for the year	1,481,485	2,519,701	(41.2)
Allocated as: Profit attributable to non-controlling interests	(1,248,025)	(1,420,667)	(12.2)
Profit attributable to unitholders of HPH Trust	233,460	1,099,034	(78.8)
Earnings per unit attributable to unitholders of HPH Trust	HK cents 2.68	HK cents 12.62	(78.8)

**1(a)(ii) Consolidated statement of comprehensive income for the year ended 31 December 2023**

	2023 HK\$'000	2022 HK\$'000	Favourable/ (Unfavourable) %
Profit for the year	1,481,485	2,519,701	(41.2)
Other comprehensive income/(loss):			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit plans	23,365	(138,037)	116.9
Investments			
Valuation losses taken to reserves	(36,914)	(12,341)	(199.1)
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges arising from cross currency interest rate swap contracts and interest rate swap contracts			
Fair value (losses)/gains recognised directly in reserves	(120,719)	339,490	(135.6)
Costs of hedging			
Changes in fair value of currency basis spread	2,495	774	222.4
Share of other comprehensive loss of associated companies	(4,588)	(25,488)	82.0
Share of other comprehensive loss of joint ventures	(42,086)	(65,875)	36.1
Currency translation differences	(108,915)	(473,051)	77.0
Total other comprehensive loss for the year	<u>(287,362)</u>	<u>(374,528)</u>	<u>23.3</u>
Total comprehensive income for the year	1,194,123	2,145,173	(44.3)
Allocated as: Attributable to non-controlling interests	<u>(1,195,990)</u>	<u>(1,181,801)</u>	<u>1.2</u>
Attributable to unitholders of HPH Trust	<u>(1,867)</u>	<u>963,372</u>	<u>(100.2)</u>

Note:

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

1(b)(i) Consolidated statement of financial position as at 31 December 2023

	2023 HK\$'000	2022 HK\$'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Fixed assets	19,622,016	20,357,742
Projects under development	664,194	762,911
Leasehold land and land use rights	31,858,286	33,178,968
Railway usage rights	8,658	9,400
Customer relationships	4,164,948	4,499,154
Goodwill	11,270,044	11,270,044
Associated companies	778,848	204,026
Joint ventures	3,808,234	3,957,599
Other non-current assets	466,859	685,042
Pension assets	131,938	123,213
Deferred tax assets	14,630	5,059
	<u>72,788,655</u>	<u>75,053,158</u>
	-----	-----
<b>Current assets</b>		
Cash and bank balances	8,194,864	10,395,168
Trade and other receivables	3,021,181	3,118,233
Inventories	75,956	79,609
	<u>11,292,001</u>	<u>13,593,010</u>
	-----	-----
<b>Current liabilities</b>		
Trade and other payables	6,275,962	6,014,844
Bank and other debts	4,774,820	5,067,659
Current tax liabilities	286,613	308,015
	<u>11,337,395</u>	<u>11,390,518</u>
	-----	-----
<b>Net current (liabilities)/assets</b>	<u>(45,394)</u>	<u>2,202,492</u>
	-----	-----
<b>Total assets less current liabilities</b>	<u>72,743,261</u>	<u>77,255,650</u>
	-----	-----
<b>Non-current liabilities</b>		
Bank and other debts	20,870,364	21,971,912
Deferred tax liabilities	8,410,618	8,883,533
Other non-current liabilities	107,237	123,459
	<u>29,388,219</u>	<u>30,978,904</u>
	-----	-----
<b>Net assets</b>	<u>43,355,042</u>	<u>46,276,746</u>
	-----	-----
<b>EQUITY</b>		
Units in issue	68,553,839	68,553,839
Reserves	(42,924,633)	(41,746,767)
	<u>25,629,206</u>	<u>26,807,072</u>
	-----	-----
<b>Net assets attributable to unitholders of HPH Trust</b>	<u>25,629,206</u>	<u>26,807,072</u>
	-----	-----
Non-controlling interests	17,725,836	19,469,674
	<u>43,355,042</u>	<u>46,276,746</u>
	-----	-----
<b>Total equity</b>	<u>43,355,042</u>	<u>46,276,746</u>
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1(b)(ii) Statement of financial position as at 31 December 2023

	2023 HK\$'000	2022 HK\$'000
<b>ASSETS</b>		
<b>Non-current asset</b>		
Investment in a subsidiary company	20,430,673	21,666,672
	-----	-----
<b>Current assets</b>		
Cash and bank balances	2,919	5,049
Trade and other receivables	1,427	1,014
	-----	-----
	4,346	6,063
	-----	-----
<b>Current liability</b>		
Trade and other payables	31,646	41,153
	-----	-----
<b>Net current liabilities</b>	(27,300)	(35,090)
	-----	-----
<b>Total assets less current liabilities</b>	20,403,373	21,631,582
	=====	=====
<b>EQUITY</b>		
Units in issue	68,553,839	68,553,839
Reserves	(48,150,466)	(46,922,257)
	-----	-----
<b>Total equity</b>	20,403,373	21,631,582
	=====	=====

**1(c) Consolidated statement of cash flows for the year ended 31 December 2023**

	2023 HK\$'000	2022 HK\$'000
<b>Operating activities</b>		
Cash generated from operations	6,049,892	8,067,306
Interest and other finance costs paid	(840,678)	(644,959)
Tax paid	(1,349,798)	(1,572,662)
<b>Net cash from operating activities</b>	<u>3,859,416</u>	<u>5,849,685</u>
<b>Investing activities</b>		
Investment in a joint venture	-	(1,170,853)
Loan to an associated company	(1,470,950)	(407,400)
Purchase of fixed assets and projects under development	(489,874)	(511,344)
(Payment)/proceeds on disposal of fixed assets	(4,116)	978
Dividends received from investments	21,902	19,034
Dividends received from an associated company and joint ventures	77,810	114,423
Interest received	365,438	136,781
Repayment of loans by an associated company and a joint venture	1,011,200	524,800
<b>Net cash used in investing activities</b>	<u>(488,590)</u>	<u>(1,293,581)</u>
<b>Financing activities</b>		
New borrowings	4,415,500	5,273,500
Repayment of borrowings	(5,875,000)	(7,198,000)
Principal elements of lease payments	(11,294)	(14,381)
Distributions to unitholders of HPH Trust	(1,175,999)	(1,263,110)
Dividends to non-controlling interests	(2,924,337)	(2,006,952)
<b>Net cash used in financing activities</b>	<u>(5,571,130)</u>	<u>(5,208,943)</u>
Net changes in cash and cash equivalents	(2,200,304)	(652,839)
Cash and cash equivalents at beginning of the year	10,395,168	11,048,007
Cash and cash equivalents at end of the year	<u><u>8,194,864</u></u>	<u><u>10,395,168</u></u>

## 1(d)(i) Consolidated statement of changes in equity for the year ended 31 December 2023

	Units in issue HK\$'000	Exchange and other reserves HK\$'000	Revaluation reserve HK\$'000	Hedging reserve HK\$'000	Costs of hedging reserve HK\$'000	Pension reserve HK\$'000	Accumulated losses HK\$'000	Attributable to unitholders HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
<b>Group</b>										
At 1 January 2023	68,553,839	(256,905)	(309,407)	314,682	(2,495)	458,621	(41,951,263)	26,807,072	19,469,674	46,276,746
Profit for the year	-	-	-	-	-	-	233,460	233,460	1,248,025	1,481,485
Other comprehensive income/(loss):										
Remeasurement of defined benefit plans	-	-	-	-	-	23,365	-	23,365	-	23,365
Investments:										
Valuation losses taken to reserves	-	-	(36,914)	-	-	-	-	(36,914)	-	(36,914)
Cash flow hedges arising from cross currency interest rate swap contracts and interest rate swap contracts:										
Fair value losses recognised directly in reserves	-	-	-	(120,719)	-	-	-	(120,719)	-	(120,719)
Costs of hedging:										
Changes in fair value of currency basis spread	-	-	-	-	2,495	-	-	2,495	-	2,495
Share of other comprehensive loss of associated companies	-	(3,713)	-	-	-	-	-	(3,713)	(875)	(4,588)
Share of other comprehensive loss of joint ventures	-	(33,815)	208	-	-	-	-	(33,607)	(8,479)	(42,086)
Currency translation differences	-	(66,234)	-	-	-	-	-	(66,234)	(42,681)	(108,915)
Total other comprehensive loss	-	(103,762)	(36,706)	(120,719)	2,495	23,365	-	(235,327)	(52,035)	(287,362)
Total comprehensive income	-	(103,762)	(36,706)	(120,719)	2,495	23,365	233,460	(1,867)	1,195,990	1,194,123
Transferred to/(from) reserve	-	360	-	-	-	-	(360)	-	-	-
Transactions with owners:										
Distributions	-	-	-	-	-	-	(1,175,999)	(1,175,999)	-	(1,175,999)
Dividends	-	-	-	-	-	-	-	-	(2,939,828)	(2,939,828)
At 31 December 2023	68,553,839	(360,307)	(346,113)	193,963	-	481,986	(42,894,162)	25,629,206	17,725,836	43,355,042

**1(d)(i) Consolidated statement of changes in equity for the year ended 31 December 2023 (Continued)**

	Units in issue HK\$'000	Exchange and other reserves HK\$'000	Revaluation reserve HK\$'000	Hedging reserve HK\$'000	Costs of hedging reserve HK\$'000	Pension reserve HK\$'000	Accumulated losses HK\$'000	Attributable to unitholders HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
<b>Group</b>										
At 1 January 2022	68,553,839	69,619	(297,461)	(24,808)	(3,269)	596,658	(41,787,768)	27,106,810	20,292,313	47,399,123
Profit for the year	-	-	-	-	-	-	1,099,034	1,099,034	1,420,667	2,519,701
Other comprehensive (loss)/income:										
Remeasurement of defined benefit plans	-	-	-	-	-	(138,037)	-	(138,037)	-	(138,037)
Investments:										
Valuation losses taken to reserves	-	-	(12,341)	-	-	-	-	(12,341)	-	(12,341)
Cash flow hedges arising from cross currency interest rate swap contracts and interest rate swap contracts:										
Fair value gains recognised directly in reserves	-	-	-	339,490	-	-	-	339,490	-	339,490
Costs of hedging:										
Changes in fair value of currency basis spread	-	-	-	-	774	-	-	774	-	774
Share of other comprehensive loss of associated companies	-	(17,001)	-	-	-	-	-	(17,001)	(8,487)	(25,488)
Share of other comprehensive loss of joint ventures	-	(53,047)	395	-	-	-	-	(52,652)	(13,223)	(65,875)
Currency translation differences	-	(255,895)	-	-	-	-	-	(255,895)	(217,156)	(473,051)
Total other comprehensive loss	-	(325,943)	(11,946)	339,490	774	(138,037)	-	(135,662)	(238,866)	(374,528)
Total comprehensive income	-	(325,943)	(11,946)	339,490	774	(138,037)	1,099,034	963,372	1,181,801	2,145,173
Transferred (from)/to reserve	-	(581)	-	-	-	-	581	-	-	-
Transactions with owners:										
Distributions	-	-	-	-	-	-	(1,263,110)	(1,263,110)	-	(1,263,110)
Dividends	-	-	-	-	-	-	-	-	(2,004,440)	(2,004,440)
At 31 December 2022	68,553,839	(256,905)	(309,407)	314,682	(2,495)	458,621	(41,951,263)	26,807,072	19,469,674	46,276,746



**1(d)(ii) Statement of changes in equity for the year ended 31 December 2023**

	Units in issue HK\$'000	Accumulated losses HK\$'000	Attributable to unitholders HK\$'000
<b>Trust</b>			
At 1 January 2023	68,553,839	(46,922,257)	21,631,582
Loss and total comprehensive loss for the year	-	(52,210)	(52,210)
Transactions with owners:			
Distributions	-	(1,175,999)	(1,175,999)
At 31 December 2023	<u>68,553,839</u>	<u>(48,150,466)</u>	<u>20,403,373</u>
At 1 January 2022	68,553,839	(45,601,462)	22,952,377
Loss and total comprehensive loss for the year	-	(57,685)	(57,685)
Transactions with owners:			
Distributions	-	(1,263,110)	(1,263,110)
At 31 December 2022	<u>68,553,839</u>	<u>(46,922,257)</u>	<u>21,631,582</u>

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

The financial information in Appendix I has been audited in accordance with International Standards on Auditing issued by International Auditing and Assurance Standards Board.

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

The auditor's report on the Financial Statements dated 7 February 2024 issued by PricewaterhouseCoopers LLP is enclosed in Appendix II.

**4. Group's earnings per unit ("EPU") and distribution per unit ("DPU") for the year ended 31 December 2023**

	<b>01/01/2023 to 31/12/2023</b>	<b>01/01/2022 to 31/12/2022</b>
(i) Weighted average number of units in issue	8,711,101,022	8,711,101,022
(ii) Earnings per unit for the year based on the weighted average number of units in issue (HK cents)		
- Basic and diluted	2.68	12.62
(iii) Number of units issued at end of the year	8,711,101,022	8,711,101,022
(iv) Distribution per unit for the year (HK cents) <sup>(a)</sup>	13.20	14.50

*Footnote:*

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

**5(a) Net asset value (“NAV”) attributable to unitholders per unit based on units issued as at 31 December 2023<sup>(a)</sup>**

	Group		Trust	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Net asset value attributable to unitholders per unit (HK\$) <sup>(a)</sup>	2.94	3.08	2.34	2.48
Net asset value attributable to unitholders per unit before deducting distribution per unit for the financial year ended (HK\$) <sup>(a)</sup>	3.00	3.14	2.40	2.55
Net asset value attributable to unitholders per unit after deducting distribution per unit for the financial year ended (HK\$) <sup>(a)</sup>	2.87	3.00	2.27	2.40

Note:

(a) The number of units used for computation of NAV per unit is 8,711,101,022 which is the number of units in issue as at 31 December 2023 (31 December 2022: 8,711,101,022).

**5(b) Rate of return<sup>(a)</sup>**

Year	Rate of Return (%)
For the year ended 31 December 2023	0.0%

Notes:

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

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

B = NAV per unit as of the beginning of the period (after deducting total distribution per unit for the financial period ended 31 December 2022)

## 6. Value of assets by region as at 31 December 2023

### Trust

Kind of assets	Region	Net Asset Value (HK\$'000)	Investment Ratio
Investment in a subsidiary <sup>(a)</sup>	Hong Kong	20,430,673	100.1%
Cash and other assets (after deduction of liabilities)	Singapore	(21,024)	(0.1%)
Other liabilities	Hong Kong	(6,276)	0.0%
Total net assets		20,403,373	100.0%

### Group

Region <sup>(b)</sup>	Net Asset Value (HK\$'000)	Investment Ratio
Singapore	(21,024)	0.0%
Hong Kong <sup>(c)</sup>	(6,526,542)	(15.1%)
Mainland China	49,902,608	115.1%
Total net assets	43,355,042	100.0%

Notes:

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

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

(c) US\$2.1 billion (equivalent to HK\$15,990 million) and HK\$9.3 billion of bank loans and guaranteed notes are grouped under Hong Kong region.

## 7. Review of performance

### Consolidated income statement (01/01/2023-31/12/2023 vs 01/01/2022-31/12/2022)

Revenue and other income for the year was HK\$10,635.5 million, HK\$1,530.7 million or 12.6% below last year. Combined container throughput<sup>(a)</sup> of HIT<sup>(b)</sup>, COSCO-HIT<sup>(c)</sup> and ACT<sup>(d)</sup> (collectively “HPHT Kwai Tsing”) was 14.7% lower than last year, primary due to lower local and transshipment cargoes. The container throughput of YICT<sup>(e)</sup> decreased by 1.5% as compared to 2022, primarily driven by the decrease in the US and empty cargoes, but partially offset by higher transshipment cargoes. Average revenue per TEU for Hong Kong and China were below last year, mainly attributed to lower storage income and RMB depreciation.

Cost of services rendered was HK\$3,624.8 million, HK\$549.7 million or 13.2% below last year which was mainly attributed to lower throughput, RMB depreciation and lower COVID-19 precaution costs and repair & maintenance, but offset by increase in external contractors’ charge rate and higher electricity price. Staff costs were HK\$258.4 million, HK\$7.3 million or 2.8% below last year primarily due to fewer headcount and RMB depreciation. Depreciation and amortisation was HK\$2,894.8 million, HK\$109.2 million or 3.6% below last year mainly due to full depreciation of certain fixed assets.

Other operating income was HK\$67.4 million, HK\$78.8 million or 53.9% below last year. The decrease was largely due to the wage subsidy received from the Hong Kong Employment Support Scheme in 2022 and less government subsidies received by YICT in 2023.

Other operating expenses were HK\$604.8 million, HK\$17.5 million or 3.0% above last year, mainly due to higher rent & rates and disposal loss in 2023.

As a result, total operating profit was HK\$3,320.1 million, HK\$960.8 million or 22.4% below last year.

#### Notes:

- (a) Represents the allocated throughput from Hong Kong Seaport Joint Operating Alliance with effect from 1 April 2019.
- (b) HIT means Terminals 4, 6, 7 and two berths in Terminal 9, located at Kwai Tsing, Hong Kong.
- (c) COSCO-HIT means Terminal 8 East, located at Kwai Tsing, Hong Kong.
- (d) ACT means Terminal 8 West, located at Kwai Tsing, Hong Kong.
- (e) YICT means Yantian International Container Terminals, located at Yantian, Shenzhen, China, which comprises Yantian International Container Terminals Phases I & II, Phase III & Phase III Expansion, and Shenzhen Yantian West Port Terminals Phases I & II.

## 7. Review of performance (Continued)

Interest and other finance costs were HK\$872.0 million, HK\$198.7 million or 29.5% above last year, primarily due to higher HIBOR and LIBOR/SOFR applied on the bank loans' interest rates, but offset by additional loan repayments during 2023.

Share of net losses after tax of associated companies was HK\$84.7 million, HK\$3.3 million or 4.1% worse than last year mainly due to weaker performance of HICT.

Share of net losses after tax of joint ventures was HK\$35.3 million, compared with a profit of HK\$74.7 million last year mainly due to worse performance in the combined results of COSCO-HIT and ACT driven by lower throughput.

Taxation was HK\$846.6 million, HK\$234.6 million or 21.7% below last year, primarily due to lower profit.

Overall, profit was HK\$1,481.5 million, HK\$1,038.2 million or 41.2% below last year. Profit attributable to unitholders of HPH Trust was HK\$233.5 million, HK\$865.5 million or 78.8% below last year.

### Material changes in condensed consolidated statement of cash flows

#### Operating activities

Tax paid was HK\$1,349.8 million compared to HK\$1,572.7 million for the year ended 31 December 2022. The decrease was mainly due to lower profits tax paid by HIT and YICT in 2023.

#### Financing activities

During the year ended 31 December 2023, the Group drew down bank loan of HK\$3,925 million to refinance US\$500 million bank loan due in March 2023 and entrusted loans of HK\$491 million for working capital, as well as repaying US\$150 million and US\$100 million bank loans due in September 2023 and March 2024, respectively, whereas for the year ended 31 December 2022, the Group drew down bank loan of HK\$5,300 million to redeem US\$500 million guaranteed notes and repaid HK\$3,298 million bank loan due in September 2022.

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

No forecast statement for the financial year 2023 has been disclosed.

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

China exports to the US and EU start to improve in 2H 2023. Partly contributed by the low base effect in prior year, exports to the US and EU in 2H 2023 grew by 17% and 18% year-on-year, respectively.

Despite the headwinds of inflation and elevated interest rates, consumer spending recorded a year-on-year growth in Q4 2023 as reflected from the holiday sales figures in the US. The momentum is expected to continue but at a slower pace. For EU, as inflation continues to decline, retail sales is expected to grow moderately in 2024.

In January 2024, Maersk and Hapag-Lloyd signed an agreement to form a long-term operational partnership named “Gemini Cooperation”, scheduled to launch in February 2025 immediately after the conclusion of the 2M Alliance between Maersk and MSC. Gemini Cooperation’s scope of services cover 7 trades, including Asia/US and Asia/European trades but excludes Intra-Asia trades. As a major export hub for the US and European export markets, Yantian has been selected by the Gemini Cooperation as a main port of call in South China. Meanwhile, for Kwai Tsing Terminals, it is anticipated that some of Maersk’s and Hapag-Lloyd’s throughput currently handled in Hong Kong may shift to Yantian when the operation starts. HPH Trust will work closely with Gemini Cooperation to identify any new opportunities which the new cooperation may bring.

The ship attacks at the Red Sea could bring disruption to global trade and erratic shipping schedules due to the two-week delay of vessels arrival time by re-routing away from the Suez Canal or even cancellation of some vessel calls, which may bring a negative impact to HPH Trust’s throughput volume in Q1 2024. The disruption may also lead to pressure on Chinese exporters who could face an imbalance and shortage of empty containers. Market in general expects the Red Sea impact shall be short-term, and port operators will unlikely benefit from the high storage income earned during the pandemic. HPH Trust will monitor the ongoing situation, stay agile in customers needs and focus on operational efficiency.

In Hong Kong, despite the easing of cross-border controls from late 2022, cargo volume has remained stagnant in 2023 due to the structural change in shippers’ preference to direct shipment in China instead of vessel-to-vessel transshipment via Hong Kong. Some of the competitors in Greater Bay Area continue to receive government incentives, hence able to offer attractive lower price option to shipping lines.

**9. Commentary on the significant trends of the competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months. (Continued)**

Interest rates rose significantly by over 500 basis points in the past 2 years. Interest expense increased by HK\$199 million year-on-year in 2023 after a HK\$56.8 million year-on-year increase in 2022. As at 31 December 2023, 63% of HPH Trust's debts are on fixed interest rate, which helps reduce our exposure to high interest rate. Financial market is now projecting a decrease in interest in 2024. For every 50 basis point decrease, the monthly interest expense would decrease by HK\$4.3 million based on the latest debt profile.

HPH Trust is committed to reduce overall emissions intensity by 30% between 2021 and 2030. Our relentless effort in reducing the impact to the environment is continuing. We are working with external parties on setting and verifying net zero target, as well as improvement in sustainability disclosure.



## 10. Distribution

### (a) Current financial period

Any distribution recommended for the current financial period	:	Yes
Amount	:	HK\$670.8 million
Distribution type	:	Cash
Distribution rate	:	7.70 HK cents per unit for the period 1 July 2023 to 31 December 2023
Par value	:	Not applicable
Tax rate	:	Distributions received by either Singapore tax resident Unitholders or non-Singapore tax resident Unitholders are exempted from Singapore income tax and also not subject to Singapore withholding tax. The Unitholders are not entitled to tax credits of any taxes paid by the Trustee-Manager of HPH Trust.

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

Any distribution declared for the previous corresponding period	:	Yes
Amount	:	HK\$696.9 million
Distribution type	:	Cash
Distribution rate	:	8.00 HK cents per unit for the period 1 July 2022 to 31 December 2022
Par value	:	Not applicable
Tax rate	:	Distributions received by either Singapore tax resident Unitholders or non-Singapore tax resident Unitholders are exempted from Singapore income tax and also not subject to Singapore withholding tax. The Unitholders are not entitled to tax credits of any taxes paid by the Trustee-Manager of HPH Trust.

**10. Distribution (Continued)**

- (c) **Date payable** 27 March 2024
- (d) **Record date** The Transfer Books and Register of HPH Trust will be closed at 5:00 p.m. on 16 February 2024 for the purposes of determining each unitholder's entitlement to the Distribution. Registered unitholders (other than The Central Depository (Pte) Limited ("CDP")), and unitholders whose securities accounts with CDP are credited with units, at 5:00 p.m. on 16 February 2024 will be entitled to the Distribution to be paid on or about 27 March 2024.

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

Not applicable.

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

No IPT general mandate has been obtained.

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

HPH Trust is principally engaged in investing in, developing, operating and managing deep-water container ports and port ancillary services and management considers that HPH Trust operates in one single business segment at two geographical locations. Therefore, management considers the business from geographic segment perspective.

	Revenue and other income		Non-current assets	
	01/01/2023 to 31/12/2023 HK\$'000	01/01/2022 to 31/12/2022 HK\$'000	31/12/2023 HK\$'000	31/12/2022 HK\$'000
Hong Kong	2,515,075	3,266,293	19,071,197	20,140,660
Mainland China	8,120,447	8,899,958	53,717,458	54,912,498
	10,635,522	12,166,251	72,788,655	75,053,158

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

Please refer to Item 7.

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

	01/01/2023 to 31/12/2023 HK\$'000	01/01/2022 to 31/12/2022 HK\$'000	Favourable/ (Unfavourable) %
a) Revenue and other income			
- 1 <sup>st</sup> half year	5,183,060	6,471,451	(19.9)
- 2 <sup>nd</sup> half year	5,452,462	5,694,800	(4.3)
	10,635,522	12,166,251	(12.6)
b) Profit after tax before deducting non-controlling interest			
- 1 <sup>st</sup> half year	675,531	1,514,193	(55.4)
- 2 <sup>nd</sup> half year	805,954	1,005,508	(19.8)
	1,481,485	2,519,701	(41.2)

**16. Breakdown of the total distribution for the year ended 31 December 2023**

	01/01/2023 to 31/12/2023 HK\$'000	01/01/2022 to 31/12/2022 HK\$'000
Total distribution <sup>(a)</sup>		
- 1 January to 30 June	479,111	566,222
- 1 July to 31 December <sup>(b)</sup>	670,754	696,888
	1,149,865	1,263,110

*Footnotes:*

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

(b) For the six-month period ended 31 December 2023, the Trustee-Manager approved a distribution per unit of 7.70 HK cents totalling HK\$670.8 million to the unitholders of the Trust.

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

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

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

Pursuant to Rule 704(13) of the Listing Manual, the Trustee-Manager confirms that there is no person occupying a managerial position in the Company or in any of HPH Trust's principal subsidiaries who is a relative of a director, chief executive officer, substantial shareholder of the Company or substantial unitholder of HPH Trust for the financial year ended 31 December 2023.

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

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

Ms Wong Yoen Har  
Company Secretary  
7 February 2024

**19. Outline of the Trustee-Manager**

**(a) Amount of capital**

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

**(b) Description of business and outline of operation**

The Trustee-Manager was incorporated in Singapore under the Companies Act 1967 of Singapore on 7 January 2011. Its registered office is located at 1 Harbourfront Avenue, #14-07, Keppel Bay Tower, Singapore 098632. The Trustee-Manager is an indirect wholly-owned subsidiary of CK Hutchison Holdings Limited.

The Trustee-Manager has dual responsibilities in safeguarding the interests of unitholders and managing the business of HPH Trust.

**(c) Miscellaneous**

Not applicable.

## 20. Financial information of the Trustee-Manager

### (a) Income statement for the year ended 31 December 2023

	01/01/2023 to 31/12/2023 HK\$'000	01/01/2022 to 31/12/2022 HK\$'000
Revenue and other income	40,435	46,975
Staff costs	(1,701)	(1,683)
Depreciation	(181)	(174)
Other operating expenses	(5,959)	(5,343)
Total operating expenses	(7,841)	(7,200)
Operating profit	32,594	39,775
Finance costs	(6)	(6)
Profit before tax	32,588	39,769
Tax	(5,299)	(6,624)
Profit for the year	27,289	33,145

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

(b) Statement of financial position as at 31 December 2023

	31/12/2023 HK\$'000	31/12/2022 HK\$'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Fixed assets	-	-
Right-of-use assets	244	418
	<u>244</u>	<u>418</u>
	-----	-----
<b>Current assets</b>		
Cash and cash equivalents	24,566	13,153
Trade and other receivables	17,659	32,855
	<u>42,225</u>	<u>46,008</u>
	-----	-----
<b>Current liabilities</b>		
Trade and other payables	5,857	5,181
Lease liabilities	185	178
Current tax liabilities	4,795	6,544
	<u>10,837</u>	<u>11,903</u>
	-----	-----
<b>Net current assets</b>	<u>31,388</u>	<u>34,105</u>
	-----	-----
<b>Total assets less current liabilities</b>	<u>31,632</u>	<u>34,523</u>
	-----	-----
<b>Non-current liability</b>		
Lease liabilities	62	242
	<u>62</u>	<u>242</u>
	-----	-----
<b>Net assets</b>	<u>31,570</u>	<u>34,281</u>
	=====	=====
<b>EQUITY</b>		
Share capital	100	100
Retained profits	31,470	34,181
	<u>31,570</u>	<u>34,281</u>
<b>Total equity</b>	<u>31,570</u>	<u>34,281</u>
	=====	=====

## **Appendix I**

### **HUTCHISON PORT HOLDINGS TRUST**

(A business trust constituted under the laws of the Republic of Singapore and managed by Hutchison Port Holdings Management Pte. Limited)

### **FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 DECEMBER 2023**



## HUTCHISON PORT HOLDINGS TRUST

### CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 HK\$'000	2022 HK\$'000
Revenue and other income	4(a)	10,635,522	12,166,251
Cost of services rendered		(3,624,818)	(4,174,560)
Staff costs		(258,355)	(265,661)
Depreciation and amortisation		(2,894,820)	(3,003,976)
Other operating income		67,418	146,167
Other operating expenses		(604,824)	(587,283)
Total operating expenses		(7,315,399)	(7,885,313)
Operating profit	5	3,320,123	4,280,938
Interest and other finance costs	6	(872,022)	(673,345)
Share of net losses after tax of associated companies		(84,727)	(81,423)
Share of net (losses)/profits after tax of joint ventures		(35,298)	74,730
Profit before tax		2,328,076	3,600,900
Tax	7	(846,591)	(1,081,199)
Profit for the year		1,481,485	2,519,701
Allocated as: Profit attributable to non-controlling interests		(1,248,025)	(1,420,667)
Profit attributable to unitholders of HPH Trust	9	233,460	1,099,034
Earnings per unit attributable to unitholders of HPH Trust	9	HK cents 2.68	HK cents 12.62

## HUTCHISON PORT HOLDINGS TRUST

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 HK\$'000	2022 HK\$'000
Profit for the year	1,481,485	2,519,701
Other comprehensive income/(loss):		
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit plans	23,365	(138,037)
Investments		
Valuation losses taken to reserves	(36,914)	(12,341)
Items that may be reclassified subsequently to profit or loss:		
Cash flow hedges arising from cross currency interest rate swap contracts and interest rate swap contracts		
Fair value (losses)/gains recognised directly in reserves	(120,719)	339,490
Costs of hedging		
Changes in fair value of currency basis spread	2,495	774
Share of other comprehensive loss of associated companies	(4,588)	(25,488)
Share of other comprehensive loss of joint ventures	(42,086)	(65,875)
Currency translation differences	(108,915)	(473,051)
Total other comprehensive loss for the year	<u>(287,362)</u>	<u>(374,528)</u>
Total comprehensive income for the year	1,194,123	2,145,173
Allocated as: Attributable to non-controlling interests	<u>(1,195,990)</u>	<u>(1,181,801)</u>
Attributable to unitholders of HPH Trust	<u>(1,867)</u>	<u>963,372</u>

Note:

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

## HUTCHISON PORT HOLDINGS TRUST

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2023

	Note	2023 HK\$'000	2022 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	10	19,622,016	20,357,742
Projects under development	11	664,194	762,911
Leasehold land and land use rights	12	31,858,286	33,178,968
Railway usage rights	13	8,658	9,400
Customer relationships	14(a)	4,164,948	4,499,154
Goodwill	14(b)	11,270,044	11,270,044
Associated companies	15	778,848	204,026
Joint ventures	16	3,808,234	3,957,599
Other non-current assets	17	466,859	685,042
Pension assets	23	131,938	123,213
Deferred tax assets	18	14,630	5,059
		<u>72,788,655</u>	<u>75,053,158</u>
<b>Current assets</b>			
Cash and bank balances	19	8,194,864	10,395,168
Trade and other receivables	20	3,021,181	3,118,233
Inventories		75,956	79,609
		<u>11,292,001</u>	<u>13,593,010</u>
<b>Current liabilities</b>			
Trade and other payables	21	6,275,962	6,014,844
Bank and other debts	22	4,774,820	5,067,659
Current tax liabilities		286,613	308,015
		<u>11,337,395</u>	<u>11,390,518</u>
<b>Net current (liabilities)/assets</b>		<u>(45,394)</u>	<u>2,202,492</u>
<b>Total assets less current liabilities</b>		<u>72,743,261</u>	<u>77,255,650</u>
<b>Non-current liabilities</b>			
Bank and other debts	22	20,870,364	21,971,912
Deferred tax liabilities	18	8,410,618	8,883,533
Other non-current liabilities	24	107,237	123,459
		<u>29,388,219</u>	<u>30,978,904</u>
<b>Net assets</b>		<u>43,355,042</u>	<u>46,276,746</u>
<b>EQUITY</b>			
Units in issue	25	68,553,839	68,553,839
Reserves		(42,924,633)	(41,746,767)
<b>Net assets attributable to unitholders of HPH Trust</b>		<u>25,629,206</u>	<u>26,807,072</u>
Non-controlling interests		<u>17,725,836</u>	<u>19,469,674</u>
<b>Total equity</b>		<u>43,355,042</u>	<u>46,276,746</u>

**HUTCHISON PORT HOLDINGS TRUST**

**STATEMENT OF FINANCIAL POSITION OF  
HUTCHISON PORT HOLDINGS TRUST  
AT 31 DECEMBER 2023**

	Note	2023 HK\$'000	2022 HK\$'000
<b>ASSETS</b>			
<b>Non-current asset</b>			
Investment in a subsidiary company	26	20,430,673	21,666,672
		-----	-----
<b>Current assets</b>			
Cash and bank balances	19	2,919	5,049
Trade and other receivables	20	1,427	1,014
		-----	-----
		4,346	6,063
		-----	-----
<b>Current liability</b>			
Trade and other payables	21	31,646	41,153
		-----	-----
<b>Net current liabilities</b>			
		(27,300)	(35,090)
		-----	-----
<b>Total assets less current liabilities</b>			
		20,403,373	21,631,582
		=====	=====
<b>EQUITY</b>			
Units in issue	25	68,553,839	68,553,839
Reserves		(48,150,466)	(46,922,257)
		-----	-----
<b>Total equity</b>			
		20,403,373	21,631,582
		=====	=====

## HUTCHISON PORT HOLDINGS TRUST

### CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 HK\$'000	2022 HK\$'000
<b>Operating activities</b>			
Cash generated from operations	27(a)	6,049,892	8,067,306
Interest and other finance costs paid		(840,678)	(644,959)
Tax paid		(1,349,798)	(1,572,662)
<b>Net cash from operating activities</b>		<u>3,859,416</u>	<u>5,849,685</u>
<b>Investing activities</b>			
Investment in a joint venture		-	(1,170,853)
Loan to an associated company		(1,470,950)	(407,400)
Purchase of fixed assets and projects under development		(489,874)	(511,344)
(Payment)/proceeds on disposal of fixed assets		(4,116)	978
Dividends received from investments		21,902	19,034
Dividends received from an associated company and joint ventures		77,810	114,423
Interest received		365,438	136,781
Repayment of loans by an associated company and a joint venture		1,011,200	524,800
<b>Net cash used in investing activities</b>		<u>(488,590)</u>	<u>(1,293,581)</u>
<b>Financing activities</b>			
New borrowings		4,415,500	5,273,500
Repayment of borrowings		(5,875,000)	(7,198,000)
Principal elements of lease payments		(11,294)	(14,381)
Distributions to unitholders of HPH Trust		(1,175,999)	(1,263,110)
Dividends to non-controlling interests		(2,924,337)	(2,006,952)
<b>Net cash used in financing activities</b>		<u>(5,571,130)</u>	<u>(5,208,943)</u>
Net changes in cash and cash equivalents		(2,200,304)	(652,839)
Cash and cash equivalents at beginning of the year		10,395,168	11,048,007
Cash and cash equivalents at end of the year	19	<u>8,194,864</u>	<u>10,395,168</u>

# HUTCHISON PORT HOLDINGS TRUST

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

	Units in issue HK\$'000	Exchange and other reserves HK\$'000	Revaluation reserve HK\$'000	Hedging reserve HK\$'000	Costs of hedging reserve HK\$'000	Pension reserve HK\$'000	Accumulated losses HK\$'000	Attributable to unitholders HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
<b>Group</b>										
At 1 January 2023	68,553,839	(256,905)	(309,407)	314,682	(2,495)	458,621	(41,951,263)	26,807,072	19,469,674	46,276,746
Profit for the year	-	-	-	-	-	-	233,460	233,460	1,248,025	1,481,485
Other comprehensive income/(loss):										
Remeasurement of defined benefit plans	-	-	-	-	-	23,365	-	23,365	-	23,365
Investments:										
Valuation losses taken to reserves	-	-	(36,914)	-	-	-	-	(36,914)	-	(36,914)
Cash flow hedges arising from cross currency interest rate swap contracts and interest rate swap contracts:										
Fair value losses recognised directly in reserves	-	-	-	(120,719)	-	-	-	(120,719)	-	(120,719)
Costs of hedging:										
Changes in fair value of currency basis spread	-	-	-	-	2,495	-	-	2,495	-	2,495
Share of other comprehensive loss of associated companies	-	(3,713)	-	-	-	-	-	(3,713)	(875)	(4,588)
Share of other comprehensive loss of joint ventures	-	(33,815)	208	-	-	-	-	(33,607)	(8,479)	(42,086)
Currency translation differences	-	(66,234)	-	-	-	-	-	(66,234)	(42,681)	(108,915)
Total other comprehensive loss	-	(103,762)	(36,706)	(120,719)	2,495	23,365	-	(235,327)	(52,035)	(287,362)
Total comprehensive income	-	(103,762)	(36,706)	(120,719)	2,495	23,365	233,460	(1,867)	1,195,990	1,194,123
Transferred to/(from) reserve	-	360	-	-	-	-	(360)	-	-	-
Transactions with owners:										
Distributions	-	-	-	-	-	-	(1,175,999)	(1,175,999)	-	(1,175,999)
Dividends	-	-	-	-	-	-	-	-	(2,939,828)	(2,939,828)
At 31 December 2023	68,553,839	(360,307)	(346,113)	193,963	-	481,986	(42,894,162)	25,629,206	17,725,836	43,355,042

# HUTCHISON PORT HOLDINGS TRUST

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

	Units in issue HK\$'000	Exchange and other reserves HK\$'000	Revaluation reserve HK\$'000	Hedging reserve HK\$'000	Costs of hedging reserve HK\$'000	Pension reserve HK\$'000	Accumulated losses HK\$'000	Attributable to unitholders HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
<b>Group</b>										
At 1 January 2022	68,553,839	69,619	(297,461)	(24,808)	(3,269)	596,658	(41,787,768)	27,106,810	20,292,313	47,399,123
Profit for the year	-	-	-	-	-	-	1,099,034	1,099,034	1,420,667	2,519,701
Other comprehensive (loss)/income:										
Remeasurement of defined benefit plans	-	-	-	-	-	(138,037)	-	(138,037)	-	(138,037)
Investments:										
Valuation losses taken to reserves	-	-	(12,341)	-	-	-	-	(12,341)	-	(12,341)
Cash flow hedges arising from cross currency interest rate swap contracts and interest rate swap contracts:										
Fair value gains recognised directly in reserves	-	-	-	339,490	-	-	-	339,490	-	339,490
Costs of hedging:										
Changes in fair value of currency basis spread	-	-	-	-	774	-	-	774	-	774
Share of other comprehensive loss of associated companies	-	(17,001)	-	-	-	-	-	(17,001)	(8,487)	(25,488)
Share of other comprehensive loss of joint ventures	-	(53,047)	395	-	-	-	-	(52,652)	(13,223)	(65,875)
Currency translation differences	-	(255,895)	-	-	-	-	-	(255,895)	(217,156)	(473,051)
Total other comprehensive loss	-	(325,943)	(11,946)	339,490	774	(138,037)	-	(135,662)	(238,866)	(374,528)
Total comprehensive income	-	(325,943)	(11,946)	339,490	774	(138,037)	1,099,034	963,372	1,181,801	2,145,173
Transferred (from)/to reserve	-	(581)	-	-	-	-	581	-	-	-
Transactions with owners:										
Distributions	-	-	-	-	-	-	(1,263,110)	(1,263,110)	-	(1,263,110)
Dividends	-	-	-	-	-	-	-	-	(2,004,440)	(2,004,440)
At 31 December 2022	68,553,839	(256,905)	(309,407)	314,682	(2,495)	458,621	(41,951,263)	26,807,072	19,469,674	46,276,746

## HUTCHISON PORT HOLDINGS TRUST

### STATEMENT OF CHANGES IN EQUITY OF HUTCHISON PORT HOLDINGS TRUST FOR THE YEAR ENDED 31 DECEMBER 2023

	Units in issue HK\$'000	Accumulated losses HK\$'000	Attributable to unitholders HK\$'000
<b>Trust</b>			
At 1 January 2023	68,553,839	(46,922,257)	21,631,582
Loss and total comprehensive loss for the year	-	(52,210)	(52,210)
Transactions with owners:			
Distributions	-	(1,175,999)	(1,175,999)
At 31 December 2023	<u>68,553,839</u>	<u>(48,150,466)</u>	<u>20,403,373</u>
At 1 January 2022	68,553,839	(45,601,462)	22,952,377
Loss and total comprehensive loss for the year	-	(57,685)	(57,685)
Transactions with owners:			
Distributions	-	(1,263,110)	(1,263,110)
At 31 December 2022	<u>68,553,839</u>	<u>(46,922,257)</u>	<u>21,631,582</u>



## HUTCHISON PORT HOLDINGS TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### 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 (as amended) (the “Trust Deed”) and registered with the Monetary Authority of Singapore. HPH Trust is principally regulated by the Business Trusts Act 2004 of Singapore and Securities and Futures Act 2001 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 1 Harbourfront Avenue, #14-07, Keppel Bay Tower, Singapore 098632. 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 China, 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, feeding, freight-forwarding, supply chain management, warehousing and distribution services.

#### 2 Basis of preparation and material accounting policies

The consolidated financial statements of HPH Trust and its subsidiaries (together the “Group”), have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The financial statements have been prepared under the historical cost convention except for investments and derivative financial instruments which are stated at fair value, as explained in the material accounting policies set out in Note 2.

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

At 31 December 2023, Hutchison Port Holdings Trust and its subsidiaries (the “Group”) recorded net current liabilities of HK\$45.4 million, mainly resulting from guaranteed notes of US\$0.5 billion (approximately to HK\$3.9 billion), which will mature in November 2024. Management is confident to complete the refinancing arrangement before the expiry of these existing loans. Based on the Group’s history in obtaining 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 financial statements have been prepared on a going concern basis.

The preparation of financial statements in conformity with HKFRS requires management to exercise its judgements 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 judgements or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

## HUTCHISON PORT HOLDINGS TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### 2 Basis of preparation and material accounting policies (Continued)

##### Adoption of standards and amendments to existing standards

The Group has adopted all of the new and revised standards and amendments issued by the HKICPA that are relevant to the Group's operations and mandatory for annual period beginning 1 January 2023. The effect of the adoption of these new and revised standards and amendments was not material to the Group's results or financial position.

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
HKFRS17	Insurance Contracts
Amendments to HKFRS17	Insurance Contracts
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information

##### Amendments and interpretations which are not yet effective

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

Amendments to HKAS 1 <sup>(1)</sup>	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1 <sup>(1)</sup>	Non-current Liabilities with Covenants
Amendments to HKFRS 16 <sup>(1)</sup>	Lease Liability in a Sale and Leaseback
Hong Kong Interpretation 5 (2020) <sup>(1)</sup>	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7 <sup>(1)</sup>	Supplier Finance Arrangements
Amendments to HKAS 21 <sup>(2)</sup>	Lack of Exchangeability
Amendments to HKFRS 10 and HKAS 28 <sup>(3)</sup>	Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture

(1) Effective for annual periods beginning 1 January 2024

(2) Effective for annual periods beginning 1 January 2025

(3) New effective date to be determined

The Group is assessing the full impact of these 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.

## HUTCHISON PORT HOLDINGS TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### 2 Basis of preparation and material accounting policies (Continued)

##### (a) Basis of consolidation

The consolidated financial statements of the Group for the year ended 31 December 2023 include all its direct and indirect subsidiary companies and also incorporate the interest in associated companies, joint operations 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 2023 or up to the dates of disposal as the case may be. The acquisition of subsidiary companies is accounted for using the acquisition method.

##### (b) Subsidiary companies

A subsidiary company is an entity over 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 financial statements 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 also 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 associated company is an entity, other than a subsidiary company or a joint venture, in which the Group has a long-term equity interest (including long-term interests which form part of the net investment) 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 associated companies are incorporated in these financial statements 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.

## HUTCHISON PORT HOLDINGS TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### 2 Basis of preparation and material accounting policies (Continued)

##### (d) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control and over which none of the participating parties has unilateral control.

Investments in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations each investor has. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement.

The results and net assets of joint ventures are incorporated in these financial statements 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.

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 handling equipment	10 - 30 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.

## HUTCHISON PORT HOLDINGS TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### 2 Basis of preparation and material accounting policies (Continued)

##### (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. The prepaid lease payments are right-of-use assets. The balances are 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, ranging from approximately 23 to 33 years.

##### (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 is 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.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

The profit or loss on disposal 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.

## HUTCHISON PORT HOLDINGS TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### **2 Basis of preparation and material accounting policies (Continued)**

##### **(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.

##### **(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 financial statements. 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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

##### **(l) Investments**

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

##### **(m) Financial assets at amortised cost**

Financial assets at amortised cost are debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets at amortised cost and are subsequently measured at amortised cost less impairment. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement based on expected credit loss ("ECL") model. Interest income using the effective interest method is recognised in the income statement.

## HUTCHISON PORT HOLDINGS TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### **2 Basis of preparation and material accounting policies (Continued)**

##### **(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 based on lifetime ECL.

##### **(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, if any.

##### **(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.

## HUTCHISON PORT HOLDINGS TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### 2 Basis of preparation and material accounting policies (Continued)

##### (t) Asset impairment

###### Impairment of financial assets

The Group applies the ECL model to assess impairment of financial assets classified at amortised cost and debt instruments measured at FVOCI. The impairment methodology to be applied depends on whether there has been a significant increase in credit risk.

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

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

###### Impairment of other assets

Assets that have an indefinite useful life are tested for impairment annually and when there is indication that they may be impaired. 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 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.

##### (u) Derivative financial instruments and hedging activities

Derivative financial instruments are utilised by the Group in the management of its foreign currency and interest rate exposures. The Group's policy is not to utilise derivative financial instruments for trading or speculative purposes. Derivative financial instruments are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates. Changes in fair value are recognised based on whether certain qualifying criteria under HKFRS 9 are satisfied in order to apply hedge accounting, and if so, the nature of the items being hedged.

The Group documents at the inception of the hedging transaction the economic relationship between hedging instruments and hedged items including whether the hedging instrument is expected to offset changes in cash flows of hedged items. The group documents its risk management objective and strategy for undertaking various hedge transactions at the inception of each hedge relationship.

Derivatives designated as hedging instruments to hedge the fair value of recognised assets or liabilities may qualify as fair value hedges. The Group mainly enters into interest rate swap contracts to swap certain fixed interest rate borrowings into floating interest rate borrowings. Changes in the fair value of these derivative contracts, together with the changes in the fair value of the hedged assets or liabilities attributable to the hedged risk are recognised in the income statement. At the same time, the carrying amount of the hedged asset or liability in the statement of financial position is adjusted for the changes in fair value.



## HUTCHISON PORT HOLDINGS TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### 2 Basis of preparation and material accounting policies (Continued)

##### (u) Derivative financial instruments and hedging activities (Continued)

Derivatives designated as hedging instruments to hedge against the cash flows attributable to recognised assets or liabilities may qualify as cash flow hedges. The Group mainly enters into (i) cross currency interest rate swap contracts to swap certain fixed interest rate United States dollar debts to fixed interest rate Hong Kong dollar debts; (ii) cross currency interest rate swap contracts to swap certain floating interest rate United States dollar debts to fixed interest rate Hong Kong dollar debts; and (iii) interest rate swap contracts to swap certain floating interest rate United States dollar debts to fixed interest rate United States dollar debts to hedge against the foreign currency and interest rate risk. The Group excludes foreign currency basis spread of these cross currency swaps in the hedge designation. The change in fair value of the foreign currency basis spread (to the extent it relates to the hedged item) is recognised in other comprehensive income and is accumulated in a separate costs of hedging reserve under equity. The amount would be amortised to profit or loss on a systematic and rational basis. Changes in the fair value relating to the effective portion of derivative contracts designated as hedging instruments qualifying as cash flow hedges are recognised in other comprehensive income and accumulated under the heading of hedging reserve. The gain or loss relating to the ineffective portion is recognised in the income statement. Amounts accumulated are removed from hedging reserve and costs of hedging reserve and recognised in the income statement in the periods when the hedged derivative contract matures.

Derivatives that do not qualify for hedge accounting under HKFRS 9 will be accounted for with the changes in fair value being recognised in the income statement.

##### (v) 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.

Remeasurements arising from defined benefit plans are recognised in other comprehensive income in the year in which they occur and reflected immediately in pension reserve. Remeasurements comprise actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability/asset) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability/asset).

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.

## HUTCHISON PORT HOLDINGS TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### 2 Basis of preparation and material accounting policies (Continued)

##### (w) Foreign exchange

The consolidated financial statements 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.

The financial statements 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 associated company 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 associated companies 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.

##### (x) 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.

## HUTCHISON PORT HOLDINGS TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### 2 Basis of preparation and material accounting policies (Continued)

##### (y) Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Such determination is made on an evaluation of the substance of the arrangement, regardless of whether the arrangements take the legal form of a lease.

##### (i) Assets leased to the Group

Leases are initially recognised as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets leased to the Group and the corresponding liabilities are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate; and
- payments of penalties for terminating the lease, if the lease term reflects the Group, as a lessee, exercising an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the incremental borrowing rate of the respective entities. Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date, less any lease incentive received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise equipment and small items of office furniture.

##### (ii) Assets leased out by the Group

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. Income received under operating leases net of any incentives provided to the leasing company are credited to the income statement on a straight-line basis over the lease periods.

## HUTCHISON PORT HOLDINGS TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### **2 Basis of preparation and material accounting policies (Continued)**

##### **(z) Revenue and other income recognition**

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

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

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

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

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

Revenue is recognised over time:

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

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

##### **(aa) Government Grant**

Subsidy from the government is recognised at their fair values where there is a reasonable assurance that the subsidy will be received and the Group will comply with all attached conditions. The amounts are recognised within "other operating income" in the income statement.

## HUTCHISON PORT HOLDINGS TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### 3 Critical accounting estimates and judgements

Note 2 includes a summary of the material accounting policies used in the preparation of the financial statements. The preparation of financial statements 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 financial statements. 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 financial statements.

##### (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 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 judgements are 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.

## HUTCHISON PORT HOLDINGS TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### 3 Critical accounting estimates and judgements (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, past experience and new business developments. 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 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, tariff and new business developments. The volume of containers handled will be impacted by economic and global market conditions, structural changes within the shipping line industry 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, inflation and cost initiatives adopted. 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.

## HUTCHISON PORT HOLDINGS TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### 3 Critical accounting estimates and judgements (Continued)

##### (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 judgements are 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.

##### (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

The Group operates several defined benefit plans. Pension costs for defined benefit plans are assessed using the projected unit credit method in accordance with HKAS 19 (2011), Employee Benefits. Under this method, the cost of providing pensions is charged to the 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 assets/obligations are measured at the present values 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 currencies and terms similar to the estimated terms of benefit obligations.

## HUTCHISON PORT HOLDINGS TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### 3 Critical accounting estimates and judgements (Continued)

##### (f) Pension (Continued)

Remeasurements arising from defined benefit plans are recognised in other comprehensive income in the year in which they occur and reflected immediately in pension reserve. Remeasurements comprise actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability/asset) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability/asset).

Management appointed actuaries to carry out a full valuation of these pension plans to determine the pension assets/obligations that are required to be disclosed and accounted for in the financial statements 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. Judgements are 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 judgements are 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 financial statements. 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 judgements 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 income statement.



**HUTCHISON PORT HOLDINGS TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**

**4 Revenue and other income and segment information**

**(a) Revenue and other income**

	2023 HK\$'000	2022 HK\$'000
Revenue		
Rendering of port and related services	10,053,421	11,687,782
Rendering of transportation and logistics solutions	180,623	261,648
Management and service fee income	36,649	35,743
System development and support fees	6,996	6,953
Others	1,610	1,683
	<u>10,279,299</u>	<u>11,993,809</u>
Other income		
Interest income	356,223	172,442
	<u>10,635,522</u>	<u>12,166,251</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 at two geographical locations.

Revenue is recognised over time and disclosures by geographical location are shown below:

	<u>Revenue and other income</u>		<u>Non-current assets</u>	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Hong Kong	2,515,075	3,266,293	19,071,197	20,140,660
Mainland China	8,120,447	8,899,958	53,717,458	54,912,498
	<u>10,635,522</u>	<u>12,166,251</u>	<u>72,788,655</u>	<u>75,053,158</u>

**HUTCHISON PORT HOLDINGS TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**

**5 Operating profit**

Operating profit is stated after crediting and charging the following:

	2023 HK\$'000	2022 HK\$'000
<u>Crediting</u>		
Dividend income from River Ports Economic Benefits (Note 17)	18,567	16,239
Net gain on disposal of fixed assets	-	140
Wage, salary and other subsidies (Note)	237	30,647
	<u>          </u>	<u>          </u>
<u>Charging</u>		
Auditor's remuneration		
- audit services	15,962	14,884
- non-audit services	1,287	1,183
Amortisation		
- leasehold land and land use rights	1,290,061	1,295,000
- railway usage rights	497	524
- customer relationships	334,206	334,206
Depreciation of fixed assets	1,258,237	1,362,530
Depreciation of right-of-use assets within fixed assets	11,819	11,716
Net loss on disposal of fixed assets	5,059	-
Short-term lease costs for		
- office premises and port facilities	58,334	62,787
Staff costs (including amount charged within cost of services rendered)		
- Wages, salaries and other benefits	1,321,714	1,348,464
- Pension costs	102,895	120,855
Net exchange loss	48,765	53,457
	<u>          </u>	<u>          </u>

Note:

Mainly benefits received from government under COVID-19 related employment support scheme recognised in other operating income for the year ended 31 December 2022.

**6 Interest and other finance costs**

	2023 HK\$'000	2022 HK\$'000
Bank loans and overdrafts	581,564	309,844
Guaranteed notes	248,625	317,210
Loans from non-controlling interests	1,547	1,631
Lease liabilities	847	722
Other finance costs	39,439	43,938
	<u>          </u>	<u>          </u>
	<u>872,022</u>	<u>673,345</u>

**HUTCHISON PORT HOLDINGS TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**

**7 Tax**

	2023 HK\$'000	2022 HK\$'000
Current tax	1,316,687	1,458,883
Deferred tax (Note 18)	(470,096)	(377,684)
	<u>846,591</u>	<u>1,081,199</u>

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:

	2023 HK\$'000	2022 HK\$'000
Profit before tax excluding share of net (losses)/profits after tax of joint ventures and associated companies	<u>2,448,101</u>	<u>3,607,593</u>
Tax calculated at weighted average tax rate of 29.3% (2022: 26.2%)	718,214	945,970
Tax exemption in China	(50,176)	(55,663)
Income not subject to tax	(22,830)	(17,778)
Expenses not deductible for tax purposes	109,427	99,803
Withholding tax on unremitted earnings	125,857	128,831
Utilisation of previously unrecognised tax losses	(7)	(4,534)
Overprovision in prior year	(37,056)	(16,378)
Tax losses not recognised	3,836	977
Others	(674)	(29)
Total tax	<u>846,591</u>	<u>1,081,199</u>

The Group is in the process of assessing its exposure to the Pillar Two model rules when it comes into effect. It is not expected to have material impacts to the Group.

**HUTCHISON PORT HOLDINGS TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**

**8 Distributions**

	2023 HK\$'000	2022 HK\$'000
For the period from 1 July 2021 to 31 December 2021		
Distribution of 8.00 HK cents per unit	-	696,888
For the period from 1 January 2022 to 30 June 2022		
Distribution of 6.50 HK cents per unit	-	566,222
For the period from 1 July 2022 to 31 December 2022		
Distribution of 8.00 HK cents per unit	696,888	-
For the period from 1 January 2023 to 30 June 2023		
Distribution of 5.50 HK cents per unit	479,111	-
	<u>1,175,999</u>	<u>1,263,110</u>

On 7 February 2024, the Board of Directors of the Trustee-Manager approved the distribution of 7.70 HK cents per unit for the financial result from 1 July 2023 to 31 December 2023 (2022: 8.00 HK cents per unit) amounting to HK\$670.8 million (2022: HK\$696.9 million) and payable on 27 March 2024. This distribution is not reflected in these financial statements and will be recognised in equity in the financial year ending 31 December 2024.

**9 Earnings per unit**

The calculation of earnings per unit is based on profit attributable to unitholders of HPH Trust of HK\$233,460,000 for the year ended 31 December 2023 (2022: HK\$1,099,034,000) and on 8,711,101,022 units in issue (2022: 8,711,101,022 units in issue).

Diluted earnings per unit is the same as the basic earnings per unit for the years ended 31 December 2023 and 2022.

**HUTCHISON PORT HOLDINGS TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**

**10 Fixed assets**

Group	Properties HK\$'000	Container handling equipment HK\$'000	Barges HK\$'000	Other fixed assets HK\$'000	Total HK\$'000
<b>2023</b>					
Opening net book amount	14,326,129	5,652,204	1,003	378,406	20,357,742
Additions	22,834	66,044	-	1,900	90,778
Transfer from projects under development (Note 11)	70,446	380,013	-	58,971	509,430
Depreciation	(605,184)	(607,984)	(96)	(56,792)	(1,270,056)
Disposals	-	(927)	-	(16)	(943)
Currency translation differences	(50,640)	(11,603)	-	(2,692)	(64,935)
Closing net book amount	<u>13,763,585</u>	<u>5,477,747</u>	<u>907</u>	<u>379,777</u>	<u>19,622,016</u>
<b>At 31 December 2023</b>					
Cost	21,179,460	13,911,329	9,484	1,101,705	36,201,978
Accumulated depreciation	(7,415,875)	(8,433,582)	(8,577)	(721,928)	(16,579,962)
Net book amount	<u>13,763,585</u>	<u>5,477,747</u>	<u>907</u>	<u>379,777</u>	<u>19,622,016</u>
<b>2022</b>					
Opening net book amount	15,065,231	6,152,202	1,098	428,394	21,646,925
Additions	29,840	35,583	-	1,038	66,461
Transfer from projects under development (Note 11)	34,797	187,735	-	25,215	247,747
Depreciation	(625,007)	(681,429)	(95)	(67,715)	(1,374,246)
Disposals	-	(771)	-	(67)	(838)
Currency translation differences	(178,732)	(41,116)	-	(8,459)	(228,307)
Closing net book amount	<u>14,326,129</u>	<u>5,652,204</u>	<u>1,003</u>	<u>378,406</u>	<u>20,357,742</u>
<b>At 31 December 2022</b>					
Cost	21,159,889	13,521,297	9,484	1,071,442	35,762,112
Accumulated depreciation	(6,833,760)	(7,869,093)	(8,481)	(693,036)	(15,404,370)
Net book amount	<u>14,326,129</u>	<u>5,652,204</u>	<u>1,003</u>	<u>378,406</u>	<u>20,357,742</u>

**HUTCHISON PORT HOLDINGS TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**

**10 Fixed assets (Continued)**

Note:

The Group has the right to control the use of certain assets included in properties, container handling equipment and other fixed assets for a period of time through lease arrangements. Lease arrangements with terms of 1 to 5 years are negotiated on an individual basis and contain a wide range of terms and conditions. During the year ended 31 December 2023, additions to the right-of-use assets under properties and other fixed assets were nil (2022: HK\$24,218,000) and no disposals to the right-of-use assets under container handling equipment due to termination of lease terms for the year end 31 December 2023 and 2022.

The carrying amounts of right-of-use assets included in fixed assets are as follows:

	2023 HK\$'000	2022 HK\$'000
Properties	14,855	26,449
Other fixed assets	355	692
	<u>15,210</u>	<u>27,141</u>

Depreciation charge for right-of-use assets recognised in the consolidated income statement is as follows:

	2023 HK\$'000	2022 HK\$'000
Properties	11,497	11,415
Other fixed assets	322	301
	<u>11,819</u>	<u>11,716</u>

**11 Projects under development**

Group	2023 HK\$'000	2022 HK\$'000
At beginning of the year	762,911	654,524
Additions	411,598	361,361
Transfer to fixed assets (Note 10)	(509,430)	(247,747)
Currency translation differences	(885)	(5,227)
At end of the year	<u>664,194</u>	<u>762,911</u>

Projects under development mainly represent the cost of construction of port facilities in Hong Kong and Mainland China.

**HUTCHISON PORT HOLDINGS TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**

**12 Leasehold land and land use rights**

Group	2023 HK\$'000	2022 HK\$'000
<b>Net book value</b>		
At beginning of the year	33,178,968	34,579,438
Amortisation	(1,290,061)	(1,295,000)
Currency translation differences	(30,621)	(105,470)
	<u>31,858,286</u>	<u>33,178,968</u>
At end of the year	<u>31,858,286</u>	<u>33,178,968</u>
Cost	48,179,829	48,220,758
Accumulated amortisation	(16,321,543)	(15,041,790)
	<u>31,858,286</u>	<u>33,178,968</u>

The net book value of land use rights, which are accounted for as right-of-use assets, was HK\$6,627,945,000 at 31 December 2023 (2022: HK\$6,909,998,000). The corresponding amortisation charge for the year was HK\$282,053,000 (2022: HK\$284,834,000).

**13 Railway usage rights**

Group	2023 HK\$'000	2022 HK\$'000
<b>Net book value</b>		
At beginning of the year	9,400	10,787
Amortisation	(497)	(524)
Currency translation differences	(245)	(863)
	<u>8,658</u>	<u>9,400</u>
At end of the year	<u>8,658</u>	<u>9,400</u>
Cost	14,331	14,939
Accumulated amortisation	(5,673)	(5,539)
	<u>8,658</u>	<u>9,400</u>

**HUTCHISON PORT HOLDINGS TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**

**14 Intangible assets**

**(a) Customer relationships**

Group	2023 HK\$'000	2022 HK\$'000
<b>Net book value</b>		
At beginning of the year	4,499,154	4,833,360
Amortisation	(334,206)	(334,206)
	<u>4,164,948</u>	<u>4,499,154</u>
At end of the year	<u><u>4,164,948</u></u>	<u><u>4,499,154</u></u>
Cost	8,440,000	8,440,000
Accumulated amortisation	(4,275,052)	(3,940,846)
	<u>4,164,948</u>	<u>4,499,154</u>
At end of the year	<u><u>4,164,948</u></u>	<u><u>4,499,154</u></u>

**(b) Goodwill**

The Group has one business segment and two geographical CGU to which goodwill is allocated as follows:

Group	2023 HK\$'000	2022 HK\$'000
Hong Kong	-	-
Mainland China	11,270,044	11,270,044
	<u>11,270,044</u>	<u>11,270,044</u>
	<u><u>11,270,044</u></u>	<u><u>11,270,044</u></u>
	2023 HK\$'000	2022 HK\$'000
At beginning of the year	11,270,044	11,270,044
Impairment of goodwill (accumulated: HK\$30.4 billion)	-	-
	<u>11,270,044</u>	<u>11,270,044</u>
At end of the year	<u><u>11,270,044</u></u>	<u><u>11,270,044</u></u>



## HUTCHISON PORT HOLDINGS TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### 14 Intangible assets (Continued)

##### (b) Goodwill (Continued)

As in the prior year, management performed an impairment assessment based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a 5-year period and a further outlook for 5 years, which is considered appropriate in view of the long-term nature of the terminal business and new business developments. Management determined that no further impairment of goodwill is required in 2023. The impairment methodology assumed terminal values and discount rates of 2%-3% (2022: 2%-3%) and 9%-10% (2022: 10%-11%) 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.

The assumptions regarding the growth rates in revenue and cost of services rendered used in the current year's assessments incorporated new business developments planned. For illustration purposes, a hypothetical 0.5% decrease in the revenue growth rate, a 0.5% increase in costs of services rendered and a 0.5% increase in the discount rate, with all other variables and assumptions held constant, would decrease the recoverable amount of the Hong Kong CGU, by HK\$2.0 billion, HK\$0.8 billion and HK\$1.8 billion respectively and of the Mainland China CGU, by HK\$2.3 billion, HK\$0.6 billion and HK\$2.8 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.

#### 15 Associated companies

Group	2023 HK\$'000	2022 HK\$'000
Share of net assets	108,498	204,026
Loans to an associated company – non-current	670,350	-
	<u>778,848</u>	<u>204,026</u>

As at 31 December 2023, two 5-year loans of RMB600,000,000 (approximate to HK\$654,000,000) and RMB15,000,000 (approximate to HK\$16,350,000) provided to an associated company are unsecured, interest bearing at a fixed rate of 2.75% per annum and 2.50% per annum, respectively, and repayable in April and December 2028. The carrying amount of the loans to an associated company approximates their fair value.

**HUTCHISON PORT HOLDINGS TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**

**15 Associated companies (Continued)**

Details of the principal associated companies at 31 December 2023 and 2022 are as follows:

Name	Place of establishment	Principal activities	Effective interest held
Shenzhen Huazhou Ocean Development Co., Ltd.	China	Provision of tugboat services in China	23.84%
Huizhou International Container Terminals Limited <sup>(1)</sup>	China	Development and operation of a container terminal	41.31%

(1) Audited by PricewaterhouseCoopers network firms

There is no associated company as at 31 December 2023, which in the opinion of the directors of the Trustee-Manager, is individually material to the Group.

There are no material contingent liabilities relating to the Group's interests in the associated companies.

Set out below is the Group's share of the year's total comprehensive loss from its associated companies:

	2023 HK\$'000	2022 HK\$'000
Net losses after tax	(84,727)	(81,423)
Other comprehensive loss	(4,588)	(25,488)
Total comprehensive loss	<u>(89,315)</u>	<u>(106,911)</u>

**16 Joint ventures**

Group	2023 HK\$'000	2022 HK\$'000
Share of net assets	4,738,234	4,887,599
Less: accumulated impairment	(930,000)	(930,000)
	<u>3,808,234</u>	<u>3,957,599</u>

**HUTCHISON PORT HOLDINGS TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**

**16 Joint ventures (Continued)**

Details of principal joint ventures at 31 December 2023 and 2022 are as follows:

Name	Place of incorporation/ establishment	Principal activities	Effective interest held
COSCO-HIT Terminals (Hong Kong) Limited <sup>(1)</sup>	Hong Kong	Development and operation of a container terminal	50.00%
Asia Container Terminals Limited <sup>(1)</sup>	Hong Kong	Development and operation of a container terminal	40.00%
Beijing Leading Edge Container Services Company Limited	China	Provision of logistics services	50.00%
Mercury Sky Group Limited <sup>(2)</sup>	British Virgin Islands	Investment holding	50.00%
Shenzhen Leading Edge Port Services Co. Ltd. <sup>(1)</sup>	China	Provision of port agency services	49.00%
Yantian East Port International Container Terminals Limited ("YEP ICT") <sup>(1)</sup>	China	Development and operation of a container terminal	39.73%
Yantian Port International Information Company Limited	China	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

There is no joint venture as at 31 December 2023, which in the opinion of the directors of the Trustee-Manager, is individually material to the Group.

There are no material contingent liabilities relating to the Group's interests in the joint ventures.

Set out below is the Group's share of the year's total comprehensive income from its joint ventures:

	2023 HK\$'000	2022 HK\$'000
Net (losses)/profits after tax	(35,298)	74,730
Other comprehensive loss	(42,086)	(65,875)
Total comprehensive (loss)/income	<u>(77,384)</u>	<u>8,855</u>

## HUTCHISON PORT HOLDINGS TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### 17 Other non-current assets

Group	2023 HK\$'000	2022 HK\$'000
Investments		
Listed equity security	30,039	29,701
River Ports Economic Benefits (Note)	242,857	280,109
Prepayment for fixed assets	-	50,198
Derivative financial instruments		
Interest rate swaps under cash flow hedges	193,963	325,034
	<u>466,859</u>	<u>685,042</u>

Note:

The River Ports Economic Benefits represent the economic interest and benefits of the river ports in Nanhai and Jiangmen, China (together the "River Ports"), including all dividends and any other distributions or other monies payable to a related company or any of its subsidiary companies 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 subsidiary companies. The movement is due to change in fair value.

#### 18 Deferred tax

Group	2023 HK\$'000	2022 HK\$'000
Deferred tax assets	(14,630)	(5,059)
Deferred tax liabilities	8,410,618	8,883,533
Net deferred tax liabilities	<u>8,395,988</u>	<u>8,878,474</u>

The movements in deferred 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
2023						
At 1 January 2023	(5,738)	497,977	7,938,598	453,267	(5,630)	8,878,474
Tax credited to income statement	(26,820)	(12,467)	(342,278)	(86,782)	(1,749)	(470,096)
Other temporary differences	-	8	-	-	(12,398)	(12,390)
At 31 December 2023	<u>(32,558)</u>	<u>485,518</u>	<u>7,596,320</u>	<u>366,485</u>	<u>(19,777)</u>	<u>8,395,988</u>
2022						
At 1 January 2022	(12,353)	519,730	8,294,176	460,431	(5,663)	9,256,321
Tax charged/(credited) to income statement	6,615	(21,781)	(355,578)	(7,164)	224	(377,684)
Other temporary differences	-	28	-	-	(191)	(163)
At 31 December 2022	<u>(5,738)</u>	<u>497,977</u>	<u>7,938,598</u>	<u>453,267</u>	<u>(5,630)</u>	<u>8,878,474</u>

## HUTCHISON PORT HOLDINGS TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### 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 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\$95,616,000 at 31 December 2023 (31 December 2022: HK\$87,642,000) to carry forward against future taxable income. Of these, HK\$61,406,000 can be carried forward indefinitely (31 December 2022: HK\$63,225,000). The remaining HK\$34,210,000 (31 December 2022: HK\$24,417,000) expires in the following years:

	2023 HK\$'000	2022 HK\$'000
In the first year	6,289	1,007
In the second year	8,969	10,245
In the third year	11	9,215
In the fourth year	3,833	11
In the fifth year	15,108	3,939
	<u>34,210</u>	<u>24,417</u>

- (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.
- (d) Deferred tax assets and liabilities are expected to be recovered or settled mostly after more than twelve months.

#### 19 Cash and bank balances

Group	2023 HK\$'000	2022 HK\$'000
Cash and cash equivalents		
Cash at bank and on hand	1,221,416	1,614,255
Short-term bank deposits	6,973,448	8,780,913
Cash and bank balances	<u>8,194,864</u>	<u>10,395,168</u>
Trust	2023 HK\$'000	2022 HK\$'000
Cash and cash equivalents		
Cash at bank and on hand	<u>2,919</u>	<u>5,049</u>

**HUTCHISON PORT HOLDINGS TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**

**19 Cash and bank balances (Continued)**

Cash and bank balances are denominated in the following currencies:

Group	2023 Percentage	2022 Percentage
Hong Kong dollar	45%	34%
Renminbi	14%	10%
United States dollar	41%	56%
	<u>100%</u>	<u>100%</u>
	<u><u>100%</u></u>	<u><u>100%</u></u>
Trust	2023 Percentage	2022 Percentage
Hong Kong dollar	15%	48%
United States dollar	12%	5%
Singapore dollar	73%	47%
	<u>100%</u>	<u>100%</u>
	<u><u>100%</u></u>	<u><u>100%</u></u>

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

**20 Trade and other receivables**

Group	2023 HK\$'000	2022 HK\$'000
Trade receivables	2,096,751	1,897,009
Less: loss allowance provision (Note d)	(47,659)	(47,339)
	<u>2,049,092</u>	<u>1,849,670</u>
Other receivables and prepayments	342,451	393,935
Amounts due from associated companies (Note a)	523	11,805
Amounts due from joint ventures (Note a)	138,615	149,223
Loan to an associated company (Note b)	490,500	593,600
Loan to a joint venture (Note c)	-	120,000
	<u>3,021,181</u>	<u>3,118,233</u>
	<u><u>3,021,181</u></u>	<u><u>3,118,233</u></u>

**HUTCHISON PORT HOLDINGS TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**

**20 Trade and other receivables (Continued)**

Trust	2023 HK\$'000	2022 HK\$'000
Other receivables and prepayments	1,037	356
Amounts due from subsidiary companies (Note a)	390	658
	<u>1,427</u>	<u>1,014</u>

Trade and other receivables are denominated in the following currencies:

Group	2023 Percentage	2022 Percentage
Hong Kong dollar	44%	47%
Renminbi	48%	39%
United States dollar	8%	14%
	<u>100%</u>	<u>100%</u>

Trust	2023 Percentage	2022 Percentage
Singapore dollar	<u>100%</u>	<u>100%</u>

Trade receivables are stated at the expected recoverable amount, net of any provision for estimated impairment losses where it is deemed that a receivable may not be fully recoverable. The carrying amounts of these assets approximate their fair values.

Notes:

- (a) The amounts due from associated companies and joint ventures of the Group; and amounts due from subsidiary companies of the Trust are unsecured, interest free and have no fixed terms of repayment.
- (b) As at 31 December 2023, the loan of RMB450,000,000 (approximate to HK\$490,500,000) to an associated company is unsecured, interest bearing at a fixed rate of 2.3% per annum and repayable in one year. As at 31 December 2022, the loan of RMB530,000,000 (approximate to HK\$593,600,000) to an associated company is unsecured, interest bearing at a fixed rate of 4.0% per annum and repayable in one year.
- (c) As at 31 December 2022, the loan of HK\$120,000,000 to a joint venture is unsecured, interest bearing at Hong Kong Interbank Offered Rate ("HIBOR") plus 2.1% per annum and repayable in one year.

**HUTCHISON PORT HOLDINGS TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**

**20 Trade and other receivables (Continued)**

Notes (Continued):

- (d) At 31 December 2023, trade receivables of the Group amounting to HK\$47,659,000 (2022: HK\$47,339,000) were impaired and provided for. The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables.

Movements on the loss allowance provision for trade receivables are as follows:

	2023 HK\$'000	2022 HK\$'000
At beginning of the year	47,339	50,786
Additions	209	12
Write back	-	(3,116)
Written off	-	(335)
Currency translation differences	111	(8)
	<u>47,659</u>	<u>47,339</u>

The additions to and write back of loss allowance provision for trade receivables have been included in the income statement.

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**

Group	2023 HK\$'000	2022 HK\$'000
Trade payables, other payables and accruals	6,018,097	5,706,185
Loans from non-controlling interests (Note a)	106,656	108,756
Lease liabilities	10,186	12,391
Derivative financial instruments		
Cross currency interest rate swaps under cash flow hedge	-	12,847
Amounts due to related companies (Note b)	101,159	107,473
Amounts due to associated companies (Note b)	2,898	3,016
Amounts due to joint ventures (Note b)	36,966	64,176
	<u>6,275,962</u>	<u>6,014,844</u>



## HUTCHISON PORT HOLDINGS TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### 21 Trade and other payables (Continued)

Trust	2023 HK\$'000	2022 HK\$'000
Trade payables, other payables and accruals	7,368	6,456
Amounts due to:		
- a related company (Note b)	17,612	32,851
- subsidiary companies (Note b)	6,666	1,846
	<u>31,646</u>	<u>41,153</u>

Trade and other payables are denominated in the following currencies:

Group	2023 Percentage	2022 Percentage
Hong Kong dollar	67%	87%
Renminbi	31%	10%
United States dollar	2%	3%
	<u>100%</u>	<u>100%</u>

  

Trust	2023 Percentage	2022 Percentage
Hong Kong dollar	21%	4%
United States dollar	56%	80%
Singapore dollar	23%	16%
	<u>100%</u>	<u>100%</u>

At 31 December 2023, 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 the amount of RMB70,000,000, approximate to HK\$76,300,000 (2022: RMB70,000,000, approximate to HK\$78,400,000) which bears interest at fixed rate of 2.0% per annum and repayable in one year.
- (b) Amounts due to related companies, associated companies and joint ventures of the Group; and amounts due to a related company and subsidiary companies of the Trust are unsecured, interest free and have no fixed terms of repayment.

**HUTCHISON PORT HOLDINGS TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**

**22 Bank and other debts**

Group	Current portion HK\$'000	Non-current portion HK\$'000	Total HK\$'000
Unsecured bank loans	390,000	13,155,000	13,545,000
Loans from related companies	490,500	-	490,500
Guaranteed notes	3,900,000	7,800,000	11,700,000
	<u>4,780,500</u>	<u>20,955,000</u>	<u>25,735,500</u>
Unamortised loan facility fees and discounts related to debts	(5,680)	(84,636)	(90,316)
At 31 December 2023	<u>4,774,820</u>	<u>20,870,364</u>	<u>25,645,184</u>
Unsecured bank loans	5,070,000	10,370,000	15,440,000
Guaranteed notes	-	11,700,000	11,700,000
	<u>5,070,000</u>	<u>22,070,000</u>	<u>27,140,000</u>
Unamortised loan facility fees and discounts related to debts	(2,341)	(98,088)	(100,429)
At 31 December 2022	<u>5,067,659</u>	<u>21,971,912</u>	<u>27,039,571</u>

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 one month at the prevailing market interest rates. The bank loans will be fully repayable from March 2024 to February 2028 (2022: repayable from March 2023 to August 2027).

Loans from related companies of RMB450,000,000, approximate to HK\$490,500,000, bear a fixed interest rate of 2.30% per annum and repayable from November 2024 to December 2024.

In November 2019, the Group issued a 5-year US\$500 million 2.875% guaranteed note due 2024.

In March and September 2021, the Group issued a 5-year US\$500 million 2.00% guaranteed note due 2026 and a 5-year US\$500 million 1.50% guaranteed note due 2026, respectively.

The effective interest rate of the Group's bank and other debts at 31 December 2023 is 3.5% per annum (2022: 3.1% per annum).

**HUTCHISON PORT HOLDINGS TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**

**22 Bank and other debts (Continued)**

Bank and other debts are denominated in the following currencies:

Group	2023 Percentage	2022 Percentage
Hong Kong dollar	36%	20%
Renminbi	2%	-
United States dollar	62%	80%
	<u>100%</u>	<u>100%</u>

**23 Pension assets**

Group	2023 HK\$'000	2022 HK\$'000
Defined benefit plans		
Pension assets	<u>131,938</u>	<u>123,213</u>

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 2023 and 31 December 2022 using the projected unit credit method to account for the pension accounting costs in accordance with HKAS 19 (2011) "Employee Benefits".

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

	2023 Percentage	2022 Percentage
Discount rate	3.40-3.50%	3.70-3.80%
Future salary increases	3.50%	3.50%
Interest credited on plan accounts	<u>5.00-6.00%</u>	<u>5.00-6.00%</u>

## HUTCHISON PORT HOLDINGS TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### 23 Pension assets (Continued)

##### (a) Defined benefit plans (Continued)

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

	2023 HK\$'000	2022 HK\$'000
Fair value of plan assets	1,261,410	1,291,827
Present value of defined benefit obligations	(1,129,472)	(1,168,614)
Net defined benefit assets	<u>131,938</u>	<u>123,213</u>

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

	Defined benefits obligations HK\$'000	Fair value of plan assets HK\$'000	Net defined benefit assets HK\$'000
2023			
At 1 January	(1,168,614)	1,291,827	123,213
<b>Net (charge)/credit to the income statement</b>			
Current service cost	(37,431)	(390)	(37,821)
Interest (cost)/income	(41,939)	47,061	5,122
	<u>(79,370)</u>	<u>46,671</u>	<u>(32,699)</u>
<b>Net credit/(charge) to other comprehensive income</b>			
Remeasurements gain/(loss):			
Actuarial gain/(loss) arising from:			
Experience adjustment	1,602	-	1,602
Financial assumptions	(14,401)	-	(14,401)
Demographic assumption	6,940	-	6,940
Return on plan assets excluding interest income	-	29,224	29,224
	<u>(5,859)</u>	<u>29,224</u>	<u>23,365</u>
<b>Other</b>			
Contributions paid by the employer	-	18,059	18,059
Contributions paid by the employee	(5,609)	5,609	-
Benefits paid	125,428	(125,428)	-
Net transfer	4,552	(4,552)	-
At 31 December	<u>(1,129,472)</u>	<u>1,261,410</u>	<u>131,938</u>

HUTCHISON PORT HOLDINGS TRUST  
NOTES TO THE FINANCIAL STATEMENTS

23 Pension assets (Continued)

(a) Defined benefit plans (Continued)

	Defined benefits obligations HK\$'000	Fair value of plan assets HK\$'000	Net defined benefit assets HK\$'000
2022			
At 1 January	(1,395,658)	1,699,440	303,782
	-----	-----	-----
<b>Net (charge)/credit to the income statement</b>			
Current service cost	(46,377)	(619)	(46,996)
Interest (cost)/income	(17,373)	21,545	4,172
	-----	-----	-----
	(63,750)	20,926	(42,824)
	-----	-----	-----
<b>Net credit/(charge) to other comprehensive income</b>			
Remeasurements gain/(loss):			
Actuarial gain/(loss) arising from:			
Experience adjustment	4,607	-	4,607
Financial assumptions	158,689	-	158,689
Demographic assumption	(136)	-	(136)
Return on plan assets excluding interest income	-	(301,197)	(301,197)
	-----	-----	-----
	163,160	(301,197)	(138,037)
	-----	-----	-----
<b>Other</b>			
Contributions paid by the employer	-	292	292
Contributions paid by the employee	(6,172)	6,172	-
Benefits paid	118,617	(118,617)	-
Net transfer	15,189	(15,189)	-
	-----	-----	-----
At 31 December	(1,168,614)	1,291,827	123,213
	=====	=====	=====

**HUTCHISON PORT HOLDINGS TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**

**23 Pension assets (Continued)**

**(a) Defined benefit plans (Continued)**

Fair value of the plan assets is analysed as follows:

	2023 Percentage	2022 Percentage
Equity Instruments		
Conglomerates and manufacturing	1%	2%
Construction and materials	1%	-
Consumer markets	2%	2%
Energy and utilities	1%	1%
Financial institutions and units trust	46%	43%
Health and care	4%	3%
Insurance	1%	1%
Information technology	8%	7%
Others	1%	1%
	<hr/> 65%	<hr/> 60%
	-----	-----
Debt instruments		
Government (other than US)	6%	7%
Financial institutions	9%	9%
US Treasury	4%	7%
Others	9%	11%
	<hr/> 28%	<hr/> 34%
	-----	-----
Cash and others	7%	6%
	<hr/> 100%	<hr/> 100%
	=====	=====

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

	2023 Percentage	2022 Percentage
Aaa/AAA	19%	16%
Aa1/AA+	13%	21%
Aa2/AA	8%	4%
Aa3/AA-	6%	3%
A1/A+	16%	15%
A2/A	7%	5%
A3/A-	13%	11%
Baa1/BBB+	10%	7%
Baa2/BBB	4%	4%
Other lower grade	1%	2%
No investment grade	3%	12%
	<hr/> 100%	<hr/> 100%
	=====	=====

## HUTCHISON PORT HOLDINGS TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### 23 Pension assets (Continued)

##### (a) Defined benefit plans (Continued)

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

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 pension plans in Hong Kong. One plan, which has been closed to new entrants since 1994, provides pension 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 pension benefits derived by a formula based on the final salary and years of service. An independent actuarial valuation, undertaken for funding purposes under the provision of Hong Kong's Occupational Retirement Schemes Ordinance ("ORSO"), at 1 January 2022 reported a funding level of 164% 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 4% per annum, salary increases of 3.5% per annum and interest credited to balances of 6% per annum. The valuation was prepared by Tian Keat Aun, a Fellow of The Institute and Faculty of Actuaries, and Stewart Chan, a Fellow of the Society 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. As at 31 December 2023, vested benefits under this plan are fully funded in accordance with the ORSO funding requirements. During the year ended 31 December 2023, forfeited contributions totalling HK\$564,000 (2022: HK\$1,127,000) were used to reduce the level of contributions of the year ended 31 December 2023 and no forfeited contribution was available at 31 December 2023 (2022: nil) to reduce future year's contributions.

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 1.1%	Increase by 1.0%
Salary increase	0.25%	Increase by 0.1%	Decrease by 0.1%

**HUTCHISON PORT HOLDINGS TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**

**23 Pension assets (Continued)**

**(a) Defined benefit plans (Continued)**

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. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous year.

The Group expects to make contributions of HK\$18,907,000 (2022: HK\$18,401,000) to the defined benefit plans during the next year.

The weighted average duration of the defined benefit obligation is 4.2 years as at 31 December 2023 (2022: 5.0 years).

**(b) Defined contribution plans**

The Group's cost in respect of defined contribution plans for the year amounted to HK\$70,198,000 (2022: HK\$78,031,000).

**24 Other non-current liabilities**

Group	2023 HK\$'000	2022 HK\$'000
Lease liabilities	6,479	16,674
Others	100,758	106,785
	<u>107,237</u>	<u>123,459</u>



**HUTCHISON PORT HOLDINGS TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**

**25 Units in issue**

Group and Trust	Number of units	HK\$'000
At 1 January 2022, 31 December 2022 and 31 December 2023	8,711,101,022	68,553,839

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

**26 Investment in a subsidiary company**

Trust	2023 HK\$'000	2022 HK\$'000
Investment cost	10,000	10,000
Capital contribution	44,632,724	45,868,723
Less: accumulated impairment	(24,212,051)	(24,212,051)
	<u>20,430,673</u>	<u>21,666,672</u>

Pursuant to an investment agreement between 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 company.

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

## HUTCHISON PORT HOLDINGS TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### 27 Notes to consolidated statement of cash flows

##### (a) Reconciliation of operating profit to cash generated from operations is as follows:

	2023 HK\$'000	2022 HK\$'000
Operating profit	3,320,123	4,280,938
Depreciation and amortisation	2,894,820	3,003,976
Net loss/(gain) on disposal of fixed assets	5,059	(140)
Dividend income	(22,320)	(19,034)
Interest income	(356,223)	(172,442)
	<u>5,841,459</u>	<u>7,093,298</u>
Operating profit before working capital changes	5,841,459	7,093,298
Decrease in inventories	3,653	6,955
(Increase)/decrease in trade and other receivables	(168,803)	1,628,943
Movement in balances with associated companies and joint ventures	(5,438)	(9,121)
Increase/(decrease) in trade and other payables	364,381	(695,301)
Decrease in pension assets	14,640	42,532
	<u>6,049,892</u>	<u>8,067,306</u>
Cash generated from operations	<u>6,049,892</u>	<u>8,067,306</u>

##### (b) Reconciliation of liabilities arising from financing activities is as follows:

	Dividend payable to non-controlling interests HK\$'000	Bank and other loans repayable not exceeding 1 year HK\$'000	Bank and other loans repayable more than 1 year HK\$'000	Guaranteed notes HK\$'000	Interest rate swap contracts held to hedge against fair value risks of bank loans HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
At 1 January 2023	-	5,067,659	10,330,369	11,641,543	(312,187)	29,065	26,756,449
Cash flows (Note)	(2,924,337)	(4,579,500)	3,145,000	-	-	(11,294)	(4,370,131)
Foreign exchange adjustments	(15,491)	-	-	-	-	-	(15,491)
Transfer between categories	-	389,876	(389,876)	-	-	-	-
Dividends to non-controlling interests	2,939,828	-	-	-	-	-	2,939,828
Decrease in lease liabilities	-	-	-	-	-	(1,952)	(1,952)
Other non-cash movements	-	2,341	18,210	19,562	118,224	846	159,183
	<u>-</u>	<u>880,376</u>	<u>13,103,703</u>	<u>11,661,105</u>	<u>(193,963)</u>	<u>16,665</u>	<u>25,467,886</u>
At 31 December 2023	-	880,376	13,103,703	11,661,105	(193,963)	16,665	25,467,886

Note: The total cash outflow for the leases in 2023 was HK\$49,195,000.

## HUTCHISON PORT HOLDINGS TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### 27 Notes to consolidated statement of cash flows (Continued)

##### (b) Reconciliation of liabilities arising from financing activities is as follows: (Continued)

	Dividend payable to non-controlling interests HK\$'000	Bank loans repayable not exceeding 1 year HK\$'000	Bank loans repayable more than 1 year HK\$'000	Guaranteed notes HK\$'000	Cross currency interest rate swap contracts and interest rate swap contracts held to hedge against foreign currency risks and fair value risks of bank loans HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
At 1 January 2022	-	3,294,669	10,107,454	15,518,184	28,077	17,959	28,966,343
Cash flows (Note)	(2,006,952)	(3,298,000)	5,273,500	(3,900,000)	-	(14,381)	(3,945,833)
Foreign exchange adjustments	2,512	-	-	-	-	-	2,512
Transfer between categories	-	5,067,659	(5,067,659)	-	-	-	-
Dividends to non-controlling interests	2,004,440	-	-	-	-	-	2,004,440
Increase in lease liabilities	-	-	-	-	-	24,765	24,765
Other non-cash movements	-	3,331	17,074	23,359	(340,264)	722	(295,778)
At 31 December 2022	-	5,067,659	10,330,369	11,641,543	(312,187)	29,065	26,756,449

Note: The total cash outflow for the leases in 2022 was HK\$53,577,000.

#### 28 Commitments

##### (a) The Group's capital commitments are as follows:

	2023 HK\$'000	2022 HK\$'000
Fixed assets and projects under development Contracted but not provided for	4,967	62,064

**HUTCHISON PORT HOLDINGS TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**

**28 Commitments (Continued)**

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

	2023 HK\$'000	2022 HK\$'000
Contracted but not provided for	<u>2,096,399</u>	<u>2,590,767</u>

(c) The Group leases various offices premises and port facilities under non-cancellable leases expiring within six months to fourteen months (2022: eleven months to twelve months). The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

The future minimum lease payments for leases not recognised in the financial statements are as follows:

	2023 HK\$'000	2022 HK\$'000
Within one year	1,974	2,180
Between one and two years	39	-
	<u>2,013</u>	<u>2,180</u>

(d) At 31 December 2023, the Group leased certain office premises and port facilities to third parties under non-cancellable operating leases. Aggregate minimum lease receivables are as follows:

	2023 HK\$'000	2022 HK\$'000
Within one year	29,758	48,831
Between one and two years	15,416	28,823
Between two and three years	165	14,690
	<u>45,339</u>	<u>92,344</u>

## HUTCHISON PORT HOLDINGS TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### 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 15, 16, 20 and 21.

(i) Income from and expenses to related parties

	2023 HK\$'000	2022 HK\$'000
Income:		
Container handling fees received from joint ventures and related companies (Note a)	11,949	12,819
Management, service and support fee received from related companies (Note b)	44,535	43,799
Transportation management services fee income from related companies (Note c)	15,729	101,329
Interest income from a joint venture and an associated company (Note d)	20,769	29,308
	<u>          </u>	<u>          </u>
Expenses:		
Container handling charges paid to joint ventures and related companies (Note e)	9,980	12,109
Transportation management service charges paid to an associated company and related companies (Note e)	17,127	18,480
Lease rentals on premises and port facilities paid to a joint venture, an associated company and related companies (Note e)	16,552	17,189
Trustee-Manager management fees (Note f)		
- Base fee	26,431	25,809
- Development fee	13,445	21,029
Global support services fees to a related company (Note g)	158,587	154,856
Information technology ("IT") support and maintenance service fees paid to		
- a joint venture (Note h)	28,166	26,000
- related companies (Note h)	24,656	22,676
	<u>          </u>	<u>          </u>

**HUTCHISON PORT HOLDINGS TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**

**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, service and support fee received from related companies were charged at terms mutually agreed.
- (c) Revenue from related companies for the provision of transportation management services was charged at prices and terms mutually agreed.
- (d) Interest income was received from the loans provided to a joint venture and an associated company as per Note 15, Note 20(b) and Note 20(c).
- (e) Container handling charges, transportation management service charges and 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 2023 is payable in cash. As the December 2023 figure for the Hong Kong Composite Consumer Price Index is yet to be published as at the date of preparation of these financial statements, the adjustment to the base fee, if required, will be accounted for in the subsequent financial year.

Development fee relates to the development project by YEP ICT, a joint venture of HPH Trust, was charged in accordance with the Trust Deed which states that the development fee is payable in arrears for every six months after the commencement of the development project in respect of project costs incurred over the previous six-month period. Pursuant to the Trust Deed,

- (1) where the total project costs incurred in the development project is less than US\$500 million, the Trustee-Manager is entitled to receive a fee of 2.5% of the total project costs incurred (pro-rated to HPH Trust's 39.73% effective interest in the subject development project); and

**HUTCHISON PORT HOLDINGS TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**

**29 Related parties transactions (Continued)**

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

Notes: (Continued)

- (f) (Continued)

- (2) where the total project costs incurred in the development project is US\$500 million or more, the Trustee-Manager is entitled to receive a fee of US\$12.5 million plus 1.5% of the total project costs incurred which exceeds US\$500 million (pro-rated to HPH Trust's 39.73% effective interest in the subject development project).

Total project costs incurred since commencement of the project up to 31 December 2023 were less than US\$500 million. Development fees were calculated based on the 2.5% of the project costs incurred for the years ended 31 December 2023 and 2022.

- (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 a joint venture and related companies were charged at prices and terms mutually agreed.

**HUTCHISON PORT HOLDINGS TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**

**29 Related parties transactions (Continued)**

(ii) Joint Operating Alliance of the Kwai Tsing container terminals

Pursuant to the Hong Kong Seaport Joint Operating Alliance Agreement entered into by Hongkong International Terminals Limited, COSCO-HIT Terminals (Hong Kong) Limited, Asia Container Terminals Limited and Modern Terminals Limited, with effect from 1 April 2019, the parties collaborate with each other for the efficient management and operation of the 23 berths across Terminals 1, 2, 4, 5, 6, 7, 8 and 9 (together the “Combined Terminal Facilities”) in Kwai Tsing. The revenue and costs from the management and operation of the facilities of the Combined Terminal Facilities are shared among the parties at a pre-agreed ratio.

(iii) 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:

	2023 HK\$'000	2022 HK\$'000
Salaries and employee benefits	22,320	25,273

**30 Financial risk and capital management**

**(a) Cash management and funding**

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 financial statements. 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.

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 capital requirements which include a leverage ratio.

At 31 December 2023, total equity amounted to HK\$43,355,042,000 (2022: HK\$46,276,746,000), and consolidated net debt, which represents cash less bank and other debts, of the Group was HK\$17,540,636,000 (2022: HK\$16,744,832,000).



## HUTCHISON PORT HOLDINGS TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### 30 Financial risk and capital management (Continued)

##### (c) Credit exposure

The Group's holdings of cash and cash equivalents, cross currency interest rate swaps contracts and interest rate swaps contracts with financial institutions 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.

The Group applies the HKFRS 9 simplified approach to measuring the ECL which uses a lifetime ECL for all trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The ECL on trade receivables is either calculated using a provision matrix where a provision rate applies based on its historical observed default rates or expected default probability and the loss rate, as adjusted by forward-looking information. On that basis, no material additional ECL was recognised as at 31 December 2023 and 2022.

##### (d) Interest rate exposure

The Group's main interest risk exposures relate to cash and cash equivalents, loans from non-controlling interests, bank and other debts. 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 decrease the Group's profit and unitholders' equity by HK\$1,476,000 (2022: HK\$1,244,000).

The Group has entered into cross currency interest rate swap contracts and interest rate swap contracts to achieve an appropriate mix of fixed and floating rate exposure consistent with the Group's policy.

## HUTCHISON PORT HOLDINGS TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### 30 Financial risk and capital management (Continued)

##### (d) Interest rate exposure (Continued)

The effects of the interest rate swap contracts and cross currency interest rate swap contracts on the Group's financial position and performance are as follows:

	2023 HK\$'000	2022 HK\$'000
Carrying amount assets	193,963	312,187
Notional amount (Note)	3,900,000	7,800,000
Maturity date	March 2025	March 2023 to March 2025
Hedge ratio	1:1	1:1
Change in fair value of outstanding hedging instruments since 1 January	(131,071)	135,819
Change in value of hedged item used to determine hedge effectiveness	131,071	(135,819)
Pay average interest rate	1.18%	2.15%
Receive average interest rate	5.99%	2.46%

Note:

The contractual notional amount of interest rate swaps held for hedging which is based on Secured Overnight Financing Rate ("SOFR") is HK\$3,900,000,000 (2022: HK\$7,800,000,000, based on London Inter-bank Offered Rate ("LIBOR")).

The Group has adopted the amendments to HKFRS 9, HKFRS 7 and HKFRS 16 Interest Rate Benchmark Reform – Phase 2 effective on 1 January 2021.

USD LIBOR ceased publication after 30 June 2023, and is replaced by SOFR and had no material effect on the amounts reported for the current and prior financial years.

## HUTCHISON PORT HOLDINGS TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### 30 Financial risk and capital management (Continued)

##### (e) Foreign currency exposure

The Group has entered into cross currency interest rate swap contracts to hedge its foreign currency exposure in respect of bank borrowings denominated in United States dollars with principal amount equivalent to HK3,900 million to HK dollar borrowings as at 31 December 2022.

The effects of the cross currency interest rate swap contracts on the Group's financial position and performance are as follows:

	2023 HK\$'000	2022 HK\$'000
Carrying amount (liabilities)	-	(12,847)
Notional amount	-	3,900,000
Maturity date	-	March 2023
Hedge ratio	-	1:1
Change in fair value of outstanding hedging instruments since 1 January	-	842
Change in value of hedged item used to determine hedge effectiveness	-	(842)
Average exchange rate	-	HK\$7.84/US\$1

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 except for the currency risk between United States dollar and Hong Kong dollar given the two currencies are under the linked exchange rate system. Differences resulting from the translation of financial statements 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 (decrease)/ increase in profit	
	2023 HK\$'000	2022 HK\$'000
Renminbi	(12,740)	36,340
Singapore dollar	(210)	(184)
Others	-	17
	<u>(12,950)</u>	<u>36,173</u>

## HUTCHISON PORT HOLDINGS TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### 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 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:

Group	Contractual maturities				
	Carrying amounts HK\$'000	Total undiscounted cash flows HK\$'000	Within 1 year HK\$'000	Between 1 to 5 years HK\$'000	After 5 years HK\$'000
<b>2023</b>					
Trade and other payables	6,275,962	6,276,002	6,276,002	-	-
Bank and other debts	25,645,184	25,735,500	4,780,500	20,955,000	-
Other non-current liabilities	6,479	6,508	-	6,508	-
	<u>31,927,625</u>	<u>32,018,010</u>	<u>11,056,502</u>	<u>20,961,508</u>	<u>-</u>
<b>2022</b>					
Trade and other payables	6,014,844	5,979,030	5,979,030	-	-
Bank and other debts	27,039,571	27,140,000	5,070,000	22,070,000	-
Other non-current liabilities	16,674	16,679	-	16,679	-
	<u>33,071,089</u>	<u>33,135,709</u>	<u>11,049,030</u>	<u>22,086,679</u>	<u>-</u>

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, the Group has interest accruing and payable on certain of these liabilities which is estimated to be HK\$851,529,000 (2022: HK\$696,067,000) in "within 1 year" maturity band and HK\$1,792,180,000 (2022: HK\$1,494,649,000) in "between 1 to 5 years" maturity band. The table above excludes such information.

**HUTCHISON PORT HOLDINGS TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**

**30 Financial risk and capital management (Continued)**

**(f) Liquidity exposure (Continued)**

Trust	Contractual maturities			
	Carrying amounts HK\$'000	Total undiscounted cash flows HK\$'000	Within 1 year HK\$'000	Between 1 to 5 years HK\$'000
2023				
Trade and other payables	31,646	31,646	31,646	-
2022				
Trade and other payables	41,153	41,153	41,153	-

**(g) Financial instruments by category**

The following table shows the classification category and carrying amount as at 31 December 2023 and 31 December 2022 under HKFRS 9 for the Group's financial assets and financial liabilities:

	Note	Classification	2023 HK\$'000	2022 HK\$'000
<b>Financial assets</b>				
Listed equity security	17	FVOCI	30,039	29,701
River Ports Economic Benefits	17	FVOCI	242,857	280,109
Interest rate swaps	17	Fair value-hedges	193,963	325,034
Cash and cash equivalents	19	Amortised cost	8,194,864	10,395,168
Trade and other receivables	20	Amortised cost	2,830,013	3,065,567
			<u>11,491,736</u>	<u>14,095,579</u>

HUTCHISON PORT HOLDINGS TRUST

NOTES TO THE FINANCIAL STATEMENTS

30 Financial risk and capital management (Continued)

(g) Financial instruments by category (Continued)

	Note	Classification	2023 HK\$'000	2022 HK\$'000
<b>Financial liabilities</b>				
Bank and other debts	22	Amortised cost	25,645,184	27,039,571
Trade and other payables	21	Amortised cost	6,265,776	5,989,606
Lease liabilities	21,24	Amortised cost	16,665	29,065
Cross currency interest rate swaps	21	Fair value- hedges	-	12,847
			<u>31,927,625</u>	<u>33,071,089</u>
Representing :				
<b>Financial assets</b>				
<b>measured at</b>				
FVOCI			272,896	309,810
Amortised cost			11,024,877	13,460,735
Fair value-hedges			193,963	325,034
			<u>11,491,736</u>	<u>14,095,579</u>
<b>Financial liabilities</b>				
<b>measured at</b>				
Amortised cost			31,927,625	33,058,242
Fair value-hedges			-	12,847
			<u>31,927,625</u>	<u>33,071,089</u>

## HUTCHISON PORT HOLDINGS TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### 30 Financial risk and capital management (Continued)

##### (h) Fair value estimation

The table below analyses recurring fair value measurements for financial assets/(liabilities). These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs).

	Note	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 31 December 2023					
Listed equity security	17	30,039	-	-	30,039
River Ports Economic Benefits	17	-	-	242,857	242,857
Cash flow hedges					
Interest rate swaps	17	-	193,963	-	193,963
		<u>30,039</u>	<u>193,963</u>	<u>242,857</u>	<u>466,859</u>
		<u><u>30,039</u></u>	<u><u>193,963</u></u>	<u><u>242,857</u></u>	<u><u>466,859</u></u>
	Note	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 31 December 2022					
Listed equity security	17	29,701	-	-	29,701
River Ports Economic Benefits	17	-	-	280,109	280,109
Cash flow hedges					
Interest rate swaps	17	-	325,034	-	325,034
Cross currency interest rate swaps	21	-	(12,847)	-	(12,847)
		<u>29,701</u>	<u>312,187</u>	<u>280,109</u>	<u>621,997</u>
		<u><u>29,701</u></u>	<u><u>312,187</u></u>	<u><u>280,109</u></u>	<u><u>621,997</u></u>

## HUTCHISON PORT HOLDINGS TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### **30 Financial risk and capital management (Continued)**

##### **(h) Fair value estimation (Continued)**

The fair value of the cross currency interest rate swaps and interest rate swaps included in level 2 category above are estimated using the present value of the estimated future cash flows based on observable yield curves. The fair value of financial instruments that are not traded in active market (level 3) is determined by discounted cash flow analysis with reference to inputs such as dividend stream. The significant unobservable inputs for the Level 3 valuation are average dividend growth rate of 5% (2022: 5%) and discount rate of 11% (2022: 12%). The higher the average dividend growth rate or the lower the discount rate, the higher the fair value of Level 3 valuation.

During the years ended 31 December 2023 and 2022, there were no transfers between the Level 1, Level 2 and Level 3 fair value measurements.

At 31 December 2023, the fair value of bank and other debts (Note 22) was HK\$25,003.0 million (31 December 2022: HK\$26,084.8 million). The carrying amounts of the remaining financial assets and financial liabilities approximate their fair values.



## HUTCHISON PORT HOLDINGS TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### 31 List of subsidiary companies of the Group

##### (a) Details of principal subsidiary companies of the Group at 31 December 2023 and 2022 are as follows:

Name	Place of incorporation/ establishment	Principal activities	Particulars of issued share capital/registered capital	Effective interest held	
				2023	2022
HPHT Limited <sup>(1)</sup>	Hong Kong	Investment holding	HK\$10,000,000	100%	100%
Giantfield Resources Limited <sup>(2)</sup>	British Virgin Islands	Investment holding	2 ordinary shares of US\$1 each	100%	100%
HIT Investments Limited <sup>(2)</sup>	British Virgin Islands	Investment holding	201 ordinary "A" shares of US\$1 each <sup>(3)</sup> 800 non-voting preferred "B" shares of US\$1 each	100%	100%
Pearl Spirit Limited <sup>(2)</sup>	British Virgin Islands	Investment holding	2 ordinary shares of US\$1 each <sup>(4)</sup>	100%	100%
Hongkong International Terminals Limited <sup>(1)</sup>	Hong Kong	Development and operation of container terminals	HK\$8,500,000,020 <sup>(5)</sup>	100%	100%
Yantian International Container Terminals Limited <sup>(1)</sup>	China	Development and operation of container terminals	HK\$2,400,000,000	56.41%	56.41%
Yantian International Container Terminals (Phase III) Limited <sup>(1)</sup>	China	Development and operation of container terminals	HK\$6,056,960,000	51.64%	51.64%
Shenzhen Pingyan Multimodal Company Limited <sup>(1)</sup>	China	Provision of various transportation services	RMB150,000,000	51.64%	51.64%
Shenzhen Yantian West Port Terminals Limited <sup>(1)</sup>	China	Development and operation of container terminals	RMB2,343,300,000	51.64%	51.64%

## HUTCHISON PORT HOLDINGS TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### 31 List of subsidiary companies of the Group (Continued)

##### (a) Details of principal subsidiary companies of the Group at 31 December 2023 and 2022 are as follows: (Continued)

Name	Place of incorporation/ establishment	Principal activities	Particulars of issued share capital/registered capital	Effective interest held	
				2023	2022
Hutchison Ports Yantian Limited <sup>(1)</sup>	Hong Kong	Investment holding	HK\$10,000,000	79.45%	79.45%
Wattrus Limited <sup>(1)</sup>	British Virgin Islands	Investment holding	32 "A" shares of US\$1 each 593 "B" shares of US\$1 each	94.88%	94.88%
Success Enterprises Limited (formerly known as Sigma Enterprises Limited) <sup>(1)</sup>	British Virgin Islands	Investment holding	2,005 "A" shares of US\$1 each 8,424 "B" shares of US\$1 each	79.45%	79.45%
Hutchison Ports Yantian Investments Limited <sup>(2)</sup>	British Virgin Islands	Investment holding	200 ordinary shares of US\$1 each	100%	100%
Birrong Limited <sup>(2)</sup>	British Virgin Islands	Investment holding	10,000 ordinary shares of US\$1 each	100%	100%
Hutchison Shenzhen East Investments Limited <sup>(2)</sup>	British Virgin Islands	Investment holding	1 ordinary share of US\$1	100%	100%

(1) Audited by PricewaterhouseCoopers network firms

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

(3) 1 ordinary "A" share was issued in 2023

(4) 1 ordinary share was issued in 2023

(5) 1 ordinary share was issued for HK\$8,500,000,000 in 2023

#### 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.

## HUTCHISON PORT HOLDINGS TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### 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 Success Enterprises Limited are the subsidiary companies with non-controlling interests that are material to the Group.

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

##### Summarised statement of financial position

	2023 HK\$'000	2022 HK\$'000
Non-current assets	56,927,721	58,547,303
Current assets	7,189,490	8,550,764
Total assets	<u>64,117,211</u>	<u>67,098,067</u>
Non-current liabilities	5,938,411	6,222,865
Current liabilities	4,601,461	3,613,665
Total liabilities	<u>10,539,872</u>	<u>9,836,530</u>

##### Summarised income statement

	2023 HK\$'000	2022 HK\$'000
Revenue and other income	<u>7,875,808</u>	<u>8,679,362</u>
Net profit for the year	<u>2,801,985</u>	<u>3,162,437</u>

##### Summarised statement of cash flows

	2023 HK\$'000	2022 HK\$'000
Net change in cash and cash equivalents	<u>(2,316,724)</u>	<u>(153,336)</u>
Dividends paid to non-controlling interests	<u>2,924,337</u>	<u>2,006,952</u>

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

#### 32 Approval of the financial statements

The financial statements set out on pages 1 to 67 were approved by the Board of Directors of the Trustee-Manager for issue on 7 February 2024.



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

### Report on the Audit of the Financial Statements

#### Our opinion

In our opinion, the accompanying consolidated financial statements of Hutchison Port Holdings Trust ("the Trust") and its subsidiaries ("the Group") and the statement of financial position of the Trust are properly drawn up in accordance with the provisions of the Singapore Business Trusts Act 2004 ("the Act") and Hong Kong Financial Reporting Standards ("HKFRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Trust as at 31 December 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Trust for the financial year ended on that date.

#### *What we have audited*

The financial statements of the Trust and the Group comprise:

- the consolidated income statement of the Group for the year ended 31 December 2023;
- the consolidated statement of comprehensive income of the Group for the year then ended;
- the consolidated statement of financial position of the Group as at 31 December 2023;
- the statement of financial position of the Trust as at 31 December 2023;
- the consolidated statement of cash flows of the Group for the year then ended;
- the consolidated statement of changes in equity of the Group for the year then ended;
- the statement of changes in equity of the Trust for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

#### Basis for Opinion

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

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

#### *Independence*

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

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

**Our Audit Approach**

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

*Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<b>Key Audit Matter</b>	<b>How our audit addressed the Key Audit Matter</b>
<p><b>Goodwill and other operating assets</b></p> <p><i>Refer to notes 3(a), 3(b), 3(c) and 14(b) to the financial statements</i></p> <p>The Group has a significant amount of goodwill and other operating assets arising primarily from the acquisition of deep-water container ports in Shenzhen and Hong Kong in 2011.</p> <p>Goodwill is subject to impairment tests annually and whenever there is an indication of impairment, while other operating assets are subject to impairment tests when there is an indication of impairment.</p> <p>For the purpose of the Group’s impairment assessments, impairment was assessed using value-in-use models for deep water container ports in Shenzhen and Hong Kong, which are the cash generating units (“CGUs”) of the Group.</p>	<p>We have performed the following procedures to evaluate the Group’s impairment assessments:</p> <ul style="list-style-type: none"> <li>• Understanding the management’s assessment process of impairment of goodwill and other operating assets and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgements involved in determining the assumptions to be applied;</li> <li>• Assessed the appropriateness of the valuation methodology used;</li> <li>• Assessed the reasonableness of key assumptions based on our knowledge of the business and industry and with the involvement of our valuation specialists;</li> <li>• Considered the potential impact of reasonably possible changes on the key assumptions; and</li> </ul>



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

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<b>Key Audit Matter</b>	<b>How our audit addressed the Key Audit Matter</b>
<p><b>Goodwill and other operating asset (Continued)</b></p> <p>In carrying out the impairment assessments, significant judgements are required to determine the assumptions. The most significant assumptions relate to discount rates and growth rates in revenue and cost of services rendered.</p> <p>Based on the results of these impairment assessments conducted by the Group, the Group determined that no additional impairment is required on the goodwill and other operating assets, other than the previously provided goodwill impairment amount of HK\$30.4 billion.</p> <p>The significant assumptions are disclosed in note 14(b) to the financial statements.</p>	<p>We have performed the following procedures to evaluate the Group's impairment assessments: (Continued)</p> <ul style="list-style-type: none"><li>• Tested source data to supporting evidence on a sample basis, such as approved budgets and available market data and considered the reasonableness of these budgets.</li></ul> <p>We found the assumptions adopted in relation to these impairment assessments to be supportable and reasonable based on available evidence.</p>

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

<b>Key Audit Matter</b>	<b>How our audit addressed the Key Audit Matter</b>
<p><b>Revenue recognition</b></p> <p><i>Refer to notes 3(e) and 4 to the financial statements</i></p> <p>Revenue from rendering of container handling services is recognised and accrued with reference to the throughput handled and the terms of agreements for such service.</p> <p>For the year ended 31 December 2023, revenue from container handling services amounting to HK\$10,053 million is recognised based on the containers handled as well as the tariff applied. The tariff applied is the rate agreed with customers or estimated by management based on the latest terms of the agreement or latest negotiation with customers and other industry considerations as appropriate.</p> <p>Due to the large variety and complexity of contractual terms, as well as ongoing negotiations with customers, significant judgements are required to estimate the tariff rate applied. If the actual rate differs from the estimated rate applied, this will have an impact on the accuracy of revenue recognised in the current year and accrued as at year end.</p>	<p>We have performed the following procedures in relation to the accuracy of net revenue recognised and accrued:</p> <ul style="list-style-type: none"><li>• Understood, evaluated and tested the key controls over the tariff applied in container handling services.</li><li>• We selected a sample of transactions and:<ul style="list-style-type: none"><li>○ Agreed the applied tariff to the respective terms in the contracts or latest correspondence with customers where the tariff has been estimated by management.</li><li>○ Agreed throughput handled, used in the calculation of tariffs, to the operating system recording throughput.</li><li>○ Tested revenue calculations and agreed the revenue recognised to the underlying accounting records.</li></ul></li><li>• Checked to bank advices or credit notes on a sample basis for the net settlement and reviewed aged items for any disputed amounts.</li></ul> <p>We found the judgement made by management in estimating tariff in the revenue recognised and accrued to be supportable and reasonable based on available evidence.</p>



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

### **Other Information**

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

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

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

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

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

### **Responsibilities of Trustee-Manager for the Financial Statements**

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

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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





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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

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



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

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

**Report on Other Legal and Regulatory Requirements**

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

The engagement partner on the audit resulting in this independent auditor's report is Debra Ann Ker.

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP  
Public Accountants and Chartered Accountants  
Singapore, 7 February 2024