



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”) UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2018

TABLE OF CONTENTS

Item No.	Description	Page No.
1(a)(i)	Consolidated income statement	1
1(a)(ii)	Consolidated statement of comprehensive income	2
1(b)(i)	Statements of financial position	3 - 4
1(b)(ii)	Aggregate amount of the Group’s borrowings and debt securities	5
1(c)	Consolidated statement of cash flows	6
1(d)(i)	Statements of changes in equity	7 - 8
1(d)(ii)	Details of any changes in units	8
2&3	Review statement	8
4&5	Changes in accounting policies	9 - 13
6	Earnings per unit (“EPU”) and distribution per unit (“DPU”)	14
7	Net asset value (“NAV”) attributable to unitholders per unit	14
8	Review of performance	15-16
9	Variance from forecast / prospect statement	17
10	Outlook and prospects	17
11&12	Distribution	18
13	General mandate from unitholders for interested person transaction (“IPT”)	18
14	Negative confirmation by the Board	18
15	Confirmation pursuant to Rule 720(1) of the Listing Manual ^(a)	18
Appendix 1	Auditor’s Review Report	

Footnote:

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

1(a)(i) Consolidated income statement for the first quarter ended 31 March 2018

	Group		
	01/01/2018 to 31/03/2018	01/01/2017 to 31/03/2017	Favorable/ (Unfavorable)
	HK\$'M	HK\$'M	%
Revenue and other income	2,667.3	2,578.0	3.5
Cost of services rendered	(992.2)	(918.5)	(8.0)
Staff costs	(77.1)	(75.0)	(2.8)
Depreciation and amortisation	(776.3)	(735.9)	(5.5)
Other operating income ^(a)	66.9	2.5	2,576.0
Other operating expenses	(125.7)	(142.1)	11.5
Total operating expenses	(1,904.4)	(1,869.0)	(1.9)
Operating profit	762.9	709.0	7.6
Interest and other finance costs	(229.0)	(194.1)	(18.0)
Share of profits less losses after tax of associated companies	(33.9)	(29.2)	(16.1)
Share of profits less losses after tax of joint ventures	8.5	17.0	(50.0)
Profit before tax	508.5	502.7	1.2
Tax ^(b)	(87.2)	(126.8)	31.2
Profit for the quarter	421.3	375.9	12.1
Allocated as:			
Profit attributable to non-controlling interests	(275.9)	(209.0)	32.0
Profit attributable to unitholders of HPH Trust	145.4	166.9	(12.9)
Earnings per unit attributable to unitholders of HPH Trust	HK cents 1.67	HK cents 1.92	(12.9)

Footnotes:

- (a) Other operating income was HK\$66.9 million for the first quarter ended 31 March 2018 compared to HK\$2.5 million for the first quarter ended 31 March 2017. The increase was mainly due to the dividends from River Ports Economic Benefits deferred from 2017 and exchange gain arising on revaluation of YICT's net Renminbi denominated monetary assets.
- (b) Tax was HK\$87.2 million for the first quarter ended 31 March 2018 compared to HK\$126.8 million for the first quarter ended 31 March 2017. The decrease was mainly due to tax savings realised by YICT Phase III upon qualifying as "High and New Technology Enterprise" in fourth quarter of 2017, which allows a preferential corporate income tax rate for 3 years with effect from 1 January 2017.

1(a)(ii) Consolidated statement of comprehensive income for the first quarter ended 31 March 2018

Group			
01/01/2018 to 31/03/2018	01/01/2017 to 31/03/2017	Favorable/ (Unfavorable)	
HK\$'M	HK\$'M	%	
Profit for the quarter	421.3	375.9	12.1
Other comprehensive income^(a):			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges arising from cross currency interest rate swap contracts			
Gains recognised directly in reserves	0.4	-	N/A
Costs of hedging			
Changes in fair value of currency basis spread	6.6	-	N/A
Share of other comprehensive income of associated companies			
Share of other comprehensive income of joint ventures Investments	25.5	-	N/A
Valuation (losses)/gains taken to reserves	2.4	-	N/A
Currency translation differences	(0.7)	0.7	(200.0)
180.5	41.3	337.0	
Total other comprehensive income for the quarter	214.7	42.0	411.2
Total comprehensive income for the quarter	636.0	417.9	52.2
Allocated as:			
Attributable to non-controlling interests			
(363.3)	(227.8)	59.5	
Attributable to unitholders of HPH Trust			
272.7	190.1	43.5	

Footnote:

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

1(b)(i) Statements of financial position as at 31 March 2018

	Group	
	31/03/2018	31/12/2017
	HK\$'M	HK\$'M
ASSETS		
Non-current assets		
Fixed assets	25,197.7	24,626.4
Projects under development	1,185.0	1,970.2
Leasehold land and land use rights	39,461.2	39,724.2
Railway usage rights	13.1	12.7
Customer relationships	6,086.6	6,170.2
Goodwill	22,629.0	22,629.0
Associated companies	751.5	754.2
Joint ventures	3,714.8	3,835.9
Other non-current assets	743.9	739.3
Deferred tax assets	22.7	22.7
Total non-current assets	99,805.5	100,484.8
Current assets		
Cash and bank balances ^(a)	6,602.6	6,768.1
Trade and other receivables	3,373.2	3,446.2
Inventories	118.4	109.7
Total current assets	10,094.2	10,324.0
Current liabilities		
Trade and other payables ^(b)	7,490.6	6,741.6
Bank and other debts	647.4	4,241.2
Current tax liabilities	209.7	409.6
Total current liabilities	8,347.7	11,392.4
Net current assets/(liabilities)^(c)	1,746.5	(1,068.4)
Total assets less current liabilities	101,552.0	99,416.4
Non-current liabilities		
Bank and other debts	31,805.7	28,248.9
Pension obligations	84.3	80.6
Deferred tax liabilities	10,472.7	10,635.1
Other non-current liabilities	154.1	129.9
Total non-current liabilities	42,516.8	39,094.5
Net assets	59,035.2	60,321.9
EQUITY		
Units in issue	68,553.8	68,553.8
Reserves	(28,954.5)	(28,260.3)
Net assets attributable to unitholders of HPH Trust	39,599.3	40,293.5
Non-controlling interests	19,435.9	20,028.4
Total equity	59,035.2	60,321.9

Footnotes:

- (a) Cash and bank balances were HK\$6,602.6 million as at 31 March 2018 which consisted of HK\$6,560.6 million cash and cash equivalents and HK\$42.0 million restricted deposit.
- (b) Trade and other payables were HK\$7,490.6 million as at 31 March 2018 compared to HK\$6,741.6 million as at 31 December 2017. The increase was mainly due to the dividend payable to non-controlling interests of YICT.
- (c) Net current liabilities were HK\$1,068.4 million as at 31 December 2017 which mainly consisted of US\$0.5 billion (approximately HK\$3.9 billion) 3-year guaranteed notes, expiring in March 2018.

1(b)(i) Statements of financial position as at 31 March 2018 (Continued)

	Trust	
	31/03/2018	31/12/2017
	HK\$'M	HK\$'M
ASSETS		
Non-current asset		
Investment in a subsidiary company	51,364.5	52,351.4
Total non-current asset	51,364.5	52,351.4
Current assets		
Cash and bank balances	6.8	3.0
Trade and other receivables	0.2	1.4
Total current assets	7.0	4.4
Current liability		
Trade and other payables	20.6	30.3
Total current liability	20.6	30.3
Net current liabilities	(13.6)	(25.9)
Total assets less current liabilities	51,350.9	52,325.5
Net assets	51,350.9	52,325.5
EQUITY		
Units in issue	68,553.8	68,553.8
Reserves	(17,202.9)	(16,228.3)
Total equity	51,350.9	52,325.5

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

Group	Current portion HK\$'M	Non-current portion HK\$'M	Total HK\$'M
Unsecured bank loans	640.0	24,183.3	24,823.3
Secured bank loan	7.4	70.7	78.1
Guaranteed notes	-	7,800.0	7,800.0
Total principal amount of bank and other debts	647.4	32,054.0	32,701.4
Unamortised loan facilities fees and discounts related to debts	-	(166.3)	(166.3)
Unrealised loss on bank and other debts pursuant to interest rate swap contracts	-	(82.0)	(82.0)
	647.4	31,805.7	32,453.1

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

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

Details of any collateral at HPH Trust

Bank loan of HK\$78.1 million (31 December 2017: HK\$76.1 million) is secured by a charge over certain assets of subsidiary companies.

1(c) Consolidated statement of cash flows for the first quarter ended 31 March 2018

	Group	
	01/01/2018 to 31/03/2018	01/01/2017 to 31/03/2017
	HK\$'M	HK\$'M
Operating activities		
Cash generated from operations	1,561.5	1,513.1
Interest and other finance costs paid	(241.4)	(178.4)
Tax paid ^(a)	(450.8)	(129.5)
Net cash from operating activities	869.3	1,205.2
Investing activities		
Purchase of fixed assets, projects under development, leasehold land and land use rights	(191.8)	(270.4)
Proceeds on disposal of fixed assets	0.8	0.1
Dividends received from investments	-	5.0
Dividends received from associated companies and joint ventures	32.0	26.0
Interest received	21.5	14.3
Repayment of loan by a joint venture	100.0	-
Net cash used in investing activities	(37.5)	(225.0)
Financing activities		
New borrowings ^(b)	3,870.8	-
Repayment of borrowings ^(b)	(3,901.2)	(1.1)
Distributions to unitholders of HPH Trust	(966.9)	(1,446.0)
Net cash used in financing activities	(997.3)	(1,447.1)
Net changes in cash and cash equivalents	(165.5)	(466.9)
Cash and cash equivalents at beginning of the quarter	6,726.1	6,957.9
Cash and cash equivalents at end of the quarter	6,560.6	6,491.0

Footnotes:

(a) Tax paid was HK\$450.8 million for the first quarter ended 31 March 2018 compared to HK\$129.5 million for the first quarter ended 31 March 2017. The increase was mainly due to the timing difference of YICT's 2017 profits tax and withholding tax payments in 2018.

(b) The Group drew down new bank loan of US\$500 million for the quarter ended 31 March 2018 to redeem US\$500 million guaranteed notes expiring in March 2018.

1(d)(i) Statements of changes in equity for the first quarter ended 31 March 2018

Group

	Units in issue	Exchange and other reserves	Revaluation reserve	Hedging reserve	Costs of hedging reserve	Pension reserve	Accumulated losses	Attributable to unitholders	Non-controlling interests	Total
	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M
At 31 December 2017	68,553.8	(19.6)	(55.5)	(1.2)	-	141.2	(28,325.2)	40,293.5	20,028.4	60,321.9
Adjustment on adoption of HKFRS 9	-	-	-	19.6	(19.6)	-	-	-	-	-
At 1 January 2018	68,553.8	(19.6)	(55.5)	18.4	(19.6)	141.2	(28,325.2)	40,293.5	20,028.4	60,321.9
Profit for the quarter	-	-	-	-	-	-	145.4	145.4	275.9	421.3
Other comprehensive income:										
Cash flow hedges arising from cross currency interest rate swap contracts										
Gains recognised directly in reserves	-	-	-	0.4	-	-	-	0.4	-	0.4
Costs of hedging										
Changes in fair value of currency basis spread	-	-	-	-	6.6	-	-	6.6	-	6.6
Share of other comprehensive income of associated companies	-	16.1	-	-	-	-	-	16.1	9.4	25.5
Share of other comprehensive income of joint ventures	-	1.4	1.0	-	-	-	-	2.4	-	2.4
Investments:										
Valuation losses taken to reserves	-	-	(0.7)	-	-	-	-	(0.7)	-	(0.7)
Currency translation differences	-	102.5	-	-	-	-	-	102.5	78.0	180.5
Total other comprehensive income	-	120.0	0.3	0.4	6.6	-	-	127.3	87.4	214.7
Total comprehensive income	-	120.0	0.3	0.4	6.6	-	145.4	272.7	363.3	636.0
Transaction with owners:										
Distributions	-	-	-	-	-	-	(966.9)	(966.9)	-	(966.9)
Dividends	-	-	-	-	-	-	-	-	(955.8)	(955.8)
At 31 March 2018	68,553.8	100.4	(55.2)	18.8	(13.0)	141.2	(29,146.7)	39,599.3	19,435.9	59,035.2
At 1 January 2017	68,553.8	(183.0)	(47.0)	-	-	(79.3)	(26,995.8)	41,248.7	19,433.2	60,681.9
Profit for the year	-	-	-	-	-	-	166.9	166.9	209.0	375.9
Other comprehensive income:										
Investments:										
Valuation gains taken to reserves	-	-	0.7	-	-	-	-	0.7	-	0.7
Currency translation differences	-	22.5	-	-	-	-	-	22.5	18.8	41.3
Total other comprehensive income	-	22.5	0.7	-	-	-	-	23.2	18.8	42.0
Total comprehensive income	-	22.5	0.7	-	-	-	166.9	190.1	227.8	417.9
Transaction with owners:										
Distributions	-	-	-	-	-	-	(1,446.0)	(1,446.0)	-	(1,446.0)
At 31 March 2017	68,553.8	(160.5)	(46.3)	-	-	(79.3)	(28,274.9)	39,992.8	19,661.0	59,653.8

1(d)(i) Statements of changes in equity for the first quarter ended 31 March 2018 (Continued)

Trust

	Units in issue HK\$'M	Accumulated losses HK\$'M	Attributable to unitholders HK\$'M
At 1 January 2018	68,553.8	(16,228.3)	52,325.5
Loss and total comprehensive loss for the quarter	-	(7.7)	(7.7)
Transaction with owners:			
Distributions	-	(966.9)	(966.9)
At 31 March 2018	68,553.8	(17,202.9)	51,350.9
At 1 January 2017	68,553.8	(13,924.8)	54,629.0
Loss and total comprehensive loss for the quarter	-	(8.7)	(8.7)
Transaction with owners:			
Distributions	-	(1,446.0)	(1,446.0)
At 31 March 2017	68,553.8	(15,379.5)	53,174.3

1(d)(ii) Details of any changes in units for the first quarter ended 31 March 2018

	Group	
	01/01/2018 to 31/03/2018	01/01/2017 to 31/03/2017
At beginning and at end of the quarter	8,711,101,022	8,711,101,022

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

The financial information set out in Item 1 and 6 of this announcement was extracted from the Condensed Interim Financial Statements which have been reviewed in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by International Auditing and Assurance Standards Board.

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

The review report on the Condensed Interim Financial Statements dated 13 April 2018 issued by PricewaterhouseCoopers LLP is enclosed in Appendix 1.

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

The accounting policies and methods of computation used in the preparation of the Condensed Interim Financial Statements for the current period are consistent with those specified in the audited financial statements of HPH Trust and its subsidiary companies (the "Group") for the year ended 31 December 2017 except for the adoption of the standards, amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant to the Group's operations and mandatory for annual accounting periods beginning 1 January 2018. The effects of the adoption of these new standards and amendments are detailed in item 5 below.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

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

(a) HKFRS 9 Financial Instruments

HKFRS 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

(i) Changes in accounting policies

Investments

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

Loans and receivables

Loans and receivables are debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. At the end of the reporting period subsequent to initial recognition, loans and receivables are subsequently measured at amortised cost less impairment. Interest income using the effective interest method is recognised in the income statement.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

(Continued)

(a) HKFRS 9 Financial Instruments (Continued)

(i) Changes in accounting policies (Continued)

Impairment of financial assets

HKFRS 9 replaces the 'incurred loss' impairment model in HKAS 39 with a forward-looking 'expected credit loss' ("ECL") model. The new impairment model will apply to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under HKFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts (if applicable). The impairment methodology to be applied depends on whether there has been a significant increase in credit risk.

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

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

Hedge accounting

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

(ii) Effects of changes in accounting policies

The Group has applied the modified retrospective approach, where the comparative information for prior periods with respect to classification and measurement (including impairment) changes is not restated and differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 will be recognised as an adjustment to the opening balance of equity at the date of adoption, i.e. as at 1 January 2018.

Classification of investments

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

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

(Continued)

(a) HKFRS 9 Financial Instruments (Continued)

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

Classification of loans and receivables

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

Impairment of financial assets

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

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

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

Hedge accounting

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

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

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

(Continued)

(a) HKFRS 9 Financial Instruments (Continued)

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

Hedge accounting (Continued)

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

(b) HKFRS 15 Revenue From Contracts With Customers

HKFRS 15 Revenue from Contracts with Customers establishes a framework for determining whether, how much and when revenue is recognised. Under HKFRS 15, revenue is recognised through a 5-step approach:

(i) identify the contract(s) with customer; (ii) identify separate performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations; and (v) recognise revenue when a performance obligation is satisfied.

(i) Changes in accounting policies

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

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

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

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

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

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

(Continued)

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

(i) Changes in accounting policies (Continued)

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.

(ii) Effects of changes in accounting policies

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

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

6. Group's earnings per unit ("EPU") and distribution per unit ("DPU") for the first quarter ended 31 March 2018

	01/01/2018 to 31/03/2018	01/01/2017 to 31/03/2017
(i) Weighted average number of units in issue	8,711,101,022	8,711,101,022
(ii) Earnings per unit for the quarter based on the weighted average number of units in issue (HK cents) - Basic and diluted	1.67	1.92
(iii) Number of units issued at end of the quarter	8,711,101,022	8,711,101,022
(iv) Distribution per unit for the quarter (HK cents) ^(a)	-	-

Footnote:

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

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

	Group		Trust	
	31/03/2018	31/12/2017	31/03/2018	31/12/2017
Net asset value attributable to unitholders per unit (HK\$) ^(a)	4.55	4.63	5.89	6.01

Footnote:

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

8. Review of performance

Consolidated income statement (01/01/2018-31/03/2018 vs 01/01/2017-31/03/2017)

Revenue and other income for the quarter was HK\$2,667.3 million, HK\$89.3 million or 3.5% above last year. Combined container throughput of HIT^(a), COSCO-HIT^(b) and ACT^(c) (collectively “HPHT Kwai Tsing”) was 1.0% above last year, mainly due to the increase in transshipment cargoes. The container throughput of YICT^(d) increased by 8.7% as compared to the same quarter in 2017, primary driven by the growth in empty and transshipment cargoes. Average revenue per TEU for Hong Kong and China were below last year, mainly attributed to certain revisions to tariffs following the M&A of some liners in 2nd half of 2017. In addition, China’s average revenue per TEU was also adversely impacted by unfavourable transshipment mix, but partially offset by RMB appreciation.

Cost of services rendered was HK\$992.2 million, HK\$73.7 million or 8.0% above last year. The increase were attributed to higher throughput handled, general cost inflations, including the increase in external contractors’ costs and fuel price and RMB appreciation but partially offset by savings arising from cost saving initiatives. Staff costs were HK\$77.1 million, HK\$2.1 million or 2.8% above last year. Depreciation and amortisation was HK\$776.3 million, HK\$40.4 million or 5.5% above last year mainly due to West Port Phase II being put into full operation in January 2018. Other operating income was HK\$66.9 million, HK\$64.4 million or 2,576.0% above last year largely due to the dividends from River Ports Economic Benefits deferred from 2017 and exchange gain arising on revaluation of YICT’s net-RMB denominated monetary assets.

Other operating expenses were HK\$125.7 million, HK\$16.4 million or 11.5% below last year. The decrease was mainly due to the receipt of government’s rent and rates refund in HIT from lower 2017/2018 rateable value and savings in general overheads.

As a result, the operating profit was HK\$762.9 million, HK\$53.9 million or 7.6% above last year.

Interest and other finance costs were HK\$229.0 million, HK\$34.9 million or 18.0% above last year, largely attributed to higher HIBOR/LIBOR applied on the bank loans’ interest rates.

Footnotes:

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

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

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

(d) YICT means Yantian International Container Terminals, located at Yantian, Shenzhen, PRC, which comprises Yantian International Container Terminals Phases I & II, Phase III & Phase III Expansion, and Shenzhen Yantian West Port Terminals Phases I & II.

8. Review of performance (Continued)

Share of profits less losses after tax of associated companies was a loss of HK\$33.9 million, worse than last year by HK\$4.7 million or 16.1%, primarily due to higher depreciation and interest expenses of HICT as it became fully operational after its completion of construction in October 2017.

Share of profits less losses after tax of joint ventures was HK\$8.5 million, HK\$8.5 million or 50.0% lower than last year, mainly due to weaker combined results of COSCO-HIT and ACT resulting from lower revenue per TEU, which was largely attributed to certain revisions to tariffs following the M&A of some liners in 2nd half of 2017.

Tax was HK\$87.2 million, HK\$39.6 million or 31.2% lower than last year, mainly due to tax savings from YICT Phase III as it qualified as “High and New Technology Enterprise” in December 2017 and was entitled to a preferential corporate income tax rate for 3 years with effect from 1 January 2017. Moreover, YICT’s West Port Phase II berth #5 and #6 were put into operation in January 2018 and started enjoying preferential corporate income tax treatment.

Overall, profit was HK\$421.3 million, HK\$45.4 million or 12.1% above last year. Profit attributable to unitholders of HPH Trust was HK\$145.4 million, HK\$21.5 million or 12.9% below last year.

Material changes in statements of financial position and statements of cash flows

Please refer to footnotes of 1(b)(i) and 1(c).

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

No forecast statement for the financial year 2018 has been disclosed.

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

2018 is set to be a transformative year for the global shipping lines industry driven by shifting economic trends and trade flows in conjunction with the consolidation of ownership. Investment in modernization and expansion of port facilities is expected to continue to drive overall efficiencies and competitiveness.

Overall 2018 global trade outlook remains positive, with solid trade volume growth recorded in the first quarter of 2018 although this, by and large, is still susceptible to the uncertainties and downside risks arising from protectionist US trade policies and geopolitical tensions.

Shipping lines will continue to deploy mega-vessels to attain capacity and fleet optimisation to drive further cost efficiencies. In addition, focus has shifted from port performance to supply chain performance to enhance competitiveness and operational efficiencies. Furthermore, greater emphasis will be placed on security in the wake of growing cyber-attack threats on companies.

Against these settings, with a strategic transshipment hub in Hong Kong, the exemplary mega-vessel handling capabilities of YICT and our strategic investment in state-of-the-art equipment and facilities, HPH Trust is well positioned to support the changing requirement of the container shipping industry and maintain its reputation as the preferred gateways to the vast Pearl River hinterland.

The Trustee-Manager remains cautiously optimistic, subject always to the protectionism issue and geopolitical tensions referred above, about the expected cargo volume for 2018 and will continue to build on HPH Trust's strengths whilst adhering to strict financial discipline. The Trustee-Manager is confident that HPH Trust is well-equipped to respond to external developments and challenges.

11. Distribution

(a) Current financial quarter

Any distribution recommended for the current financial quarter?

No distribution has been recommended for the current financial quarter.

(b) Corresponding quarter of the immediately preceding financial quarter

Any distribution declared for the previous corresponding quarter? No

(c) Date Payable

Not applicable

(d) Books closure date

Not applicable

12. If no distribution has been declared/recommendeded, a statement to that effect

No distribution has been declared/recommendeded for the current financial quarter.

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.

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

No IPT general mandate has been obtained.

14. Negative confirmation by the Board

The Board of Directors of Hutchison Port Holdings Management Pte. Limited (as the Trustee-Manager) has confirmed that, to the best of its knowledge, nothing has come to its attention which may render these interim financial results of the Group for the first quarter ended 31 March 2018 to be false or misleading in any material respect.

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

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

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

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

Mr Lee Tiong Hock
Company Secretary
13 April 2018



The Board of Directors
Hutchison Port Holdings Management Pte. Limited
(in its capacity as Trustee-Manager of Hutchison Port Holdings Trust)
50 Raffles Place, #32-01
Singapore Land Tower
Singapore 048623

13 April 2018

Our ref: ASR GA4/02527993A000/CH/LC(10)
(When Replying Please Quote Our Reference)

Dear Sirs

REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS OF HUTCHISON PORT HOLDINGS TRUST

We have reviewed the accompanying condensed interim financial statements of Hutchison Port Holdings Trust (the "Trust") and its subsidiaries (the "Group") set out on pages 1 to 24, which comprise the condensed consolidated statement of financial position of the Group, the condensed statement of financial position of the Trust as at 31 March 2018, and the related condensed consolidated income statement of the Group, the condensed consolidated statement of comprehensive income of the Group, the condensed consolidated statement of changes in equity of the Group, the condensed statement of changes in equity of the Trust, and the condensed consolidated statement of cash flows of the Group for the period from 1 January 2018 to 31 March 2018, and other explanatory notes (collectively the "Condensed Interim Financial Statements"). The management of Hutchison Port Holdings Management Pte. Limited, the Trustee-Manager of the Trust, is responsible for the preparation and presentation of these Condensed Interim Financial Statements in accordance with Hong Kong Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on these Condensed Interim Financial Statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Condensed Interim Financial Statements are not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, "Interim Financial Reporting".

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers', is written over a large, faint, stylized signature graphic.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 13 April 2018

PricewaterhouseCoopers LLP, 7 Straits View Marina One, East Tower Level 12, Singapore 018936
T: (65) 6236 3388, F: (65) 6236 3300, www.pwc.com/sg GST No.: M90362193L Reg. No.: T09LL0001D