



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 SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2019

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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 second quarter and half year ended 30 June 2019

	Group					
	01/04/2019 to 30/06/2019	01/04/2018 to 30/06/2018	Favorable/ (Unfavorable)	01/01/2019 to 30/06/2019	01/01/2018 to 30/06/2018	Favorable/ (Unfavorable)
	HK\$'M	HK\$'M	%	HK\$'M	HK\$'M	%
Revenue and other income	2,748.6	2,789.3	(1.4)	5,423.8	5,456.6	(0.6)
Cost of services rendered	(952.5)	(1,006.4)	5.4	(1,900.7)	(1,998.6)	4.9
Staff costs	(72.7)	(72.9)	0.3	(148.2)	(150.0)	1.2
Depreciation and amortisation	(775.6)	(767.3)	(1.1)	(1,544.1)	(1,543.6)	-
Other operating income ^(a)	33.4	50.1	(33.3)	42.9	104.0	(58.8)
Other operating expenses	(142.8)	(156.1)	8.5	(266.1)	(268.8)	1.0
Total operating expenses	(1,910.2)	(1,952.6)	2.2	(3,816.2)	(3,857.0)	1.1
Operating profit	838.4	836.7	0.2	1,607.6	1,599.6	0.5
Interest and other finance costs	(271.1)	(252.0)	(7.6)	(545.5)	(481.0)	(13.4)
Share of profits less losses after tax of associated companies	(25.6)	(22.4)	(14.3)	(46.5)	(56.3)	17.4
Share of profits less losses after tax of joint ventures	10.1	12.4	(18.5)	20.9	20.9	-
Profit before tax	551.8	574.7	(4.0)	1,036.5	1,083.2	(4.3)
Tax ^(b)	(109.0)	(101.8)	(7.1)	(216.1)	(189.0)	(14.3)
Profit for the period	442.8	472.9	(6.4)	820.4	894.2	(8.3)
Allocated as:						
Profit attributable to non-controlling interests	(306.3)	(302.9)	1.1	(587.0)	(578.8)	1.4
Profit attributable to unitholders of HPH Trust	136.5	170.0	(19.7)	233.4	315.4	(26.0)
Earnings per unit attributable to unitholders of HPH Trust	HK cents 1.57	HK cents 1.95	(19.7)	HK cents 2.68	HK cents 3.62	(26.0)

Footnotes:

- (a) Other operating income was HK\$42.9 million for the period ended 30 June 2019 compared to HK\$104.0 million for the period ended 30 June 2018. The decrease was mainly due to the deferral of 2017 dividend income from River Ports Economic Benefits to the first quarter of 2018, less than last year government award and subsidies received by YICT and the exchange gain arising on revaluation of YICT's net Renminbi ("RMB") denominated monetary assets for the period ended 30 June 2018.
- (b) Tax was HK\$216.1 million for the period ended 30 June 2019 compared to HK\$189.0 million for the period ended 30 June 2018. The increase was mainly due to the increase of tax rates upon the expiries of "High and New Technology Enterprise" status of YICT Phase I & II and the tax exemption period for YICT's West Port Phase II berth #4 at the year end of 2018.

**1(a)(ii) Consolidated statement of comprehensive income for the second quarter and half year ended
30 June 2019**

	Group					
	01/04/2019 to 30/06/2019	01/04/2018 to 30/06/2018	Favorable/ (Unfavorable)	01/01/2019 to 30/06/2019	01/01/2018 to 30/06/2018	Favorable/ (Unfavorable)
	HK\$'M	HK\$'M	%	HK\$'M	HK\$'M	%
Profit for the period	442.8	472.9	(6.4)	820.4	894.2	(8.3)
Other comprehensive (loss)/income^(a):						
Items that may be reclassified subsequently to profit or loss:						
Cash flow hedges arising from cross currency interest rate swap contracts and interest rate swap contracts (Losses)/gains recognised directly in reserves	(38.5)	30.7	(225.4)	(92.7)	31.1	(398.1)
Costs of hedging						
Changes in fair value of currency basis spread	(2.9)	(24.4)	88.1	(0.4)	(17.8)	97.8
Share of other comprehensive (loss)/income of associated companies	(12.3)	(14.7)	16.3	0.5	10.8	(95.4)
Share of other comprehensive (loss)/income of joint ventures	(0.9)	(0.9)	-	-	1.5	N/A
Investments						
Valuation (losses)/gains taken to reserves	(1.3)	(3.0)	56.7	3.4	(3.7)	191.9
Currency translation differences	(125.5)	(119.8)	(4.8)	(4.5)	60.7	(107.4)
Total other comprehensive (loss)/income for the period	(181.4)	(132.1)	(37.3)	(93.7)	82.6	(213.4)
Total comprehensive income for the period	261.4	340.8	(23.3)	726.7	976.8	(25.6)
Allocated as:						
Attributable to non-controlling interests	(243.6)	(241.7)	0.8	(584.9)	(605.0)	(3.3)
Attributable to unitholders of HPH Trust	17.8	99.1	(82.0)	141.8	371.8	(61.9)

Footnote:

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

1(b)(i) Statement of financial position as at 30 June 2019

	Group	
	30/06/2019	31/12/2018
	HK\$'M	HK\$'M
ASSETS		
Non-current assets		
Fixed assets	24,173.6	24,629.6
Projects under development	745.7	996.4
Leasehold land and land use rights	37,727.2	38,373.3
Railway usage rights	11.4	11.6
Customer relationships	5,668.9	5,836.0
Goodwill	11,270.0	11,270.0
Associated companies	899.3	945.3
Joint ventures	2,664.6	2,683.8
Other non-current assets	593.7	560.9
Deferred tax assets	19.0	18.5
Total non-current assets	83,773.4	85,325.4
Current assets		
Cash and bank balances ^(a)	7,218.6	6,566.4
Trade and other receivables	2,949.0	3,060.9
Inventories	118.2	103.1
Total current assets	10,285.8	9,730.4
Current liabilities		
Trade and other payables	5,953.0	5,928.2
Bank and other debts	4,076.4	2,517.5
Current tax liabilities	347.3	358.2
Total current liabilities	10,376.7	8,803.9
Net current (liabilities)/assets^(b)	(90.9)	926.5
Total assets less current liabilities	83,682.5	86,251.9
Non-current liabilities		
Bank and other debts	26,563.1	28,974.2
Pension obligations	63.8	56.6
Deferred tax liabilities	10,155.9	10,290.9
Other non-current liabilities	336.1	262.1
Total non-current liabilities	37,118.9	39,583.8
Net assets	46,563.6	46,668.1
EQUITY		
Units in issue	68,553.8	68,553.8
Reserves	(42,383.0)	(41,786.1)
Net assets attributable to unitholders of HPH Trust	26,170.8	26,767.7
Non-controlling interests	20,392.8	19,900.4
Total equity	46,563.6	46,668.1

Footnotes:

(a) Cash and bank balances were HK\$7,218.6 million as at 30 June 2019 which consisted of HK\$7,176.6 million cash and cash equivalents and HK\$42.0 million restricted deposit.

(b) Net current liabilities were HK\$90.9 million as at 30 June 2019 which mainly comprises of US\$0.5 billion (equivalent to approximately HK\$3.9 billion) 5-year guaranteed notes, expiring in March 2020.

1(b)(i) Statement of financial position as at 30 June 2019 (Continued)

	Trust	
	30/06/2019	31/12/2018
	HK\$'M	HK\$'M
ASSETS		
Non-current asset		
Investment in a subsidiary company	25,631.6	26,390.3
Total non-current asset	25,631.6	26,390.3
Current assets		
Cash and bank balances	4.6	4.5
Trade and other receivables	0.3	0.3
Total current assets	4.9	4.8
Current liability		
Trade and other payables	19.7	20.6
Total current liability	19.7	20.6
Net current liabilities	(14.8)	(15.8)
Total assets less current liabilities	25,616.8	26,374.5
Net assets	25,616.8	26,374.5
EQUITY		
Units in issue	68,553.8	68,553.8
Reserves	(42,937.0)	(42,179.3)
Total equity	25,616.8	26,374.5

1(b)(ii) Aggregate amount of the Group's borrowings and debt securities as at 30 June 2019

Group	Current portion HK\$'M	Non-current portion HK\$'M	Total HK\$'M
Unsecured bank loans	192.0	22,727.3	22,919.3
Secured bank loan	9.1	52.4	61.5
Guaranteed notes	3,900.0	3,900.0	7,800.0
Total principal amount of bank and other debts	4,101.1	26,679.7	30,780.8
Unamortised loan facilities fees and discounts related to debts	(5.5)	(116.6)	(122.1)
Unrealised loss on bank and other debts pursuant to interest rate swap contracts	(19.2)	-	(19.2)
	4,076.4	26,563.1	30,639.5

Aggregate amount of the Group's borrowings and debt securities as at 31 December 2018

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

Details of any collateral at HPH Trust

Bank loan of HK\$61.5 million (31 December 2018: HK\$66.1 million) is secured by a charge over certain assets of subsidiary companies.

1(c) Consolidated statement of cash flows for the second quarter and half year ended 30 June 2019

	Group			
	01/04/2019 to 30/06/2019	01/04/2018 to 30/06/2018	01/01/2019 to 30/06/2019	01/01/2018 to 30/06/2018
	HK\$'M	HK\$'M	HK\$'M	HK\$'M
Operating activities				
Cash generated from operations	1,478.8	1,309.7	3,476.3	2,871.2
Interest and other finance costs paid	(294.1)	(235.1)	(557.8)	(476.5)
Tax paid ^(a)	(9.4)	(140.1)	(355.9)	(590.9)
Net cash from operating activities	1,175.3	934.5	2,562.6	1,803.8
Investing activities				
Purchase of fixed assets, projects under development, leasehold land and land use rights	(131.2)	(206.0)	(288.1)	(397.8)
Proceeds on disposal of fixed assets	-	0.3	0.3	1.1
Dividends received from investments	2.0	2.1	2.0	2.1
Dividends received from associated companies and joint ventures	-	-	50.1	32.0
Interest received	43.2	30.6	73.9	52.1
Repayment of loan by a joint venture	-	-	-	100.0
Net cash used in investing activities	(86.0)	(173.0)	(161.8)	(210.5)
Financing activities				
New borrowings ^(b)	1,170.0	-	1,170.0	3,870.8
Repayment of borrowings ^(b)	(2,076.3)	(831.3)	(2,078.6)	(4,732.5)
Upfront debt transaction costs and facilities fees of borrowings	(8.8)	-	(8.8)	-
Distributions to unitholders of HPH Trust	-	-	(738.7)	(966.9)
Dividends to non-controlling interests	-	-	(92.5)	-
Net cash used in financing activities	(915.1)	(831.3)	(1,748.6)	(1,828.6)
Net changes in cash and cash equivalents	174.2	(69.8)	652.2	(235.3)
Cash and cash equivalents at beginning of the period	7,002.4	6,560.6	6,524.4	6,726.1
Cash and cash equivalents at end of the period	7,176.6	6,490.8	7,176.6	6,490.8

Footnotes:

(a) Tax paid was HK\$355.9 million for the period ended 30 June 2019 compared to HK\$590.9 million for the period ended 30 June 2018. The decrease was mainly due to the timing difference of YICT's profits tax and withholding tax payments in 2019.

(b) The Group drew down new bank loan of US\$150 million during the second quarter of 2019 to refinance bank borrowings.

1(d)(i) Statement of changes in equity for the periods ended 30 June 2019

Group

	Units in issue	Exchange and other reserves	Revaluation reserve	Hedging reserve	Costs of hedging reserve	Pension reserve	Accumulated losses	Attributable to unitholders	Non-controlling interests	Total
	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M
At 1 April 2019	68,553.8	(59.7)	(146.8)	(121.3)	(27.6)	182.0	(42,227.4)	26,153.0	20,149.2	46,302.2
Profit for the quarter	-	-	-	-	-	-	136.5	136.5	306.3	442.8
Other comprehensive loss:										
Cash flow hedges arising from cross currency interest rate swap contracts and interest rate swap contracts										
Losses recognised directly in reserves	-	-	-	(38.5)	-	-	-	(38.5)	-	(38.5)
Costs of hedging										
Changes in fair value of currency basis spread	-	-	-	-	(2.9)	-	-	(2.9)	-	(2.9)
Share of other comprehensive loss of associated companies	-	(8.2)	-	-	-	-	-	(8.2)	(4.1)	(12.3)
Share of other comprehensive loss of joint ventures	-	(0.9)	-	-	-	-	-	(0.9)	-	(0.9)
Investments:										
Valuation losses taken to reserves	-	-	(1.3)	-	-	-	-	(1.3)	-	(1.3)
Currency translation differences	-	(66.9)	-	-	-	-	-	(66.9)	(58.6)	(125.5)
Total other comprehensive loss	-	(76.0)	(1.3)	(38.5)	(2.9)	-	-	(118.7)	(62.7)	(181.4)
Total comprehensive (loss)/income	-	(76.0)	(1.3)	(38.5)	(2.9)	-	136.5	17.8	243.6	261.4
Transferred to/(from) reserve	-	0.1	-	-	-	-	(0.1)	-	-	-
At 30 June 2019	68,553.8	(135.6)	(148.1)	(159.8)	(30.5)	182.0	(42,091.0)	26,170.8	20,392.8	46,563.6
At 1 January 2019	68,553.8	(133.8)	(151.5)	(67.1)	(30.1)	182.0	(41,585.6)	26,767.7	19,900.4	46,668.1
Profit for the period	-	-	-	-	-	-	233.4	233.4	587.0	820.4
Other comprehensive (loss)/income:										
Cash flow hedges arising from cross currency interest rate swap contracts and interest rate swap contracts										
Losses recognised directly in reserves	-	-	-	(92.7)	-	-	-	(92.7)	-	(92.7)
Costs of hedging										
Changes in fair value of currency basis spread	-	-	-	-	(0.4)	-	-	(0.4)	-	(0.4)
Share of other comprehensive income of associated companies	-	0.2	-	-	-	-	-	0.2	0.3	0.5
Investments:										
Valuation gains taken to reserves	-	-	3.4	-	-	-	-	3.4	-	3.4
Currency translation differences	-	(2.1)	-	-	-	-	-	(2.1)	(2.4)	(4.5)
Total other comprehensive (loss)/income	-	(1.9)	3.4	(92.7)	(0.4)	-	-	(91.6)	(2.1)	(93.7)
Total comprehensive (loss)/income	-	(1.9)	3.4	(92.7)	(0.4)	-	233.4	141.8	584.9	726.7
Transferred to/(from) reserve	-	0.1	-	-	-	-	(0.1)	-	-	-
Transaction with owners:										
Distributions	-	-	-	-	-	-	(738.7)	(738.7)	-	(738.7)
Dividends	-	-	-	-	-	-	-	-	(92.5)	(92.5)
At 30 June 2019	68,553.8	(135.6)	(148.1)	(159.8)	(30.5)	182.0	(42,091.0)	26,170.8	20,392.8	46,563.6

1(d)(i) Statement of changes in equity for the periods ended 30 June 2019 (Continued)

Group

	Units in issue	Exchange and other reserves	Revaluation reserve	Hedging reserve	Costs of hedging reserve	Pension reserve	Accumulated losses	Attributable to unitholders	Non-controlling interests	Total
	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M
At 1 April 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
Profit for the quarter	-	-	-	-	-	-	170.0	170.0	302.9	472.9
Other comprehensive (loss)/income:										
Cash flow hedges arising from cross currency interest rate swap contracts and interest rate swap contracts										
Gains recognised directly in reserves	-	-	-	30.7	-	-	-	30.7	-	30.7
Costs of hedging										
Changes in fair value of currency basis spread	-	-	-	-	(24.4)	-	-	(24.4)	-	(24.4)
Share of other comprehensive loss of associated companies	-	(9.4)	-	-	-	-	-	(9.4)	(5.3)	(14.7)
Share of other comprehensive loss of joint ventures	-	(0.9)	-	-	-	-	-	(0.9)	-	(0.9)
Investments:										
Valuation losses taken to reserves	-	-	(3.0)	-	-	-	-	(3.0)	-	(3.0)
Currency translation differences	-	(63.9)	-	-	-	-	-	(63.9)	(55.9)	(119.8)
Total other comprehensive (loss)/income	-	(74.2)	(3.0)	30.7	(24.4)	-	-	(70.9)	(61.2)	(132.1)
Total comprehensive (loss)/income	-	(74.2)	(3.0)	30.7	(24.4)	-	170.0	99.1	241.7	340.8
At 30 June 2018	68,553.8	26.2	(58.2)	49.5	(37.4)	141.2	(28,976.7)	39,698.4	19,677.6	59,376.0
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 period	-	-	-	-	-	-	315.4	315.4	578.8	894.2
Other comprehensive income/(loss):										
Cash flow hedges arising from cross currency interest rate swap contracts and interest rate swap contracts										
Gains recognised directly in reserves	-	-	-	31.1	-	-	-	31.1	-	31.1
Costs of hedging										
Changes in fair value of currency basis spread	-	-	-	-	(17.8)	-	-	(17.8)	-	(17.8)
Share of other comprehensive income of associated companies	-	6.7	-	-	-	-	-	6.7	4.1	10.8
Share of other comprehensive income of joint ventures	-	0.5	1.0	-	-	-	-	1.5	-	1.5
Investments:										
Valuation losses taken to reserves	-	-	(3.7)	-	-	-	-	(3.7)	-	(3.7)
Currency translation differences	-	38.6	-	-	-	-	-	38.6	22.1	60.7
Total other comprehensive income/(loss)	-	45.8	(2.7)	31.1	(17.8)	-	-	56.4	26.2	82.6
Total comprehensive income/(loss)	-	45.8	(2.7)	31.1	(17.8)	-	315.4	371.8	605.0	976.8
Transaction with owners:										
Distributions	-	-	-	-	-	-	(966.9)	(966.9)	-	(966.9)
Dividends	-	-	-	-	-	-	-	-	(955.8)	(955.8)
At 30 June 2018	68,553.8	26.2	(58.2)	49.5	(37.4)	141.2	(28,976.7)	39,698.4	19,677.6	59,376.0

1(d)(i) Statement of changes in equity for the periods ended 30 June 2019 (Continued)

Trust

	Units in issue HK\$'M	Accumulated losses HK\$'M	Attributable to unitholders HK\$'M
At 1 April 2019	68,553.8	(42,927.4)	25,626.4
Loss and total comprehensive loss for the quarter	-	(9.6)	(9.6)
At 30 June 2019	68,553.8	(42,937.0)	25,616.8
At 1 January 2019	68,553.8	(42,179.3)	26,374.5
Loss and total comprehensive loss for the period	-	(19.0)	(19.0)
Transaction with owners:			
Distributions	-	(738.7)	(738.7)
At 30 June 2019	68,553.8	(42,937.0)	25,616.8
At 1 April 2018	68,553.8	(17,202.9)	51,350.9
Loss and total comprehensive loss for the quarter	-	(7.3)	(7.3)
At 30 June 2018	68,553.8	(17,210.2)	51,343.6
At 1 January 2018	68,553.8	(16,228.3)	52,325.5
Loss and total comprehensive loss for the period	-	(15.0)	(15.0)
Transaction with owners:			
Distributions	-	(966.9)	(966.9)
At 30 June 2018	68,553.8	(17,210.2)	51,343.6

1(d)(ii) Details of any changes in units for the periods ended 30 June 2019

	Group			
	01/04/2019 to 30/06/2019	01/04/2018 to 30/06/2018	01/01/2019 to 30/06/2019	01/01/2018 to 30/06/2018
At beginning and at end of the period	8,711,101,022	8,711,101,022	8,711,101,022	8,711,101,022

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

The financial information set out in Item 1 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 24 July 2019 issued by PricewaterhouseCoopers LLP is enclosed in Appendix 1.

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

The accounting policies and methods of computation used in the preparation of the 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 2018 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 2019. 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 2019, 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 2019. The changes in accounting policies and the effects of changes in accounting policies are summarised below.

HKFRS 16 Leases

HKFRS 16 specifies how an entity will recognise, measure, present and disclose leases. The new standard provides a single, on balance sheet lease accounting model for lessees. It will result in almost all leases being recognised by the lessee on the balance sheet, as the distinction between operating and finance leases is removed. Under HKFRS 16, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

Lessors continue to classify leases as operating or finance leases with HKFRS 16's approach to lessor accounting which is substantially unchanged from its predecessor HKAS 17.

(a) Changes in accounting policies

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.

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)

HKFRS 16 Leases (Continued)

(a) Changes in accounting policies (Continued)

(i) Assets leased to the Group (Continued)

Assets leased by 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.

(b) Effect of changes in accounting policies

The Group has elected the modified retrospective approach for transition to the new standard of leases. In accordance with the transition provisions in HKFRS 16, the new rules have been adopted retrospectively with the cumulative effect of initially applying the new standard recognised on 1 January 2019. Comparatives for the 2018 financial year have not been restated. The effect of the adoption of this new standard was not material to the Group's results or financial position.

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

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 2018.

6. **Group's earnings per unit ("EPU") and distribution per unit ("DPU") for the periods ended 30 June 2019**

	01/04/2019 to 30/06/2019	01/04/2018 to 30/06/2018	01/01/2019 to 30/06/2019	01/01/2018 to 30/06/2018
(i) Weighted average number of units in issue	8,711,101,022	8,711,101,022	8,711,101,022	8,711,101,022
(ii) Earnings per unit for the period based on the weighted average number of units in issue (HK cents) - Basic and diluted	1.57	1.95	2.68	3.62
(iii) Number of units issued at end of the period	8,711,101,022	8,711,101,022	8,711,101,022	8,711,101,022
(iv) Distribution per unit for the period (HK cents) ^(a)	6.00	8.52	6.00	8.52

Footnote:

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

7(a) Net asset value (“NAV”) attributable to unitholders per unit based on units issued as at 30 June 2019^(a)

	Group		Trust	
	30/06/2019	31/12/2018	30/06/2019	31/12/2018
Net asset value attributable to unitholders per unit (HK\$) ^(a)	3.00	3.07	2.94	3.03
Net asset value attributable to unitholders per unit after deducting distribution per unit for the financial period ended (HK\$) ^(a)	2.94	2.99	2.88	2.94

Footnote:

(a) The number of units used for computation of NAV per unit is 8,711,101,022 which is the number of units in issue as at 30 June 2019 (31 December 2018: 8,711,101,022).

7(b) Rate of return^(a)

Year	Rate of Return (%)
For the period ended 30 June 2019 ^(b)	0.5

Footnotes:

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

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

B = NAV per unit as of the beginning of the period (after deducting total distribution per unit for the financial period ended 31 December 2018)

(b) The financial period was from 1 January 2019 to 30 June 2019

8. Value of assets by region as at 30 June 2019

Trust

Kind of assets	Region	Net Asset Value (HK\$'M)	Investment Ratio
Investment in a subsidiary ^(a)	Hong Kong	25,631.6	100.0%
Cash and other assets (after deduction of liabilities)	Singapore	(11.4)	0.0%
Other liabilities	Hong Kong	(3.4)	0.0%
Total net assets		25,616.8	100.0%

Group

Region^(b)	Net Asset Value (HK\$'M)	Investment Ratio
Singapore	(11.4)	0.0%
Hong Kong ^(c)	(8,542.1)	-18.3%
People's Republic of China	55,117.1	118.3%
Total net assets	46,563.6	100.0%

Footnotes:

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

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

(c) US\$3.7 billion of bank loans and notes (equivalent to HK\$29,038 million) are grouped under Hong Kong region.

9. Review of performance

Consolidated income statement (01/04/2019-30/06/2019 vs 01/04/2018-30/06/2018)

Revenue and other income for the quarter was HK\$2,748.6 million, HK\$40.7 million or 1.4% below last year. Combined container throughput^(a) of HIT^(b), COSCO-HIT^(c) and ACT^(d) (collectively “HPHT Kwai Tsing”) decreased by 4.4% as compared to the same quarter in 2018, primarily due to the decrease in intra-Asia cargoes. The container throughput of YICT^(e) increased by 4.9% as compared to the same quarter in 2018, primarily driven by the growth in empty and transshipment cargoes, but offset by the decrease in US cargoes. Average revenue per TEU for Hong Kong was below last year, mainly attributed to the increased transshipment mix and less than last year agency fee provision write-back following the finalisation of tariff negotiation. For China, the average revenue per TEU was below last year largely due to Renminbi (“RMB”) depreciation.

Cost of services rendered was HK\$952.5 million, HK\$53.9 million or 5.4% below last year. The decrease was attributed to RMB depreciation and savings arising from Hong Kong Seaport Joint Operating Alliance (“SPA”) arrangement and cost control initiatives, but partially offset by the general cost inflations, including increase in external contractors’ costs and higher fuel price. Staff costs were HK\$72.7 million, comparable to last year. Depreciation and amortisation was HK\$775.6 million, HK\$8.3 million or 1.1% above last year. Other operating income was HK\$33.4 million, HK\$16.7 million or 33.3% below last year. The decrease was largely due to YICT’s receipt of an award in 2018, but partially offset by increase in government subsidies by YICT.

Other operating expenses were HK\$142.8 million, HK\$13.3 million or 8.5% below last year. The decrease was mainly due to savings in rent and rates.

As a result, total operating profit was HK\$838.4 million, HK\$1.7 million or 0.2% above last year.

Interest and other finance costs were HK\$271.1 million, HK\$19.1 million or 7.6% above last year, primarily due to higher HIBOR/LIBOR applied on the bank loans’ interest rates.

Footnotes:

(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, PRC, which comprises Yantian International Container Terminals Phases I & II, Phase III & Phase III Expansion, and Shenzhen Yantian West Port Terminals Phases I & II.

9. Review of performance (Continued)

Share of profits less losses after tax of associated companies was a loss of HK\$25.6 million, HK\$3.2 million or 14.3% worse than last year, mainly due to weaker performance in the tugboat operations of an associated company.

Share of profits less losses after tax of joint ventures was HK\$10.1 million, HK\$2.3 million or 18.5% below last year, mainly due to lower dividend income of a joint venture.

Taxation was HK\$109.0 million, HK\$7.2 million or 7.1% higher than last year, mainly due to the increase of tax rates upon the expiries of “High and New Technology Enterprise” status of YICT Phase I & II and the tax exemption period for YICT’s West Port Phase II berth #4 at the year end of 2018, but partially offset by lower profit.

Overall profit for the quarter was HK\$442.8 million, HK\$30.1 million or 6.4% below last year. Profit attributable to unitholders of HPH Trust was HK\$136.5 million, HK\$33.5 million or 19.7% below last year.

Consolidated income statement (01/01/2019-30/06/2019 vs 01/01/2018-30/06/2018)

Revenue and other income for the period was HK\$5,423.8 million, HK\$32.8 million or 0.6% below last year. Combined container throughput^(a) of HPHT Kwai Tsing decreased by 7.0% as compared to the same period in 2018, primary due to the decrease in intra-Asia and transshipment cargoes. The container throughput of YICT increased by 4.8% as compared to the same period in 2018, primarily driven by the growth in the empty and transshipment cargoes, but was partially offset by the decrease in US cargoes. Average revenue per TEU for Hong Kong was comparable to last year, mainly attributed to the write-back of agency fee provision following the finalisation of tariff negotiation, but was partially offset by the increased transshipment mix. Average revenue per TEU for China was below last year largely due to RMB depreciation.

Cost of services rendered was HK\$1,900.7 million, HK\$97.9 million or 4.9% below last year. This was attributed to lower throughput, lower repair and maintenance, RMB depreciation and savings arising from SPA arrangement and cost control initiatives, but partially offset by the general cost inflations, including the increase in external contractors’ costs and higher fuel price. Staff costs were HK\$148.2 million, HK\$1.8 million or 1.2% below last year. Depreciation and amortisation was HK\$1,544.1 million, comparable to last year. Other operating income was HK\$42.9 million, HK\$61.1 million or 58.8% below last year. The decrease was largely due to deferral of 2017 dividend income from River Ports Economic Benefits to the first quarter of 2018, YICT’s receipt of an award in 2018 and last year exchange gain mainly arising on revaluation of YICT’s net-RMB denominated monetary assets, but partially offset by increase in government subsidies by YICT.

Footnote:

(a) Represents the allocated throughput from Hong Kong Seaport Joint Operating Alliance with effect from 1 April 2019

9. Review of performance (Continued)

Other operating expenses were HK\$266.1 million, HK\$2.7 million or 1.0% below last year.

As a result, total operating profit was HK\$1,607.6 million, HK\$8.0 million or 0.5% above last year.

Interest and other finance costs were HK\$545.5 million, HK\$64.5 million or 13.4% above last year, primarily due to higher HIBOR/LIBOR applied on the bank loans' interest rates.

Share of profits less losses after tax of associated companies was a loss of HK\$46.5 million, HK\$9.8 million or 17.4% better than last year mainly due to higher gross profit of HICT.

Share of profits less losses after tax of joint ventures was HK\$20.9 million, comparable to last year.

Taxation was HK\$216.1 million, HK\$27.1 million or 14.3% above last year, primarily due to the increase of tax rates upon the expiries of "High and New Technology Enterprise" status of YICT Phase I & II and the tax exemption period for YICT's West Port Phase II berth #4 at the year end of 2018, partially offset by lower profit.

Overall, profit was HK\$820.4 million, HK\$73.8 million or 8.3% below last year. Profit attributable to unitholders of HPH Trust was HK\$233.4 million, HK\$82.0 million or 26.0% below last year.

Material changes in statement of financial position and consolidated statement of cash flows

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

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

No forecast statement for the financial year 2019 has been disclosed.

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

Global external environment continues to be challenging. Trade tensions between US and China have heightened in recent months with new tit-for-tat tariffs imposed in the second quarter of 2019. Trade protectionism, macro-economic and political uncertainties, including the slowing Chinese and EU economies and the yet-to-be-resolved Brexit from the EU, threaten the recovery of global trade.

Outbound cargoes to the US remained weak in the second quarter of 2019 and it is expected to be volatile in the second half of 2019 as the US/China trade dispute continues. Given the uncertainties in the global trade outlook, HPH Trust management remains cautious about future cargo trends and will continue to adhere to cost discipline and efficiency improvements in order to face the challenges ahead.

The financial performance of major shipping lines was mixed in the first quarter of 2019 with some still operating at a loss. Coupled with the uncertainties in the global trade outlook and the expected increase in the fuel cost from using low-sulphur fuel with effect from 1 January 2020 as required by the International Maritime Organisation, it is anticipated that shipping lines will continue to drive cost efficiencies and promote fleet and capacity optimization. The continued deployment of mega vessels will necessitate investment in port facilities and continuous process improvements by deep water port operators.

12. Distribution

(a) Current financial period

Any distribution recommended for the current financial period	:	Yes
Amount	:	HK\$522.7 million
Distribution type	:	Cash
Distribution rate	:	6.00 HK cents per unit for the period 1 January 2019 to 30 June 2019
Par value	:	Not applicable
Tax rate	:	Distributions received by either Singapore tax resident Unitholders or non-Singapore tax resident Unitholders are exempted from Singapore income tax and also not subject to Singapore withholding tax. The Unitholders are not entitled to tax credits of any taxes paid by the Trustee-Manager of HPH Trust.

12. Distribution (Continued)

(b) Corresponding period of the immediately preceding financial period

Any distribution declared for the previous corresponding period	:	Yes
Amount	:	HK\$742.2 million
Distribution type	:	Cash
Distribution rate	:	8.52 HK cents per unit for the period 1 January 2018 to 30 June 2018
Par value	:	Not applicable
Tax rate	:	Distributions received by either Singapore tax resident Unitholders or non-Singapore tax resident Unitholders are exempted from Singapore income tax and also not subject to Singapore withholding tax. The Unitholders are not entitled to tax credits of any taxes paid by the Trustee-Manager of HPH Trust.

12. Distribution (Continued)

(c) Date payable

20 September 2019

(d) Books closure date

The Transfer Books and Register of HPH Trust will be closed at 5:00 p.m. on 1 August 2019 for the purposes of determining each unitholder's entitlement to the Distribution.

Registered unitholders (other than The Central Depository (Pte) Limited ("CDP")), and unitholders whose securities accounts with CDP are credited with units, at 5:00 p.m. on 1 August 2019 will be entitled to the Distribution to be paid on or about 20 September 2019.

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

Not applicable.

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

No IPT general mandate has been obtained.

15. Negative confirmation by the Board

The Board of Directors of Hutchison Port Holdings Management Pte. Limited (as the Trustee-Manager) has confirmed that, to the best of its knowledge, nothing has come to its attention which may render these interim financial results of the Group for the period ended 30 June 2019 to be false or misleading in any material respect.

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

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

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

BY ORDER OF THE BOARD

HUTCHISON PORT HOLDINGS MANAGEMENT PTE. LIMITED

(COMPANY REGISTRATION NO. 201100749W)

AS TRUSTEE-MANAGER OF HPH TRUST

Mr Lai Kuan Loong Victor

Ms Kim Yi Hwa

Joint Company Secretaries

24 July 2019

17. Outline of the Trustee-Manager

(a) Amount of capital

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

(b) Description of business and outline of operation

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

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

(c) Miscellaneous

Not applicable.

18. Financial information of the Trustee-Manager

18(a) Income statement for the period ended 30 June 2019

	01/01/2019 to 30/06/2019	01/01/2018 to 30/06/2018
	HK\$'M	HK\$'M
Revenue and other income	12.3	12.0
Staff costs	(1.5)	(1.4)
Depreciation	-	-
Other operating expenses	(2.8)	(2.9)
Total operating expenses	(4.3)	(4.3)
Operating profit	8.0	7.7
Finance costs	-	-
Profit before tax	8.0	7.7
Tax	(1.4)	(1.2)
Profit for the period	6.6	6.5

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

18(b) Statement of financial position as at 30 June 2019

	30/06/2019	31/12/2018
	HK\$'M	HK\$'M
ASSETS		
Non-current assets		
Fixed assets	-	-
Right-of-use assets	0.5	-
Total non-current assets	0.5	-
Current assets		
Cash and cash equivalents	2.5	10.0
Trade and other receivables	12.3	12.4
Total current assets	14.8	22.4
Current liabilities		
Trade and other payables	5.5	3.7
Lease liabilities	0.2	-
Current tax liabilities	1.4	2.5
Total current liabilities	7.1	6.2
Net current assets	7.7	16.2
Total assets less current liabilities	8.2	16.2
Non-current liability		
Lease liabilities	0.3	-
Total non-current liability	0.3	-
Net assets	7.9	16.2
EQUITY		
Share capital	0.1	0.1
Reserves	7.8	16.1
Total equity	7.9	16.2



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

24 July 2019

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 26, which comprise the condensed consolidated statement of financial position of the Group, the condensed statement of financial position of the Trust as at 30 June 2019, 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 periods from 1 January 2019 to 30 June 2019 and 1 April 2019 to 30 June 2019, 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".

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 24 July 2019

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