

Harnessing Our Strengths



**HPH
TRUST**

HUTCHISON PORT HOLDINGS TRUST

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Harnessing our **position** in the world's largest trading hub and taking advantage of robust economic activities in our markets, Hutchison Port Holdings Trust is powering ahead with **strength** and **resilience**.

With two of the world's busiest ports and a network of port ancillary services under our portfolio, we are poised to deliver **stable** and **sustainable** unitholders' value.

HPH Trust develops, operates and manages deep-water container ports in the Guangdong Province, Hong Kong and Macau.

TRUST PROFILE



THE TRUST

Hutchison Port Holdings Trust (“HPH Trust” or the “Trust”) is the world’s first publicly traded container port business trust and the first entity to launch dual currency trading of its units on Singapore Exchange (“SGX”). HPH Trust’s investment mandate is to invest in, develop, operate and manage deep-water container ports in the Guangdong Province, Hong Kong and Macau (collectively known as the Pearl River Delta (“PRD”)).

The Trust owns interests in four market-leading, best-in-class, deep-water container terminals (“Portfolio Container Terminals”) strategically located in Kwai Tsing, Hong Kong and Shenzhen, the People’s Republic of China (“PRC”). The ports operate 32 container berths across 543 hectares of land, with a combined throughput of approximately 22.9 million¹ twenty-foot equivalent unit (“TEU”) in 2012.

These deep-water ports are supported by three river ports located in Jiangmen, Nanhai and Zhuhai Jiuzhou, PRC (together the “River Ports”), in which HPH Trust holds River Ports Economic Benefits². The River Ports along with a number of ancillary services, such as container handling, container storage, container repair, trucking, feedering services, supply chain management, warehousing and distribution, expand our operational capacity and services for our customers considerably.

THE TRUSTEE-MANAGER

The Trust is managed by Hutchison Port Holdings Management Pte. Limited (the “Trustee-Manager”), an indirect wholly-owned subsidiary of Hutchison Whampoa Limited.

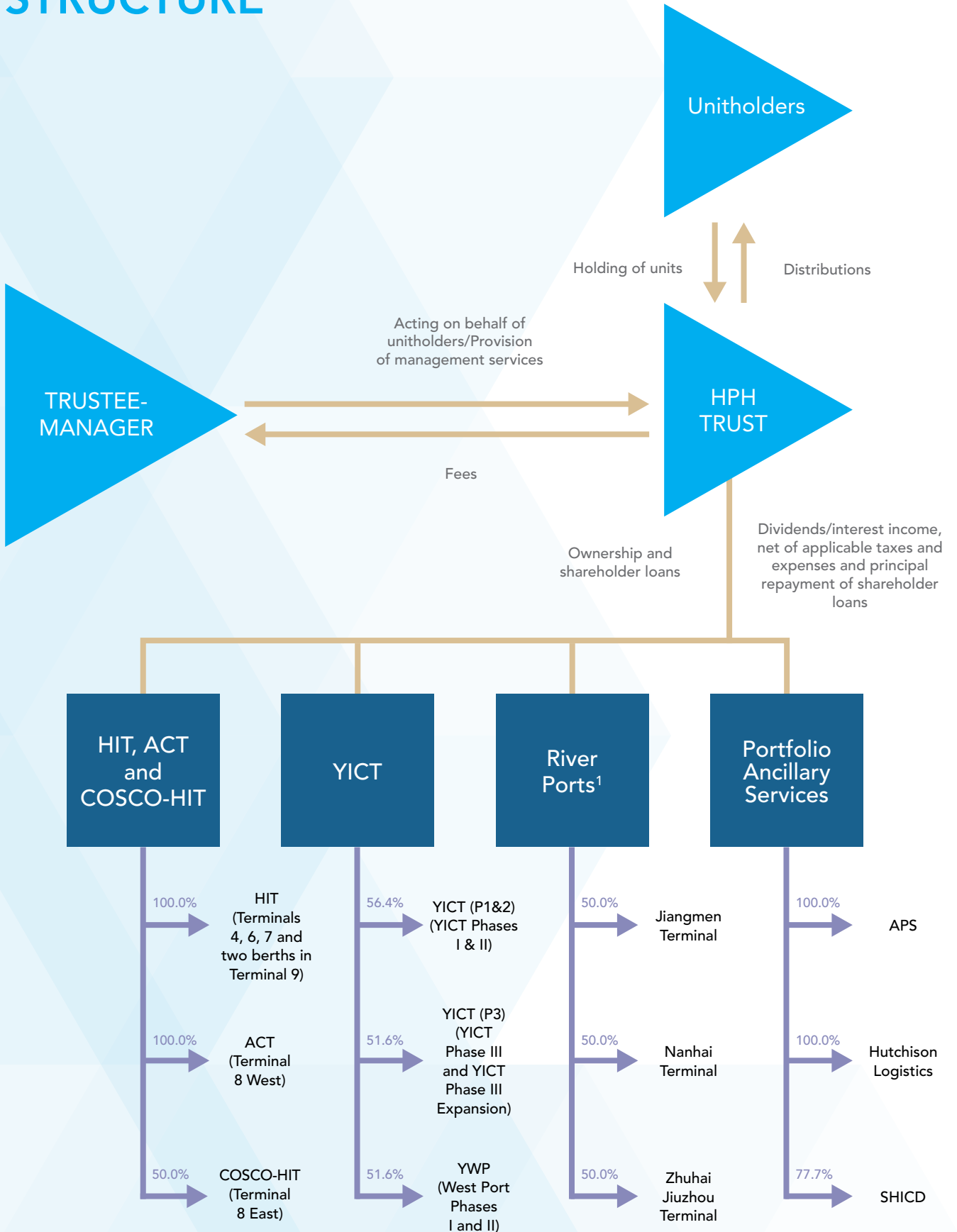
The Trustee-Manager has the dual responsibility of safeguarding the interests of unitholders and managing HPH Trust’s businesses. It manages HPH Trust’s businesses with the key objective of providing unitholders with stable and regular distributions and long-term growth in distributions per unit (“DPU”).

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

¹ The annual throughput of ACT in 2012 is excluded as the terminal was acquired by HPH Trust on 7 March 2013

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

CORPORATE STRUCTURE



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

PORTFOLIO OVERVIEW



HPH Trust owns and operates deep-water container ports in Hong Kong and Shenzhen, two of the world's busiest ports.

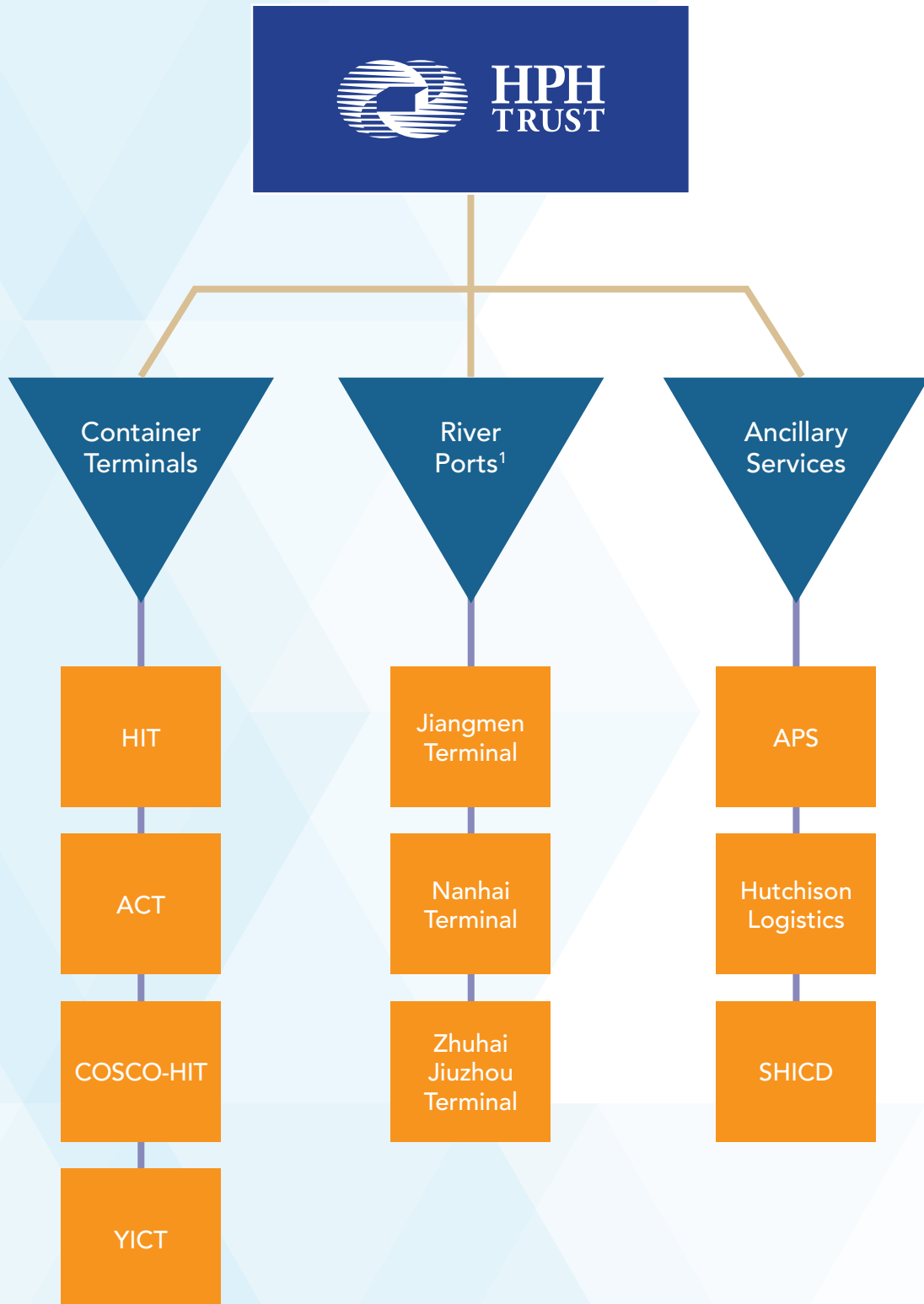
The port facilities owned by the Trust are Hongkong International Terminals ("HIT"), Asia Container Terminals ("ACT"), COSCO-HIT Terminals ("COSCO-HIT") and Yantian International Container Terminals ("YICT"). They are all located at deep-water ports with natural deep-water berths which can accommodate mega-vessels of over 10,000 TEU in capacity. HPH Trust's terminals (HIT, COSCO-HIT and YICT) are all equipped with a proprietary terminal management system, nGen, from HPH, the world's leading port investor, developer and operator. nGen enables terminal operators to monitor the progress of each container that passes through the Trust's terminals, ensuring the efficiency that defines the Trust's operations and profitability. The Trust will also integrate ACT's operations with its existing terminals using nGen, which will

enhance the overall operational flexibility and efficiency for the Trust's existing Kwai Tsing Port facilities.

These deep-water ports are supported by the river ports located in Zhuhai Jiuzhou, Jiangmen and Nanhai, which offer seamless connectivity and support to customers. The Trust also operates a number of ancillary services which include Hutchison Logistics, a logistics solution provider that has networks covering road, rail, sea and air; Shenzhen Hutchison Inland Container Depots ("SHICD"), which operates inland container depots and warehouses in Shenzhen; and Asia Port Services ("APS"), which carries out container handling in the harbour, container storage, container repair and provides feeder services between Hong Kong and the rest of the PRD.



Structure of HPH Trust



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

PORTFOLIO OVERVIEW

Portfolio Assets

HPH Trust's principal business portfolio comprises the following key assets:

<p>Kwai Tsing, Hong Kong (HIT, ACT and COSCO-HIT)</p>	<ul style="list-style-type: none"> • Hongkong International Terminals Limited ("HITL") which operates Terminals 4, 6, 7 and two berths in Terminal 9 at Kwai Tsing ("HIT") • Asia Container Terminals Limited ("ACTL") which operates Terminal 8 West at Kwai Tsing ("ACT") • 50% interest in COSCO-HIT Terminals (Hong Kong) Limited ("CHT") which operates Terminal 8 East at Kwai Tsing ("COSCO-HIT") • Together, HIT, ACT and COSCO-HIT operate 16 of the 24 deep-water berths there • Strategically located transshipment hub • Hong Kong's free port status is complemented by a conducive business environment and modern infrastructure • Scale of operations and contiguous berths, resulting in operational synergies
<p>Shenzhen, PRC (YICT)</p>	<ul style="list-style-type: none"> • YICT (P1&2), YICT (P3) and YWP¹ which operate Yantian International Container Terminals and Shenzhen Yantian West Port Terminals² • YICT operates deep-water container port in east Shenzhen and is the overall market leader in Shenzhen • Largest deep-water port in Shenzhen • Gateway to the Guangdong Province trade catchment area, one of the most important manufacturing regions in the world • Well-developed intermodal network to the PRC hinterland, presenting growth potential

¹ HPH Trust has an effective interest of 56.4% in YICT (P1&2), and 51.6% in both YICT (P3) and YWP

² Yantian International Container Terminals Limited ("YICT (P1&2)") operates Phases I and II ("YICT Phases I & II") of Yantian International Container Terminals ("YICT") located at Yantian, Shenzhen, PRC. Yantian International Container Terminals (Phase III) Limited ("YICT (P3)") operates Phase III of YICT ("YICT Phase III") and the Phase III expansion project of YICT ("YICT Phase III Expansion"); while Shenzhen Yantian West Port Terminals Limited ("YWP") operates West Port Phase I ("West Port Phase I") and West Port Phase II ("West Port Phase II")

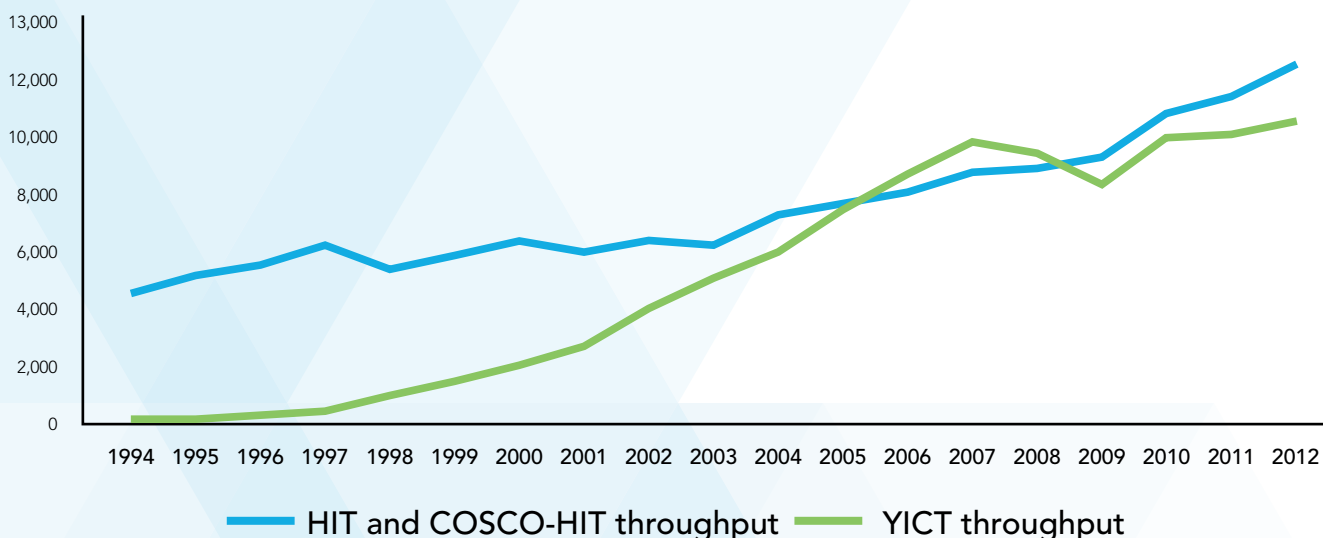




	HIT, ACT and COSCO-HIT	YICT	
Location	Kwai Tsing, Hong Kong	Shenzhen, PRC	
		In Operation	Under Construction
Container berths	16	16	3
Total area (ha)	170	373	44
Throughput in 2012 (TEU in thousand)	12,282 ¹	10,667	

¹ The annual throughput of ACT in 2012 is excluded as the terminal was acquired by HPH Trust on 7 March 2013

Throughput
(TEU in thousand)



Note:

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

PORTFOLIO OVERVIEW

Kwai Tsing, Hong Kong HIT, ACT and COSCO-HIT

HIT is operated by HITL, whose issued shares are 100% owned by HPH Trust. Since HIT first commenced operations at Kwai Chung in 1976, it has evolved from a single terminal to encompass 12 berths across Terminals 4, 6, 7 and 9 at Kwai Tsing Port, spanning a combined area of 111 hectares.

ACT is operated by ACTL, a wholly-owned subsidiary of Asia Container Terminals Holdings Limited, which HPH Trust acquired from DP World ACT Holdings Limited, DP World 8 Limited and PSA China Pte Ltd on 7 March 2013, for a total cash consideration of HK\$3.917 billion. ACT commenced operations at Terminal 8 West in 2005. The terminal comprises two container berths with a combined area of 29 hectares.

COSCO-HIT is operated by CHT, which is a 50-50 joint venture formed in 1991 between HIT Holdings Limited, an indirect wholly-owned subsidiary of HPH Trust, and COSCO Pacific Limited. It became fully operational in 1994 and is currently made up of two container berths at Terminal 8 East at Kwai Tsing Port. The combined area spans 30 hectares.

Due to Hong Kong's freeport status and strategic geographic location, Hong Kong has transformed from an origin and destination ("O&D") port into a key

transshipment hub which has become HIT, ACT and COSCO-HIT's core service.

Day-to-day operations at HIT, ACT and COSCO-HIT are efficiently managed by 1,900 employees and strongly supported by 3,500 to 3,800 contract workers.

Shenzhen, PRC YICT

In Shenzhen, HPH Trust has interests amounting to 56.4% in YICT (P1&2), 51.6% in YICT (P3), and 51.6% in YWP which collectively manage 16 berths across YICT Phases I & II, YICT Phase III, YICT Phase III Expansion and West Port Phase I respectively. The port covers an area of 373 hectares. In addition, three container berths of West Port Phase II are currently under construction with an area of 44 hectares.

Due to its strategic location in east Shenzhen, YICT is the gateway to the Guangdong Province trade catchment area, one of the world's most important manufacturing regions. It is also well-connected to the PRC hinterland by both highways and national rail. On 8 January 2013, YICT achieved a milestone, handling its 100 millionth TEU.

Since its commencement of operation in 1994, YICT has progressed into a leading O&D port, which mainly handles trans-Pacific and Europe-Asia cargoes. There are a total of 2,300 employees and 3,000 to 4,000 contract workers ensuring smooth day-to-day operations at the port.



KEY EVENTS



HPH Trust Acquires 100% Interest in ACT

On 7 March 2013, HPH Trust acquired 100% interest in ACT for HK\$3.917 billion. ACT, also known as Container Terminal 8 West, is adjacent to the Trust's existing container terminals at Kwai Tsing Port. ACT is a strategic addition to HPH Trust's portfolio assets as it will increase the handling capacity of the Trust's terminals in Hong Kong and enhance the overall operational flexibility and efficiency of the Trust's existing Kwai Tsing Port facilities.



YICT Handles its 100 Millionth TEU in 2013

On 8 January 2013, YICT handled its 100 millionth TEU, a record it achieved in a mere 18.5 years. With "100 Million TEU and beyond" as its slogan, YICT is committed to overcoming all challenges and reaching new heights in 2013.



First to Launch Dual Currency Trading on SGX

HPH Trust was the first ever entity to launch dual currency trading of its units on SGX in April 2012, allowing investors to trade in both Singapore and US Dollars. Dual currency trading has provided additional flexibility and convenience for local and global investors and has been well received.

How many berths does ACT operate at Kwai Tsing Port?

ACT operates two berths at Terminal 8 West. These berths, together with the existing two berths owned by COSCO-HIT at Terminal 8 East, form a single 1.4 kilometre berth, enhancing the overall operational flexibility and efficiency of the Trust's existing Kwai Tsing Port facilities, particularly when handling several mega-vessels simultaneously.





Acquiring for the *future*

Following the **acquisition** of **Asia Container Terminals**, the Trust will **integrate** ACT's operations with its Kwai Tsing Port facilities to **better serve** the shipping line consortia which frequently require service on several mega-vessels at the same time.

LETTER TO UNITHOLDERS

Throughput growth at our deep-water ports stood at 5% in 2012, outperforming the market and gaining market share

Dear Unitholders,

In its first full-year as a listed entity, the Trust cemented its position as the preferred deep-water port operator in the PRD, despite a challenging business environment. Throughput growth at our deep-water ports stood at 5% in 2012, outperforming the market and gaining market share in the face of continuing economic difficulties in Europe and the US.

The Trust provided stable and regular distributions to unitholders in line with IPO projections, in spite of tough economic times over the past two years that were characterised by renewed setbacks in the Eurozone and a weak rebound in US economic growth. The strength of the Trust can be attributed to a three-pronged strategy that involves continually improving facilities and infrastructure, constantly enhancing throughput mix, and carefully managing cost and capex.

Maximising value

In 2012, the Trust showed its strength and commitment to maximising unitholders' value by becoming the first entity on SGX to launch dual currency trading of its units in both Singapore and US dollars. This move brought greater flexibility and convenience to investors.

Expansion

In March 2013, the Trust acquired 100% interest in ACT, which operates two berths at Terminal 8 West at Kwai Tsing Port in Hong Kong, adjacent to the Trust's existing facilities. The acquisition of ACT creates synergies with the Trust's other Hong Kong terminals, HIT and COSCO-HIT. This strategic expansion of the Trust's portfolio increases our handling capacity, overall operational flexibility and efficiency to serve shipping line consortia which frequently require service on several mega-vessels at the same time. It also in turn serves to enhance the overall competitiveness of Hong Kong Port as an international hub port to compete with other ports in the region.

Change in industry dynamics

The shipping industry is at a turning point as the economics of international container shipping come to grips with an increasingly globalised world marketplace. Our terminals benefit from superior infrastructure, natural deep-water channels and long contiguous berths, making us the preferred port operator for mega-vessels in the region. As cost becomes a main focus, liners innovate to improve their bottom line by entering into vessel sharing agreements, consolidating traffic in larger ports, deploying mega-vessels, and replacing old fleets with larger and more fuel efficient new-built vessels that deliver economies of scale.

YICT handled over one million TEU a month for three consecutive months from August to October, with a record monthly throughput of 1.1 million TEU in August, achieving year-on-year growth of 11.7%.

HIT also broke its monthly throughput record of approximately 927,000 TEU and daily throughput record of approximately 41,000 TEU in May and June, respectively.

Records broken

The increasing number of mega-vessels that called at the Trust's ports for the first time is a testament to our ability to handle this class of container vessels with greater ease and efficiency than any other operator in the region. Of particular note was the maiden call of the CMA CGM Marco Polo, the world's largest container vessel, on 13 November 2012 at HIT. It visited YICT two days later. With a combination of strategic geographic locations and world-class infrastructure, the Trust's terminals possess unparalleled competitive advantages that enabled them to break a number of records in 2012:

YICT handled over one million TEU a month for three consecutive months from August to October, with a record monthly throughput of 1.1 million TEU in August, achieving year-on-year growth of 11.7%. In September, the YICT gatehouse set a new record for daily gate moves with approximately 25,000 containers handled, surpassing the previous record of approximately 24,000 containers set in September 2011. HIT also broke its monthly throughput record of approximately 927,000 TEU and daily throughput record of approximately 41,000 TEU in May and June, respectively.

The year ahead

Rapid trade growth in emerging markets has helped offset the slowdown in traditional western consumer markets. The rising economic heft of Asia, the Middle East, Africa and South America will result in increased transshipment and direct trade to these destinations from the PRD in future years. It is expected that these markets will outperform Europe and the US, with European trade growth remaining low from a combination of government austerity measures and weak consumer sentiment. While the US economy is healthier, and had notably stronger momentum in 2012, demand is not expected to grow at the rates seen in the past though.

The economy of China remains strong. In addition to the official interest rate cuts in 2012, the Chinese government approved infrastructure projects of over US\$150 billion to support GDP growth, provided subsidies to the logistics sector and implemented various measures to bolster exports. This will substantially increase our trade catchment area. China in general and the PRD in particular will continue to drive global growth and remain the main cargo source of the Trust.

Changes on the bridge

In July 2012, with the retirement of Ms. Hai Chi Yuet, the Trust appointed

Mr. Yim Lui Fai, Gerry as the Chief Executive Officer ("CEO") of the Trustee-Manager. We wish to thank Ms. Hai for her valuable contributions to the Trust and seeing it through to a very successful IPO in 2011. Mr. Yim arrived from a Hong Kong listed property developer where he served as chief executive officer since March 2010. He has a strong background in the port industry, having previously worked for the HPH Group for six years in various senior positions including managing director of the Africa, Middle East and Americas division. In addition to his current responsibilities as CEO of the Trustee-Manager, Mr. Yim currently serves as the managing director of HIT and a member of the HPH Trust Exco.

Acknowledgement

We wish to thank our staff, management and board members for their sustained work and tireless efforts as they have continued to build the Trust over the past year. Heartfelt appreciation also goes out to our customers, suppliers and business partners for their loyal support. Last but not least, thanks to our loyal unitholders for their vote of confidence in the Trust and the port industry. We look forward to sustained success and growth in the coming years.

Fok Kin Ning, Canning
Chairman

BOARD OF DIRECTORS



From left to right:
Mr. FOK Kin Ning, Canning,
Dr. John Edward Wenham MEREDITH,
Mr. IP Sing Chi

Mr. FOK Kin Ning, Canning Chairman and Non-executive Director

Mr. FOK Kin Ning, Canning, aged 61, has been the Chairman and Non-executive Director of the Trustee-Manager since February 2011. He is an executive director and the group managing director of Hutchison Whampoa Limited ("HWL"), the chairman of Hutchison Harbour Ring Limited, Hutchison Telecommunications Hong Kong Holdings Limited ("HTHKH"), Hutchison Telecommunications (Australia) Limited ("HTAL") and Power Assets Holdings Limited ("Power Assets") and the co-chairman of Husky Energy Inc. ("Husky"). He is also the deputy chairman of Cheung Kong Infrastructure Holdings Limited ("CKI") and a non-executive director of Cheung Kong (Holdings) Limited ("CKH"). Mr. Fok is also alternate director to a director of HTHKH. He holds a Bachelor of Arts degree and a Diploma in Financial Management, and is a member of The Institute of Chartered Accountants in Australia.

Dr. John Edward Wenham MEREDITH Deputy Chairman and Non-executive Director

Dr. John Edward Wenham MEREDITH, aged 74, has been the Deputy Chairman and Non-executive Director of the Trustee-Manager since February 2011. He is also the group managing director of Hutchison Port Holdings Limited ("HPH"), president of Hutchison Ports (Panama), S.A. and holds senior management positions in other companies within HPH's worldwide operations. He graduated from the University of Southampton as a Master Mariner and holds an honorary Doctor of Laws degree awarded by the University of Western Ontario in Canada. He is well-known in the maritime industry and a pioneer in containerisation. He was awarded the Commander of the Order of the British Empire (CBE) by Queen Elizabeth II in 2011.

Mr. IP Sing Chi Executive Director

Mr. IP Sing Chi, aged 59, has been an Executive Director of the Trustee-Manager since February 2011. He is the deputy group managing director of HPH and chairman of Yantian International Container Terminals Limited. He is also an outside director of Hyundai Merchant Marine Co., Ltd. and an independent non-executive director of COSCO Pacific Limited. In addition, he is a member of the Hong Kong Port Development Council and the chairman of the Shipping & Port Operations Group of the Employers' Federation of Hong Kong and the founding chairman (in 2000-2001) of the Hong Kong Container Terminal Operators Association Limited. He has over 30 years of experience in the maritime industry. He holds a Bachelor of Arts degree.



From left to right:
Mr. Frank John SIXT,
Mr. CHAN Tze Leung, Robert,
Mr. Graeme Allan JACK

Mr. Frank John SIXT
Non-executive Director

Mr. Frank John SIXT, aged 61, has been a Non-executive Director of the Trustee-Manager since February 2011. He is also a member of the Audit Committee of the Trustee-Manager. He is an executive director and the group finance director of HWL, the non-executive chairman of TOM Group Limited, an executive director of CKI and Power Assets, a non-executive director of CKH and HTHKH and a director of HTAL and Husky. In addition, he is a director of Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust, Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust and Li Ka-Shing Unity Trustcorp Limited as trustee of another discretionary trust. He is also alternate director to directors of HTAL. He holds a Master's degree in Arts and a Bachelor's degree in Civil Law, and is a member of the Bar and of the Law Society of the Provinces of Quebec and Ontario, Canada.

Mr. CHAN Tze Leung, Robert
Independent Non-executive Director

Mr. CHAN Tze Leung, Robert, aged 66, has been an Independent Non-executive Director of the Trustee-Manager since February 2011. He is an independent non-executive director of Noble Group Ltd, Quam Limited and Gold One International Limited. He is also the chairman (non-executive) of The Hour Glass (HK) Limited. Mr. Chan is an experienced banker with over 30 years of experience in both commercial and investment banking. He retired as the chief executive officer of United Overseas Bank, Hong Kong on 31 December 2011. He is a senior adviser to Long March Capital Ltd, a fund management company based in Beijing and Shanghai in partnership with leading Chinese institutions including the CITIC Group and a Fellow of the Hong Kong Institute of Directors. He holds a Bachelor of Science (Econ) Hons. and a Master's degree in Business Administration.

Mr. Graeme Allan JACK
Independent Non-executive Director

Mr. Graeme Allan JACK, aged 62, has been an Independent Non-executive Director of the Trustee-Manager since February 2011. He is also the Chairman of the Audit Committee of the Trustee-Manager. He has extensive experience in finance and audit. He is an independent director of The Greenbrier Companies Inc., and the independent trustee of Hutchison Provident Fund and the Hutchison Provident and Retirement Plan, two trusts established to fund the retirement of HWL Group employees. He retired as a partner of PricewaterhouseCoopers in 2006. He holds a Bachelor of Commerce degree and is a Fellow of the Hong Kong Institute of Certified Public Accountants and an Associate of The Institute of Chartered Accountants in Australia.

BOARD OF DIRECTORS



From left to right:
Prof. MA Si Hang, Frederick,
Mrs. SNG Sow-Mei (alias POON Sow Mei),
Mr. Kevin Anthony WESTLEY

Prof. MA Si Hang, Frederick Independent Non-executive Director

Prof. MA Si Hang, Frederick, aged 61, has been an Independent Non-executive Director of the Trustee-Manager since February 2011. He is a director (independent) of Husky and COFCO Corporation, and an independent non-executive director of China Resources Land Limited and Agricultural Bank of China Limited. He has extensive experience in the financial services industry and was the Secretary for Financial Services and the Treasury of the Hong Kong Special Administrative Region ("HKSAR") Government between 2002 and 2007. In July 2007, he was appointed Secretary for Commerce and Economic Development and he resigned from the government in July 2008 due to medical reasons. He is a member of the International Advisory Council of China Investment Corporation and an Honorary Professor of the School of Economics and Finance at the University of Hong Kong. Prof. Ma received an Honorary Fellowship from the School of Accountancy, Central University of Finance and Economics in 2010. He is a Justice of Peace and was awarded a Gold Bauhinia Star by the HKSAR Government in 2009. Prof. Ma holds a Bachelor of Arts (Hons) in Economics and History.

Mrs. SNG Sow-Mei (alias POON Sow Mei) Independent Non-executive Director and Lead Independent Director

Mrs. SNG Sow-Mei (alias POON Sow Mei), aged 71, has been an Independent Non-executive Director of the Trustee-Manager since February 2011. She is also a member of the Audit Committee and the Lead Independent Director of the Trustee-Manager. She is an independent non-executive director of CKI, ARA Asset Management (Fortune) Limited, ARA Trust Management (Suntec) Limited, ARA Asset Management (Prosperity) Limited and a director of INFA Systems Ltd. Mrs. Sng is also a senior consultant of Singapore Technologies Electronics Ltd. She was conferred the title of PPA(P) - Pingat Pentadbiran Awam (Perak), the Singapore Public Administration Medal (Silver) by the Republic of Singapore in 1996. She holds a Bachelor of Arts degree.

Mr. Kevin Anthony WESTLEY Independent Non-executive Director

Mr. Kevin Anthony WESTLEY, aged 64, has been an Independent Non-executive Director of the Trustee-Manager since February 2011. He is also a non-executive director of The Zuellig Group Incorporated Limited. He is also a member of the investment committee of the West Kowloon Redevelopment Authority. He retired from the HSBC Group in 2000 as the chairman and chief executive of HSBC Investment Bank (Asia) Limited, and as an advisor to the chairman of The Hong Kong and Shanghai Banking Corporation Limited at the start of 2013. He holds a Bachelor of Arts (Hons) degree and is a Fellow of the Institute of Chartered Accountants of England and Wales.

SENIOR MANAGEMENT

Mr. YIM Lui Fai, Gerry Chief Executive Officer

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

Mr. Ivor CHOW Chief Financial Officer and Investor Relations Officer

Mr. Ivor CHOW has been the Chief Financial Officer ("CFO") of the Trustee-Manager since February 2011. He is also in charge of the investor relations function of the Trustee-Manager. He is a member of the HPH Trust Exco and executive director of HIT. He has been on the board of directors of several HPH Trust business portfolio assets since 2008. He previously served as the general manager of the Commercial division, the finance director of the South China division, and the chief financial officer of several HPH subsidiaries. He holds a Bachelor's degree in Mathematics and is a Chartered Accountant of The Institute of Chartered Accountants of Ontario.

Ms. LEE Tung Wan, Diana Deputy Chief Financial Officer

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

Mr. LAM Hing Man, Patrick Managing Director of YICT

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

Mr. YING Tze Man, Kenneth Managing Director of COSCO-HIT

Mr. YING Tze Man, Kenneth is the managing director of COSCO-HIT, and a member of the HPH Trust Exco. He held various executive positions at HPH. He was an executive director of HIT and the finance director of the South China division of HPH. He was a member of the Port Development Advisory Group

of Hong Kong. He is also a member of the Hong Kong Institute of Certified Public Accountants and a Fellow of the Association of the Chartered Association of Certified Accountants in the United Kingdom.

Ms. TSE Ting Ting, Anny Head of Human Resources

Ms. TSE Ting Ting, Anny has been the Head of Human Resources of the Trustee-Manager since February 2011. She is also the general manager - human resources of HIT and a member of the HPH Trust Exco. She has over 20 years of experience working in the human resources field in the port, accounting, manufacturing and service industries. She has held numerous regional roles covering Asia-Pacific as well as operational responsibilities for China and Hong Kong. She holds a Master's degree in Business Administration.


Mr. LEUNG Hoi Wai, Vincent Senior Legal and Compliance Counsel

Mr. LEUNG Hoi Wai, Vincent has been the Senior Legal and Compliance Counsel of the Trustee-Manager since June 2011. He oversees the legal, compliance and corporate secretarial functions of HPH Trust. He holds a Postgraduate Certificate in Laws and a Bachelor of Laws degree. He is a qualified solicitor in Hong Kong and England and Wales, and has more than 15 years' experience in legal and regulatory compliance affairs.

Who was the pioneer in implementing electric rubber tyred gantry cranes (eRTGC) to reduce carbon footprint?

HIT was the first operator in Hong Kong to deploy eRTGCs and hybrid RTGCs. Since 2008, HIT has deployed 67 eRTGCs and 71 hybrid RTGCs.





Leading with *innovation*

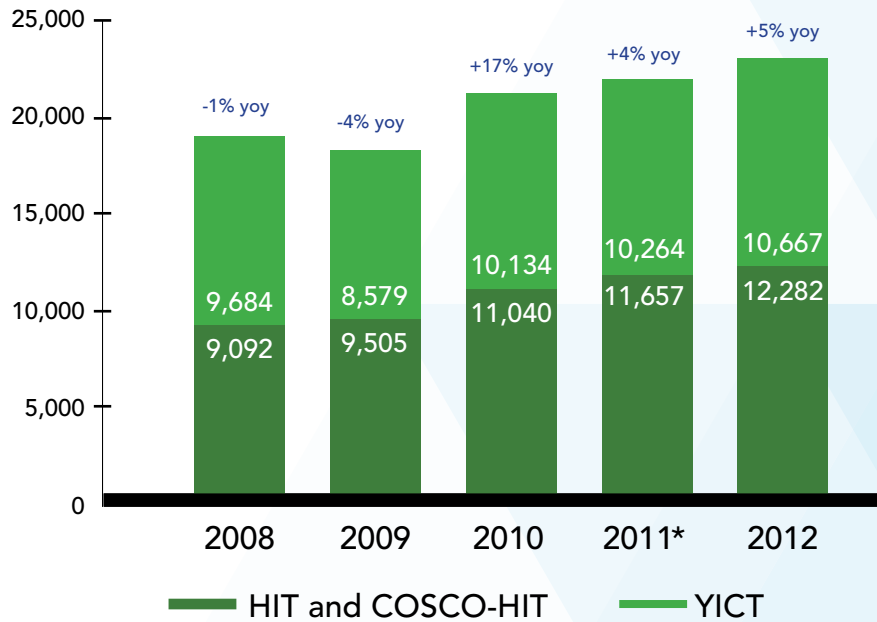
A **committed focus** on technology has led Hutchison Port Holdings Trust to become a **pioneer of innovation** within the industry.



FINANCIAL REVIEW

Throughput volume

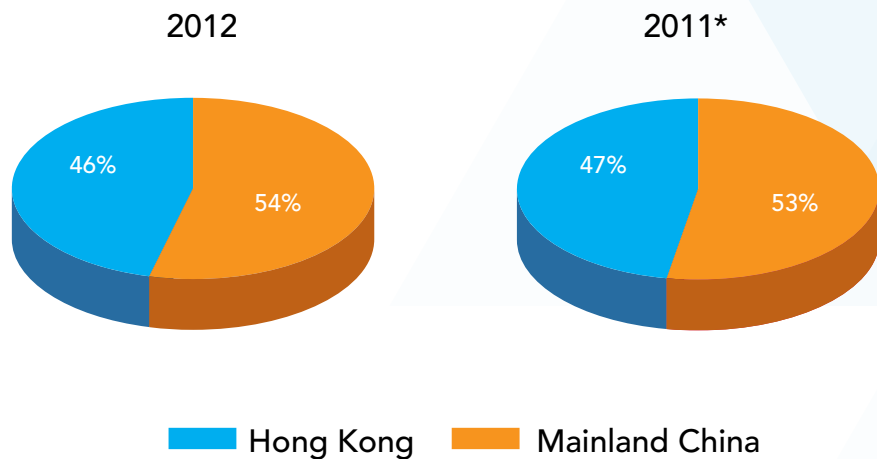
(TEU in thousand)



* 2011 throughput volume is on full year basis (i.e. includes the throughput volume before listing) for comparison purpose

Revenue and other income

Segment Information



* For the financial period from 25 February 2011 (date of constitution of the Trust) to 31 December 2011

The Trust was constituted on 25 February 2011 and the acquisition of assets and business undertakings of our initial portfolio was completed on 15 March 2011. Consequently, the financial period in the prior year was from 25 February 2011 to 31 December 2011 but there were no operating activities for the period prior to 16 March 2011. Accordingly, the consolidated income statement for the year ended 31 December 2012 was not comparable to the corresponding period in the prior year. As part of the listing exercise, the Trust provided projection figures for 2012 ("2012F") which can be found in the IPO Prospectus.

Summary of Financial Results

	2012A HK\$'M	2012F HK\$'M	2012A vs 2012F Fav./ (Unfav.)	2011A* HK\$'M	2012A vs 2011A Fav./ (Unfav.)
Revenue and other income	12,427	13,710	(9.4%)	9,735	27.6%
Total operating expenses	8,029	8,490	5.4%	6,017	(33.4%)
Profit for the year/period	3,585	4,046	(11.4%)	3,018	18.8%
Profit attributable to unitholders	2,288	2,589	(11.6%)	1,970	16.1%
Total distribution	4,462	4,463	–	3,283	35.9%
DPU for the year (HK cents)	51.24	51.24	–	37.70	35.9%

* For the financial period from 25 February 2011 (date of constitution of the Trust) to 31 December 2011

The Trust recorded revenue and other income for 2012 of HK\$12,427 million, which was 9.4% below the projection for the year. With economic uncertainties around the world and continuing global trade weakness, the Trust's deep-water ports registered throughput volume growth of 4.7%, which was 7.5% below the projected container throughput but still remarkably resilient given the challenges facing the industry. Due to our position as the preferred deep-water ports operator in the PRD, the Trust had not felt the economic impact suffered by some others in the industry.

Total operating expenses of the Trust was HK\$8,029 million, which was 5.4% below the projection. It was due to lower than projected container throughput, savings in staff costs and depreciation and amortisation.

Interest and other finance expenses came in 18.2% below the projection. It was mainly due to lower than projected interest rates for the US\$3.0 billion bank loan of HIT and the HK\$5.8 billion bank loans of YICT.

Profit before tax, after taking into account the combined effects of the above items, as well as share of profits less losses after tax of associated companies and jointly controlled entities, was 14.5% below the projection at HK\$3,961 million which was a stable performance under testing circumstances. While our industry as a whole was under strain, this result was a testament to the myriad of advantages enjoyed by our ports in Hong Kong and Yantian.

The Trust recorded a tax charge of HK\$376 million, which was 36.0% below the projection. It was mainly due to lower than projected profit, higher tax credits utilised by YICT and tax provisions written back after finalisation of 2011 profit tax.

Profit for the year ended 31 December 2012 was HK\$3,585 million, 11.4% below the projection with a net profit margin of 28.8%.

Funding and Borrowings

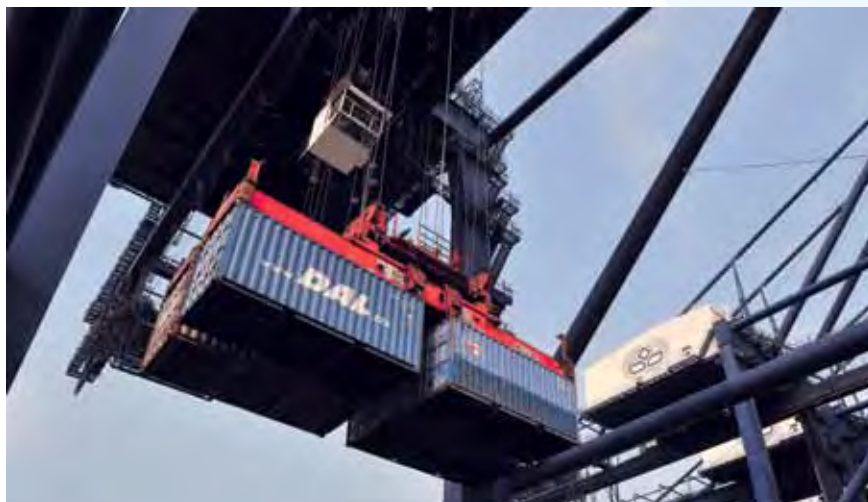
During the year, a repayment of bank loans of HK\$32.6 million was made and there was no drawdown of bank loans.

The Trust's outstanding bank loans were HK\$29.3 billion, with an effective interest rate of 1.6% per annum as at 31 December 2012. Details of the bank loans are set out on page 82 of the Annual Report.

Distribution

The Trust once again honoured its commitment to pay out 100% of its distributable income for the financial year with DPU of 51.24 HK cents, in line with the projection.

OPERATIONAL REVIEW



Over the course of 2012, HPH Trust's ports received 1,022 mega-vessel calls, among them the CMA CGM Marco Polo, which, with a carrying capacity of 16,020 TEU, is currently the largest container vessel sailing the seas.

Hong Kong

HIT and COSCO-HIT are two of the leading container terminal operators in Hong Kong and continue to give the Trust a huge competitive advantage. Their natural deep-water channels, cutting-edge operational technology, beneficial geographic positioning, and ability to service several mega-vessels simultaneously, have attracted numerous mega-vessels in recent years.

Over the course of 2012, HIT and COSCO-HIT received 339 mega-vessels calls from the world's major liners, among them the CMA CGM Marco Polo, which, with a carrying capacity of 16,020 TEU, is currently the largest container vessel sailing the seas.

Despite a weak global economy and slow growth in global trade in 2012, HIT managed to break a number of records highlighting the speed and efficiency that has made it one of the PRD's premier terminal operators. In May 2012, HIT broke its monthly throughput record, handling approximately 927,000 TEU, and on 17 June 2012, it broke its daily throughput handling record (set only one year earlier) with approximately 41,000 TEU.

These records were achieved through the use of advanced technologies at HIT and COSCO-HIT which ensure the Trust stays at the forefront of operational efficiency. One of those technologies is the Rail-Mounted Gantry Cranes (RMGCs). RMGCs are some of the most

advanced cranes in the world as they are highly automated and are able to shuffle and search containers according to the instructions given by the terminal operating system. HIT is currently the only terminal operator in Hong Kong to implement these cranes.

Hong Kong's geographic position, logistical efficiency and status as a free port allow foreign liners to conduct transshipment services for Chinese container trades, servicing a broader range of liners to pass through the terminals. The terminals have seen a growing emphasis on Asian and emerging markets trade routes, solidifying Hong Kong's position as an important transshipment hub. Both HIT and COSCO-HIT currently serve approximately 200 weekly services by trade routes.

Shenzhen, PRC

YICT is a key growth driver of the Trust and cemented its position in 2012 as one of the most operationally efficient ports in the world. Its contiguous deep-water berths, novel operational technology and advantageous geographic location ensure its position as a market-leading port in the PRD region. It currently serves approximately 100 weekly services by trade routes.

The visits of various mega-vessels helped YICT break a number of records in 2012, including handling over one million TEU a month for three consecutive months from August to October 2012, with a record high monthly throughput of 1.1 million TEU in August, achieving year-on-year growth of 11.7%. YICT's gatehouse also outperformed, handling



HIT is the only terminal in Hong Kong with RMGCs

Number of weekly services by trade routes

	HIT and COSCO-HIT	YICT
North America	30	34
Europe	24	34
Asia	109	13
Others	38	19
Total	201	100

Who was the first Hong Kong terminal operator to deploy RMGCs?

HIT was the first and only operator in Hong Kong to deploy RMGCs. They were deployed at the terminal in 1995. There are 24 of them in total which can stack containers up to 6 boxes high and 12 boxes wide.



OPERATIONAL REVIEW



approximately 25,000 containers, a new record for daily gate moves and an increase from the previous record of approximately 24,000 containers. On 8 January 2013, YICT achieved another milestone, handling its 100 millionth TEU in just 18.5 years.

To constantly keep improving, YICT made certain technological upgrades in the year to stay at the forefront of the industry. A new smart loading system, which utilises WiFi technology to automatically swap moves among loadable containers, makes operations more proficient and flexible. Furthermore, the Intelligent Yard Planning system, which utilises optimisation technology to facilitate macro yard planning, improves operational competency.

During the year YICT received various awards in recognition of this dedication to excellence. Among them were four Container Terminal

Throughput Prizes from the China Ports Association Container Branch and an ISO Environmental Management System Certificate for international best practice awarded in November.

To cope with the anticipated increase in capacity needs, the Trust is rolling out the extension of one of the container berths of West Port Phase I and the construction of three deep-water container berths at West Port Phase II. With the completion of the YICT Phase III Expansion, the port boasts the longest contiguous berth in the region, and is able to service numerous mega-vessels simultaneously.

With its advantageous location, YICT is the gateway to one of the densest manufacturing regions in the world. With its superior rail and road connections to inner China, and with the planned developments at this natural deep-water port, YICT will increase its leading position in the PRD.

Growth Strategy

The Trust's strategic objective is to cement its market-leading position and ensure its sustainability far into the future for the benefit of all unitholders. This will ensure stable and regular distributions and long-term DPU growth. The following are our three core growth strategies which have been in place since our IPO in 2011.

Active business and asset management

The Trust continuously plans and implements initiatives to improve infrastructure and facilities, customise innovative solutions, provide value-added services to customers and maintain a close rapport with key stakeholders. Simultaneously, margins are kept consistently within targets by enhancing our throughput mix, improving operational efficiency and reducing cost to stay ahead of the competition.

How many mega-vessels called at HPH Trust's ports in 2012?

HPH Trust's ports welcomed 1,022 mega-vessel calls in 2012.

Risk and capital management

To effectively implement growth strategies and maximise returns to unitholders, the maintenance of an optimal capital structure is crucial. The Trust also adopts a proactive interest rate management policy to manage the risk associated with fluctuations in the interest rate environment.

Development and acquisition

The Trust continues to pursue selective value-enhancing and third party acquisition opportunities. Opportunities for consolidation in the deep-water ports container market are promising as expanding trade activity in the PRD raises the demand for deep-water ports.

As the world's leading port operator, HPH has granted the Trust certain rights to participate in, or have first refusal over, any future deep-water container ports developed or acquired by HPH in the PRD.

Outlook

While the global economy remains sluggish, the US economic recovery appears to be showing signs of health and gaining increased momentum. However, US demand is not expected to grow at the same rate as before the economic downturn and Eurozone demand will remain low with increasing unemployment, government budget cuts and weak consumer sentiment, all contributing to a lack of trade demand.

The Trust believes that emerging countries will play a far more significant role in driving the global economic recovery than in any previous business cycle. Transshipment growth along routes among the PRD and the rest of Asia, Africa, South America, Central America and Oceania is expected to continue to outperform those of the US and Europe. The Trust also continues to benefit from China's continuous growth with the PRD remaining its main cargo

source as the gateway to the Guangdong Province trade catchment area.

On the industry front, liners continue to reduce costs and achieve economies of scale by deploying more mega-vessels, entering into more vessel sharing agreements and consolidating traffic at larger ports. The Trust will benefit from this shift with our superior infrastructure, natural deep-water channels, long continuous berths and sheer scale of operations. We believe that we have the competitive advantage to give these new vessels the quality service levels they demand. Due to these strong fundamentals, the Trust's ports are able to respond promptly and effectively to any challenges.





Which was the first entity to use the dual currency trading counter on SGX?

HPH Trust units began trading in both Singapore and US Dollars on 2 April 2012, making it the first entity to launch dual currency trading of its units on SGX.



Staying ahead *in the industry*

A focus on improving the productivity and efficiency of Hutchison Port Holdings Trust's operations results in **formidable partnerships** and a **capacity for further expansion**, making HPH Trust a sound investment.

CORPORATE MILESTONES



- February**
 YICT was awarded Outstanding Enterprise for Production Safety in the Transportation Industry 2011 by the *Transport Committee of Shenzhen Municipality*

- 2 April**
 HPH Trust was the first entity to launch dual currency trading of its units on SGX

- 30 April**
 HPH Trust held its first Annual General Meeting. All resolutions were approved by unitholders

- July**
 YICT was awarded Enterprise with Excellent Statistics Performance in the Transportation Industry 2011 by the *General Office of the Ministry of Transport, China*

- 26 July**
 HPH Trust appointed Mr. Yim Lui Fai, Gerry as CEO, succeeding Ms. Hai Chi Yuet

2012

FEB

MAR

APR

MAY

JUN

JUL

AUG



- 29 March**
 DPU of 23.40 HK cents paid out for the period from 1 July 2011 to 31 December 2011

- May**
 HIT broke its monthly throughput record handling approximately 927,000 TEU

- June**
 YICT was awarded Outstanding Enterprise for Energy Saving 2011, by the *Energy Saving Steering Committee of Yantian District, Shenzhen*, for minimising carbon footprint

- 17 June**
 HIT broke its daily throughput record handling approximately 41,000 TEU

- August**
 YICT handled over one million TEU a month for three consecutive months from August to October, with a record high monthly throughput of 1.1 million TEU in August

YICT also broke its weekly throughput record handling approximately 284,000 TEU





Asia Container Terminals

21 September
DPU of 24.05 HK cents paid out for the period from 1 January 2012 to 30 June 2012

25 September
YICT was awarded Compliance Unit by the *World Health Organization* in respect of "Development of Core Capacity of Ports of Entry in China"



27 September
YICT's gatehouse handled approximately 25,000 containers, setting a new record for daily gate moves



8 January
YICT handled its 100 millionth TEU in just 18.5 years

7 March
HPH Trust acquired 100% interest in ACT, which is also known as Container Terminal 8 West and adjacent to the Trust's existing container terminals at Kwai Tsing Port



14 March
HPH Trust received the Eco Advocate Award from the *Asia-Pacific Enterprise Cooperation*. It recognises the Trust's commitment to operating its businesses in an environmentally-sustainable manner

SEP

OCT

NOV

2013

JAN

MAR



27 October
YICT was awarded Technological Innovation with the Utilisation of LNG Tractors at the terminal for sustainable tractor operations by the *China Ports Association Container Branch*



November
The world's largest container vessel, CMA CGM Marco Polo, capable of carrying 16,020 TEU, made its maiden call at HIT and YICT

9 November
YICT was awarded four Container Terminal Throughput Prizes by the *China Ports Association Container Branch*

13 November
YICT was awarded ISO 14001:2004 Environmental Management System Certificate for conforming to international best-practice



CORPORATE SOCIAL RESPONSIBILITY



Dahaicun Hope Primary School children at the YICT summer camp

Nurturing Future Leaders

With a strong belief in the importance of nurturing young talents, HPH Trust is committed to various initiatives that offer students opportunities to learn more about the logistics industry.

Summer Internship Programme

In 2012, YICT held its seventh annual three-week summer internship for students from Dalian Maritime University and Shenzhen University. This year's programme ran from 23 July to 11 August, with a total of 24 students taking part.

The programme involves the study of terminal operations, research of enterprise management and an introduction to corporate culture. The interns were divided into six groups amongst three departments: the Operations & Services Department; the Railway & Logistics Services Department; and the Engineering Department.

To give the students an insight into corporate management and culture at the company, Mr. Patrick Lam, managing director of YICT, also held a discussion session with the interns during the programme. He shared experiences from his school days through to his career, providing the students with insights on working in the industry. He also provided the students with advice on how to improve their learning abilities and how to forge a successful career.

Offering opportunities for the next generation to learn about the industry, HIT conducted its annual summer internship programme in June 2012. The programme involved six staff members from Contract and Procurement, Engineering, Operations and Operations Development and Technology, mentoring and guiding the 33 tertiary students throughout an eight-week programme during which they were assigned to work at a particular department in order to gain

actual working experience. HIT also arranged for the students team building workshops and terminal tours to HIT, YICT and Zhuhai International Container Terminals (Gaolan).

Summer Camp Exchange Programme

On 30 July 2012, 12 students from Dahaicun Hope Primary School participated in the seventh annual YICT Summer Camp. This programme was established in 2005 as a reward for school children who had excelled academically in the last school year.

As part of the 2012 programme, the students learnt calligraphy and staged performances with other students from Tianxin Primary School in the Yantian District. These interactive activities allowed the children not only to make new friends, but also broadened their exposure to new skills and cultural knowledge.

In July 2012, YICT, along with Hong Kong charity group Chi Heng Foundation, organised a day trip to Shenzhen for 30 students from underprivileged families in Central China. The students were given an overview of the port operations at YICT, a tour of the facilities and a boat trip along the quayside. It is the third year of collaboration between the two organisations, with the initiative already benefitting around 100 students.

How many heads of state have visited HIT over the years?

A total of 19 heads of state and royal family members, with another 107 top level government officials from around the world, have visited HIT since 1991.



HIT staff at the CCG outing with elderly residents

HPH Dock School Programme

The HPH Dock School Programme was established in 1992 with the aim of "adopting" schools in need of assistance that are located near ports in the HPH global network. This global CSR initiative is intended to support local communities in which our ports operate.

In Hong Kong, HIT continues its adoption of two local schools, the Tsuen Wan Trade Association School and Hong Kong Institute of Vocational Education (IVE) Tsing Yi ("IVE"), providing scholarships and initiating educational programmes.

This year, HIT presented scholarships to the top three students in each grade at Tsuen Wan Trade Association School. HIT also sponsored daily newspapers for the school, allowing students to enhance their language skills and increase their

knowledge of current affairs, as well as heritage outings, giving them a chance to experience Hong Kong's diverse culture and history.

Another long-running programme that HIT sponsors is the final year students' project at IVE. This year, the project focused on the logistics industry and scholarships were presented to outstanding students. HIT also spearheads a programme with IVE, aimed at introducing secondary school students to the supply chain and logistics industry through an annual quiz contest. The contest was held at the IVE campus, and over ten schools participated.

Helping The Community

In 2012, HPH Trust continued its efforts to reach out to less privileged groups in the community, including the elderly, as well as the physically challenged.

Care for the elderly

HIT, COSCO-HIT and YICT are all deeply committed to reaching out to the elderly in their respective communities.

HIT

Many of HIT's volunteer Community Care Group ("CCG") events involve helping the elderly in the local community.

On 7 January 2012, CCG helped to clean the homes of elderly residents in the Kwai Tsing district where the port is located. More than 30 employees and their families took part, cleaning the houses of 11 elderly families in preparation for the Lunar New Year. The CCG also helped households in the area with maintenance of small electrical appliances. In addition to house cleaning, they organised an annual Christmas party and outing for residents.



Underprivileged children visiting YICT from Central China



HIT employees participating in the Moonwalkers 2012 fundraising walk

CORPORATE SOCIAL RESPONSIBILITY



School children at the YICT Summer Camp Exchange Programme

In October 2012, CCG coordinated a lunch and leisure visit to heritage sites along the Yuen Long and Ping Shan Heritage Trails.

COSCO-HIT

On 27 April 2012, 11 COSCO-HIT colleagues visited Hong Kong Sheng Kung Hui On Yam Day Care Centre for the Elderly in Kwai Chung to distribute gifts to the elderly. The Centre is a daily care centre catering 30 elderly during the day, providing them an opportunity to mingle with others. COSCO-HIT will also be setting up a COSCO-HIT volunteer team in 2013 to arrange more frequent visits to elderly homes and social centres.

YICT

On 18 January 2012, about 15 YICT volunteers visited the Yantian District Welfare Centre, and decorated the residents' rooms with spring festival couplets and cut paper artwork, wishing them happiness and good health for the coming Lunar New Year.

During the Mid-Autumn Festival, YICT volunteers also brought gifts and mooncakes for the centre's residents, and on Chongyang Festival, presented gifts and blankets to the residents to prepare them for the coming winter months.

Helping the less fortunate in Singapore

In 2012, HPH Trust contributed towards The Bull Charge, an annual fund-raising event by the Singapore Exchange, in support of four different welfare organisations that help the needy in Singapore.

Raising awareness of blindness

One of the landmark events for HIT's CCG in 2012 was the participation in Moonwalkers 2012, an overnight walk which is a signature fundraising campaign of ORBIS Hong Kong, an association that raises public awareness of eye care issues. The walk spans over 30 kilometres from Hong Kong's Mong Kok Fa Hui Park to the Sai Kung Ferry pier. 20 CCG members participated in the event raising a total of HK\$17,410.

Taking a stand against abuse

In October 2012, the CCG sold flags in Hong Kong's Wan Chai district to help raise funds for the End Child Sexual Abuse Foundation.

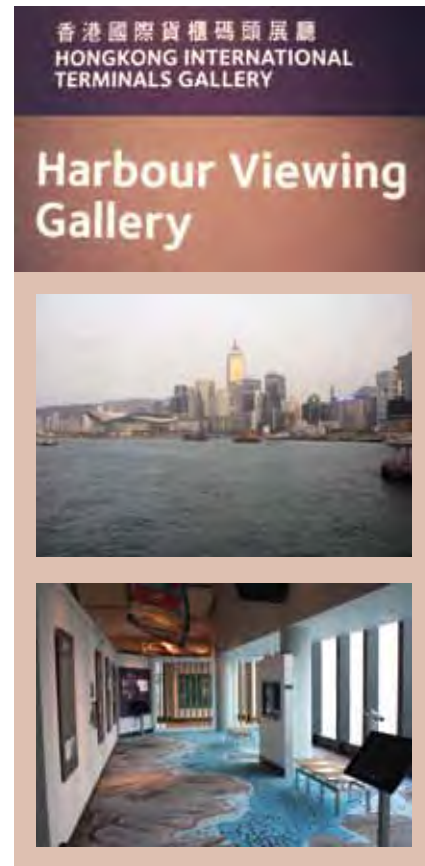
Maritime history support

In support of the rich maritime history of Hong Kong, HIT has sponsored a gallery at the newly relocated Hong Kong Maritime Museum in Victoria Harbour, which opened doors to the public on 25 February 2013. Hongkong International Terminals Gallery features a recreation of Hong Kong's vibrant harbour at various times in its evolution, and includes a radar through which visitors can view real-time port and vessel movements. The operations of HIT are also showcased in a short film.

Accolades

HPH Trust aims to be a responsible corporate citizen by assisting the community, nurturing youth, and operating in an environmentally-sustainable manner. HIT is pleased to be awarded the Caring Company Award, organised by The Hongkong Council of Social Service. HIT has received the award for the past nine years, APS for the past eight years, and Hutchison Logistics (Hong Kong) in 2011 for the first time.

In recognition of their works for elderly, CCG also received the Care for the Elderly certificate from the Social Welfare Department on 19 February 2012.



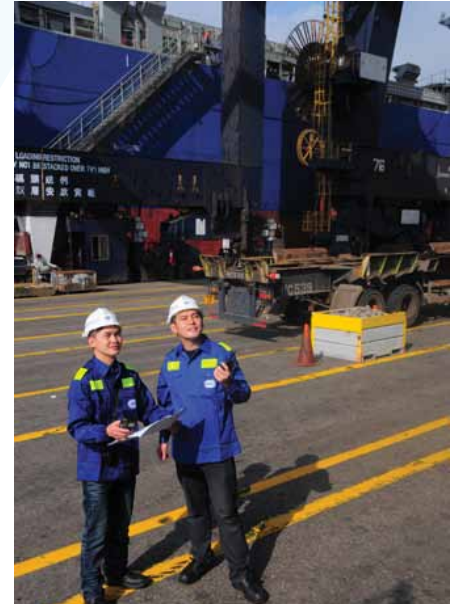
Hongkong International Terminals Gallery at the Hong Kong Maritime Museum



HEALTH AND SUSTAINABILITY



Staff performing regular check to ensure workplace safety



Workplace Safety

HPH Trust places great emphasis on safety in the workplace and is a long-time advocate of road safety.

This year HIT continued its support of the Road Safety Campaign organised by Kwai Tsing District Council Road Safety Committee. HIT ran a game booth at the Road Safety carnival, which raised local residents' awareness on road safety issues.

To promote the highest standards of health and safety practice for employees, contractors and visitors at HIT, the Trust was delighted to sign the Occupational Safety Charter certificate. The Certificate was presented on 16 February 2012 jointly by the Occupational Safety and Health Council and the Labour Department of Hong Kong and is a declaration of workplace safety in all business activities.

Public awareness is critical in promoting safety, and HIT contributed towards this by sponsoring the Safety Quiz 2012, organised by the Occupational Safety and Health Council, to raise public awareness on occupational safety and health issues. The Quiz was held on

16 September 2012 at the Council's Occupational Safety and Health Academy.

On 29 June 2012, HIT co-organised a Container Terminals Safe Driving Quiz with the other four terminal operators in Hong Kong to raise the driving safety awareness of all terminals personnel. A total of 16 teams from the organizing companies and their contractors joined the quiz.

Sustainability

Care for the environment is also a priority and the Trust continually reviews its sustainability and green practices.

Pioneering the latest technology in clean energy

YICT is a pioneer to use Liquefied Natural Gas (LNG) to power its fleet of container tractors in China. YICT signed an agreement with China National Offshore Oil Corporation for it to supply LNG to the terminal's LNG tractors in March 2012. The terminal has 210 LNG-powered tractors in operation at the end of 2012, which emit 82% less particulate matters than diesel-powered container tractors of the same horsepower.

HEALTH AND SUSTAINABILITY



New order of ten hybrid RTGCs at HIT in February 2013

To reduce port emissions and save fuel, YICT also uses electric powered Rubber-Tyred Gantry Cranes (RTGCs). Currently YICT has 150 electric RTGCs in addition to their 19 hybrid RTGCs, which run on both electricity and diesel and reduce fuel and carbon emissions by 40%.

HIT also uses hybrid RTGCs and recently took delivery of ten new cranes. The ten cranes are one-over-six models, with a lifting capacity of 41 tonnes, and are fitted with a battery which stores and releases energy during the cycle of operation. This brings HIT's total fleet of RTGCs to 152, including 71 hybrid RTGCs.

Sharing and exchanging green ideas

YICT's Environment Week ("Week"), which began on 28 March 2012, is organised to share ideas and initiatives on green port concepts with staff, customers, associates and the community. One of the activities held during the Week was a quiz game where staff need to use information from display boxes to answer various environmental questions. YICT staff were also shown a documentary film explaining the state of the world's oceans and the future of the planet.

YICT also encourages employees to implement green initiatives in their daily life, such as recycling and reusing paper and switching off lights when they are not in use. YICT employees can also provide suggestions to conserve energy or protect the environment, many of which are incorporated into regular company practices, such as reusing rain water for irrigation.

Contributing towards marine conservation

Being mindful of the environment that it operates in, YICT takes proactive action to help preserve the marine population as well. On 8 June 2012, YICT together with the Shenzhen Agriculture and Fishery Bureau released over seven million fish fingerlings into the waters of Yantian Port. Now in its fourth year of releases, this event has seen over 30 million fingerlings released into the port.

Accolades

The Trust's commitment to protecting the environment is recognised in the various accolades it received in 2012. HPH Trust received the Eco Advocate Award from the Asia-Pacific Enterprise Cooperation for its environmentally-sustainable operations. Other awards included the Technological Innovation Award given to YICT for its use of LNG-powered tractors by the China Ports Association Container Branch. YICT was also affirmed as an Outstanding Enterprise for Energy Saving 2011 by the Energy Saving Steering Committee of Yantian District.

HPH Trust is also committed to providing a safe and healthy work place environment for its staff. This year, HIT is awarded the Indoor Air Quality Certificate Award by the Indoor Air Quality Information Centre. The award recognizes HIT's effort in implementing good indoor air quality practices within its premises.



Who was the first operator to handle 100 million TEU for a single container terminal?

HIT was the first container terminal operator in the world to achieve this record, handling its 100 millionth TEU in 2006.

On 8 January 2013, YICT handled its 100 millionth TEU, a record it achieved in a mere 18.5 years.

INVESTOR RELATIONS



HPH Trust believes that it is our duty to establish long-term and cordial relations with all of our stakeholders. To this end we aim to provide timely and accurate communications to all investors, media, analysts and any other parties who have an interest in the Trust. We believe that being open and fair, with clear facilities for enquiry and feedback, is imperative for maintaining trust with our stakeholders.

Furthermore, being international in nature, with a listing in Singapore and operations in Hong Kong and China spurs us on to provide greater disclosure in an effort to go above and beyond the regulatory obligations. To manage this task we have dedicated investor relations and corporate communications teams in Hong Kong and Singapore who are ready at all times to avail themselves to stakeholders' needs. We have also recently uploaded the Trust's Investor Relations Policy onto our corporate website (www.hphtrust.com/misc/IRPolicy.pdf), which details our commitment to promoting effective and efficient communication with all unitholders.

The following are some examples of recent activities we undertook in 2012 to promote good governance and ensure consistent and timely news flow.

Announcement of Financial Results

We publish timely announcements of our financial results on the Singapore Exchange Securities Trading Limited's

online portal ("SGXNET") and our corporate website (www.hphtrust.com) for the public to access.

Our results announcements are followed by management briefings, where the management provide an overview of the most significant aspects of the published results. Our Annual General Meeting maintains a high level of accessibility as it offers a platform for frank discussions between the Board and unitholders. The first AGM held last year was extremely well attended.

Corporate Literature

All significant corporate announcements are posted on SGXNET, as well as immediately uploaded on the dedicated "Investor Relations" section (www.hphtrust.com/investor_home.html) of our corporate website for easy access by the public.

Our Annual Report, which provides a comprehensive update on the year's performance and corporate developments, as well as any other relevant corporate literature, is also loaded onto our corporate website.

Conferences, Briefings and Road Shows

HPH Trust is particularly keen to update investors on corporate actions and key developments. Senior management regularly take part in meetings at road shows and conferences, as well as via video conferences and teleconferences with investors and potential investors.

In 2012, the Trust met with over 200 institutional analysts and investors from all over the world. To generate greater awareness and interest, we have also participated in key investor conferences including Citi Greater China Investor Forum, DBS Vickers Corporate Access Day, HSBC Asia Investor Forum, Mizuho Investment Conference and the SGX UBS Global Markets Conference, just to name a few.

Research Coverage

The Trust understands that timely and relevant disclosure to research analysts is in the benefit of all unitholders. Thus senior management and the investor relations team strive to maintain close contact with all research houses who may wish to understand the business.

The Trust is currently covered by around 20 research houses, including Barclays Capital, Citi Global Markets, CLSA, Credit Suisse, Daiwa Capital Markets, DBS, Deutsche Bank, DMG & Partners Research, Goldman Sachs, HSBC, Jefferies, J.P. Morgan, Merrill Lynch, Morgan Stanley, Standard Chartered, UBS and UOB Kay Hian.

Site Visits

The Trust is delighted to host analysts and investors at the ports so that they can gain first-hand experience of our operations and market-leading position. We believe this helps investors understand the business and reinforces the inherent value and scale of our operations. On top of these investor visits, HPH Trust regularly hosts VIP visits for various Heads of State and ministry officials.

CORPORATE INFORMATION

TRUSTEE-MANAGER

Hutchison Port Holdings Management Pte. Limited

BOARD OF DIRECTORS

Chairman and Non-executive Director

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

Deputy Chairman and Non-executive Director

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

Executive Director

Mr. IP Sing Chi, BA

Non-executive Directors

Mr. Frank John SIXT, MA, LLL

Independent Non-executive Director and Lead Independent Director

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

Independent Non-executive Directors

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

AUDIT COMMITTEE

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

REGISTERED OFFICE

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

COMPANY SECRETARY

Ms. LIM Ka Bee

UNIT REGISTRAR AND UNIT TRANSFER OFFICE

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

AUDITOR

PricewaterhouseCoopers LLP
8 Cross Street
#17-00 PWC Building
Singapore 048424
Telephone: (65) 6236 3388
Fax: (65) 6236 3300

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

PRINCIPAL BANKERS

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

CORPORATE DIRECTORY

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

CORPORATE GOVERNANCE REPORT

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

The Trustee-Manager strives to attain and maintain the highest standards of corporate governance as it believes that effective corporate governance practices are fundamental to enhancing unitholders' value and safeguarding interests of unitholders and other stakeholders. Accordingly, the Trustee-Manager has adopted sound corporate governance principles that emphasise an experienced Board of Directors (the "Board"), effective internal control, stringent disclosure practices, transparency and accountability. It is, in addition, committed to continuously improving these practices and inculcating an ethical corporate culture.

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

BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1

The Board is responsible for directing the strategic objectives of HPH Trust and overseeing the management of the business of HPH Trust. Directors are charged with the task of promoting the success of HPH Trust and making decisions in the best interests of HPH Trust. The Board has established a framework for the management of HPH Trust, putting in place all relevant internal controls and risk management processes.

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

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

The Board meets at least once every quarter. Amongst other things, the Board approves the quarterly and full-year financial results for release to the Singapore Exchange Securities Trading Limited ("SGX-ST") and material transactions requiring announcements under the Listing Manual of the SGX-ST.

As and when necessary, board meetings are also supplemented by resolutions circulated to Directors for decisions.

The Board held four meetings in 2012 with an average Director attendance of 94%.

	Name of Director	Attended/Eligible to attend
Chairman and Non-executive Director	Mr. Fok Kin Ning, Canning	4/4
Deputy Chairman and Non-executive Director	Dr. John Edward Wenham Meredith	4/4
Executive Director	Mr. Ip Sing Chi	4/4
Non-executive Director	Mr. Frank John Sixt	3/4
Independent Non-executive Directors	Mr. Chan Tze Leung, Robert	4/4
	Mr. Graeme Allan Jack	4/4
	Prof. Ma Si Hang, Frederick	4/4
	Mrs. Sng Sow-Mei (alias Poon Sow Mei)	4/4
	Mr. Kevin Anthony Westley	3/4

To enable Directors to fully discharge their duties and obligations, each Director has been furnished with a legal and regulatory compliance manual prepared by professional advisers. They have also been provided with updates and briefings from time to time by professional advisers, auditors and Management on relevant practices, new laws, rules and regulations, changes in accounting standards and risk management issues applicable or relevant to the performance of their duties and responsibilities as Directors.

CORPORATE GOVERNANCE REPORT

Board Composition and Guidance

Principle 2

The composition of the Board is determined using the following principles:

- (i) The majority of Board members should be Non-executive and Independent Directors;
- (ii) The Chairman of the Board should be a Non-executive Director;
- (iii) The Board should comprise Directors with a wide range of commercial and management experience; and
- (iv) At least a majority of the Directors should be independent from management and business relationships with the Trustee-Manager and from every substantial shareholder of the Trustee-Manager.

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

Chairman and CEO

Principle 3

The role of the Chairman and the Deputy Chairman are separate from that of the CEO. Such division of responsibilities helps to reinforce their independence and accountability.

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

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

In 2012, Mrs. Sng Sow-Mei (alias Poon Sow Mei) has been appointed as the Lead Independent Director of the Trustee-Manager. Unitholders may contact the Lead Independent Director in cases where they have concerns for which contact through normal channels of the Chairman, the CEO or the CFO has failed to resolve the issue or is inappropriate. Her contact details are available on HPH Trust's corporate website (www.hphtrust.com/corporate_governance.html).

CORPORATE GOVERNANCE REPORT

Board Membership

Principle 4

As at 31 December 2012, the Board comprised nine Directors, including the Chairman, the Deputy Chairman, one Executive Director, one Non-executive Director and five Independent Non-executive Directors. Biographical details of the Directors are set out on pages 14 to 16 of the Annual Report and on the HPH Trust's corporate website.

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

The Board is satisfied that the Directors have given sufficient time and attention to the affairs of the Trustee-Manager and HPH Trust. From time to time, new Directors may be identified for appointment, if necessary, to complement the experience and competency of the existing members of the Board.

Directors' Independence

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

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

- In the case of Mrs. Sng Sow-Mei (alias Poon Sow Mei), notwithstanding that she is currently an independent director and a member of the audit committees of Cheung Kong Infrastructure Holdings Limited ("CKI"), which is listed in Hong Kong; ARA Asset Management (Fortune) Limited ("Fortune REIT Manager"), which manages Fortune Real Estate Investment Trust ("Fortune REIT"), which is listed in Singapore and Hong Kong; ARA Trust Management (Suntec) Limited ("Suntec REIT Manager"), which manages Suntec Real Estate Investment Trust ("Suntec REIT"), which is listed in Singapore; and ARA Asset Management (Prosperity) Limited ("Prosperity REIT Manager"), which manages Prosperity Real Estate Investment Trust ("Prosperity REIT"), which is listed in Hong Kong, the Directors noted that these roles should not interfere with her ability to exercise independent judgment in the interests of the unitholders of HPH Trust for the following reasons:
 - (i) Mrs. Sng does not have any relationship with the chief executive officers, members of the management teams, boards of directors or major shareholders or unitholders of these companies or real estate investment trusts ("REITs").
 - (ii) She is not involved in the day-to-day management and operation of these companies or REITs.
 - (iii) She does not own any shares or units in CKI, Suntec REIT and Prosperity REIT and she is only a minority unitholder of Fortune REIT (listed in Singapore and Hong Kong) holding 220,000 units.
 - (iv) She exercises independent judgment as a member of the audit committees of the above-mentioned companies or REITs, in particular on interested person transactions and on internal audit control and management.
 - (v) The above-mentioned companies/REITs of which she is currently an independent director are in different businesses from HPH Trust.

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

CORPORATE GOVERNANCE REPORT

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

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

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

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

Board Performance

Principle 5

A review of the Board's performance was undertaken informally and factors taken into consideration include the attendance at meetings, contributions and performance of each individual Director and the independence of Directors.

Access to Information

Principle 6

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

The Company Secretary, Ms. Lim Ka Bee, and the Deputy Company Secretary, Ms. Edith Shih, are responsible to the Board for ensuring that Board procedures are followed and Board activities are efficiently and effectively conducted. These objectives are achieved through adherence to proper Board processes and the timely preparation and dissemination to Directors of comprehensive meeting agendas and papers. Minutes of all Board and Audit Committee meetings are prepared and maintained by the Company Secretary to record in sufficient details the matters considered and decisions reached by the Board or Committee, including any concerns raised or dissenting views voiced by any Director. The minutes are available for inspection by any Director at any reasonable time and on reasonable notice.

The Company Secretary and the Deputy Company Secretary are responsible for ensuring that the Board is fully apprised of all legislative, regulatory and corporate governance developments relating to the Group and that it takes these into consideration when making decisions for the Group.

CORPORATE GOVERNANCE REPORT

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7

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

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

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

Level and Mix of Remuneration

Principle 8

The remuneration of key executives is determined with reference to their expertise and experience in the industry, the performance and profitability of the Group as well as remuneration benchmarks from other local and international companies and prevailing market conditions. They also participate in bonus arrangements which are determined in accordance with the performance of the Group and the individual's performance.

Disclosure on Remuneration

Principle 9

The table below disclosed in bands of S\$250,000, remuneration for the top five key executives for the financial year ended 31 December 2012:

	Salary %	Variable Bonus %	Benefits %	Total %
Key Executives				
S\$750,000 to S\$1 million Mr. Yim Lui Fai, Gerry Chief Executive Officer (appointed on 26 July 2012) Managing Director, HIT	31	67	2	100 ¹
S\$500,000 to S\$750,000 Mr. Ivor Chow Chief Financial Officer and Investor Relations Officer Executive Director, HIT	59	36	5	100 ¹
Mr. Ying Tze Man, Kenneth Managing Director, COSCO-HIT	57	38	5	100
S\$250,000 to S\$500,000 Ms. Hai Chi Yuet Chief Executive Officer (retired on 26 July 2012) Managing Director, YICT	79	8	13	100 ¹
Ms. Lee Tung Wan, Diana Deputy Chief Financial Officer Finance and Legal Director and Company Secretary, YICT	65	29	6	100 ¹
Ms. Tse Ting Ting, Anny Head of Human Resources General Manager – Human Resources, HIT	60	34	6	100 ¹

Note:

¹ Most of the aggregate compensation of the relevant key executives will be paid by the relevant operating subsidiaries of the Group (HIT to Mr. Yim Lui Fai, Gerry in his role as Managing Director of HIT, Mr. Ivor Chow in relation to his role as Executive Director of HIT, and Ms. Tse Ting Ting, Anny in relation to her role as General Manager – Human Resources of HIT, and YICT to Ms. Hai Chi Yuet in relation to her role as Managing Director of YICT before her retirement on 26 July 2012, and Ms. Lee Tung Wan, Diana in relation to her role as Finance and Legal Director and Company Secretary of YICT), with the remainder of the aggregate compensation of each of the relevant key executives being paid by the Trustee-Manager (out of its own account)

CORPORATE GOVERNANCE REPORT

There are no employees of the Trustee-Manager and the Group who are immediate family members of the Directors or the CEO and whose remuneration exceeded S\$150,000 during the financial year ended 31 December 2012.

The remuneration of the Trustee-Manager is provided for in the Trust Deed. The Trustee-Manager is entitled under the Trust Deed to management fees, acquisition fee, divestment fee and development fee based on pre-agreed mechanisms in the Trust Deed. Fees paid to the Trustee-Manager for the financial year ended 31 December 2012 are set out on page 88 of the Annual Report.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10

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

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

Audit Committee

Principle 11

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

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

The Audit Committee held four meetings in 2012 with an average member attendance of 92%.

Name of Member	Attended/Eligible to attend
Mr. Graeme Allan Jack (Chairman)	4/4
Mr. Frank John Sixt	3/4
Mrs. Sng Sow-Mei (alias Poon Sow Mei)	4/4

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

CORPORATE GOVERNANCE REPORT

The Audit Committee assists the Board in meeting its responsibilities for maintaining an effective system of internal control. It reviews the process by which the Group evaluates its control environment and risk assessment process, and the way in which business and control risks are managed. It reviews with the Group's internal auditor the work plan for its audits together with its resource requirements, and considers the internal auditor reports to the Audit Committee on the effectiveness of internal controls in the Group business operations. In addition, it also receives reports from the Deputy Company Secretary on the Group's compliance status with regulatory requirements. These reviews and reports are taken into consideration by the Audit Committee when it makes its recommendation to the Board for approval of the consolidated financial statements for the year.

During 2012, the Audit Committee reviewed the volume and nature of non-audit services provided by the external auditor and received the requisite information from the external auditor evidencing the latter's independence. Based on the information, the Audit Committee is satisfied that the financial, professional and business relationships between HPH Trust and the external auditor will not prejudice the independence and objectivity of the external auditor.

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

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

Internal Controls

Principle 12

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

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

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

Internal Control Environment

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

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

Review of Internal Control Systems

The Board, through the Audit Committee, has conducted a review of the effectiveness of the Group's internal control systems for the year ended 31 December 2012 covering all material financial, operational, compliance and information technology controls as well as risk management functions, and is satisfied that such systems are effective and adequate. Such review covered reviews on the Group's compliance with terms provided for in the right of first refusal agreement (the "ROFR Agreement") and the non-compete agreement (the "Non-Compete Agreement"), both dated 28 February 2011, entered into between Hutchison Port Holdings Limited ("HPH") and the Trustee-Manager, in its capacity as the trustee-manager of HPH Trust. Details of the ROFR Agreement and Non-Compete Agreement are set out in the "Statement of Policies and Practices" section on page 46 of the Annual Report. In addition, it has also reviewed and was satisfied with the adequacy of resources, qualifications and experience of the staff of the Group's accounting and financial reporting function, and their training programmes and budget.

Internal Audit

Principle 13

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

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

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

Legal and Regulatory Compliance

The Legal Department has the responsibility of safeguarding the legal interests of the Group. It monitors the day-to-day legal affairs of the Group, including preparing, reviewing and approving all legal and corporate secretarial documentation of Group companies, working in conjunction with finance, corporate secretarial and business unit personnel on the review and co-ordination process, and advising management of legal and commercial issues of concern. In addition, the Legal Department is responsible for overseeing regulatory compliance matters of all Group companies. The department also determines and approves the engagement of external legal advisors, ensuring the requisite professional standards are maintained as well as most cost effective services are rendered.

CORPORATE GOVERNANCE REPORT

Risk Management

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

Communication with Unitholders

Principle 14

The Group actively promotes investor relations and communication with the investment community when the quarterly and full-year financial results are announced and during the course of the year. In 2012, HPH Trust has put in place an Investor Relations Policy to ensure pertinent information is conveyed to unitholders regularly in order to promote regular, effective and fair communication with unitholders. Through its CEO and CFO and the Group's Corporate Affairs function, the Group responds to requests for information and queries from the investment community including institutional unitholders, analysts and the media through regular briefing meetings, conference calls and presentations.

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

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

Greater Unitholders Participation

Principle 15

At the Annual General Meeting of the unitholders, unitholders will be given opportunities to participate, engage, and openly communicate their views on matters relating to HPH Trust to the Board. The Chairman of the Board, Management as well as the external auditor will be available to attend to any queries raised by the unitholders.

In accordance with the Trust Deed, a unitholder of HPH Trust is allowed to appoint one or two proxies to attend and vote at any meeting of unitholders on his behalf through proxy forms sent in advance.

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

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

DEALING IN SECURITIES

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

Directors and executives are also expected to observe insider-trading laws at all times even when dealing with units of HPH Trust within the permitted trading period. All Directors and key officers may, as requested by the Trustee-Manager, be required to confirm annually that they have complied with and are not in breach of the provisions of this Code of Conduct.

CORPORATE GOVERNANCE REPORT

CORPORATE SOCIAL RESPONSIBILITY

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

The Group is committed to the long-term sustainability of its businesses and the communities in which it conducts business. It has adopted a proactive approach to environmental, social and governance responsibility and focuses on impetuses related to our stakeholders, our employees, the environment, our operating practices and the community.

STATEMENT OF POLICIES AND PRACTICES

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

- (a) The trust property of HPH Trust is properly accounted for and trust property is kept distinct from the property of the Trustee-Manager held in its own capacity. Different bank accounts are maintained for the Trustee-Manager in its capacity as trustee-manager of HPH Trust and the Trustee-Manager in its own capacity, and regular internal reviews are carried out to ascertain that all trust property has been fully accounted for.
- (b) The Management provides regular updates to the Board and the Audit Committee about potential projects that it is looking into on behalf of HPH Trust and the Board and the Audit Committee ensure that all such projects are within the permitted business scope under the Trust Deed. Prior to the carrying out of any significant business transaction, the Board, the Audit Committee and/or the Management will have careful regard to the provisions of the Trust Deed and when in doubt seek advice from professional advisers.
- (c) The Trustee-Manager is not involved in any other businesses other than managing HPH Trust. All potential conflicts, if arising, will be identified by the Board and the Management and reviewed. In addition, the majority of the Board are Independent Directors of the Trustee-Manager who do not have management or business relationships with the Trustee-Manager and are independent from any substantial shareholder of the Trustee-Manager and are therefore able to examine independently and objectively, any potential conflicts between the interest of the Trustee-Manager in its own capacity and the interests of all unitholders of HPH Trust. In respect of matters in which a Director has an interest, direct or indirect, such interested Director will abstain from participating in the review and approval process with regard to the matter. There is (i) the Non-Compete Agreement pursuant to which HPH has undertaken not to invest in, develop, operate and manage deep-water container ports in the Guangdong Province, Hong Kong and Macau and HPH Trust has undertaken not to invest in, develop, operate and manage deep-water container ports in any part of the world outside of the Guangdong Province, Hong Kong and Macau, save that HPH may pursue any investment opportunity (including undertaking greenfield port development) declined by HPH Trust; and (ii) the ROFR Agreement pursuant to which (aa) a right of first refusal has been granted by HPH to HPH Trust to acquire port development project or developed port falling within the investment mandate of HPH Trust and owned by HPH or its subsidiaries and (bb) a right of first refusal has been granted by the Trustee-Manager as the trustee-manager of HPH Trust to HPH to acquire port development project or developed port of HPH Trust, both on terms and conditions contained in the ROFR Agreement. The Trustee-Manager maintains a register of all opportunities/transactions arising from the implementation of the Non-Compete Agreement and the ROFR Agreement. Also, the Trustee-Manager incorporates in its internal audit plan, a review of the implementation of the Non-Compete Agreement and the ROFR Agreement and the Audit Committee reviews the internal audit reports at least twice a year to ascertain that the terms of the Non-Compete Agreement and the ROFR Agreement have been complied with.

CORPORATE GOVERNANCE REPORT

- (d) The Management identifies interested person transactions in relation to HPH Trust. The Trustee-Manager maintains a register to record all interested person transactions which are entered into by HPH Trust and the bases, including any quotations from unrelated parties obtained to support such bases, on which they are entered into. The Trustee-Manager incorporates into its internal audit plan a review of all interested person transactions entered into by HPH Trust. The Audit Committee reviews the internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor interested person transactions have been complied with and conducts annual review of all such transactions to determine if such transactions have been conducted on normal commercial terms and will not be prejudicial to the interests of HPH Trust and the unitholders. In addition, all such interested person transactions conducted and any contract entered into by the Trustee-Manager on behalf of HPH Trust with a related party of the Trustee-Manager or HPH Trust, shall comply with and be in accordance with all applicable requirements of the Listing Manual of the SGX-ST and the BTA as well as such other guidelines as may from time to time be prescribed to apply to business trusts.
- (e) The expenses payable to the Trustee-Manager in its capacity as the trustee-manager of HPH Trust out of the Trust property are appropriate and in accordance with the Trust Deed, and regular internal reviews are carried out to ensure such expenses payable are in order. Fees and expenses paid to the Trustee-Manager out of HPH Trust property for the financial year ended 31 December 2012 are disclosed in note 28(i)(e) of the Accounts, on page 89 of the Annual Report.
- (f) The Trustee-Manager has engaged the services of and obtained advice from professional advisers and consultants from time to time, and has complied with the requirements of the BTA and the Listing Manual of the SGX-ST.

INTERESTED PERSON TRANSACTIONS

The aggregate of transactions entered into with interested persons during the financial year of HPH Trust ended 31 December 2012 pursuant to Rule 907 of the Listing Manual of the SGX-ST are as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under unitholders' mandate pursuant to Rule 920) 2012 HK\$'000	Aggregate value of all interested person transactions conducted under unitholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) 2012 HK\$'000
Hutchison Whampoa Limited and its subsidiaries and its associates	381,256	NIL

MATERIAL CONTRACTS

There are no material contracts between HPH Trust and its subsidiaries involving the interests of the CEO, each Director or controlling unitholder of HPH Trust (as defined in the Listing Manual of the SGX-ST), either still subsisting at the end of the financial year ended 31 December 2012, or if not then subsisting, entered into since the end of the previous financial year, other than, where applicable:

- (a) as disclosed on page 305 to 330 of the IPO Prospectus¹;
- (b) as disclosed in note 28 to the financial statements of the Annual Report; and
- (c) interested person transactions as listed in the Interested Person Transactions section of the Annual Report.

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

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REPORT OF THE TRUSTEE-MANAGER

The directors of Hutchison Port Holdings Management Pte. Limited, the trustee-manager of Hutchison Port Holdings Trust ("HPH Trust" or the "Trust" and the trustee-manager of HPH Trust, the "Trustee-Manager") present their report to the unitholders of the Trust together with the audited accounts of the Trust and its subsidiaries (collectively the "Group") for the year ended 31 December 2012.

DIRECTORS

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

Mr. Fok Kin Ning, Canning (Chairman)
 Dr. John Edward Wenham Meredith
 Mr. Ip Sing Chi*
 Mr. Frank John Sixt
 Mr. Chan Tze Leung, Robert
 Mr. Graeme Allan Jack
 Prof. Ma Si Hang, Frederick
 Mrs. Sng Sow-Mei (alias Poon Sow Mei)
 Mr. Kevin Anthony Westley
 Mrs. Chow Woo Mo Fong, Susan (resigned on 24 October 2012)
(alternate to Mr. Fok Kin Ning, Canning)

* Resigned as an alternate director to Dr. John Edward Wenham Meredith on 24 October 2012

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE UNITS AND DEBENTURES

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

DIRECTORS' INTERESTS IN UNITS OR DEBENTURES

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

	Holdings registered in name of director		Holdings in which a director is deemed to have an interest	
	At 31.12.2012	At 1.1.2012	At 31.12.2012	At 1.1.2012
Number of units held by:				
Mr. Fok Kin Ning, Canning	–	–	601,000	601,000
Dr. John Edward Wenham Meredith	–	–	–	–
Mr. Ip Sing Chi	–	–	–	–
Mr. Frank John Sixt	–	–	20,000	20,000
Mr. Chan Tze Leung, Robert	–	–	400,000	400,000
Mr. Graeme Allan Jack	–	–	–	–
Prof. Ma Si Hang, Frederick	–	–	–	500,000
Mrs. Sng Sow-Mei (alias Poon Sow Mei)#	1,000,000	1,000,000	–	–
Mr. Kevin Anthony Westley	–	–	250,000	250,000

Such interests are held jointly by Mrs. Sng Sow-Mei and her spouse

There were no changes in any of the above mentioned interests in the Trust between the end of the financial year and 21 January 2013.

OPTIONS

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

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

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

REPORT OF THE TRUSTEE-MANAGER

DIRECTORS' CONTRACTUAL BENEFITS

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

AUDIT COMMITTEE

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

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

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

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

- the scope and the results of internal audit procedures with the internal auditor of the Trustee-Manager;
- with the independent auditor of the Trust, the audit plan of the Trust and the independent auditor's report in relation to significant accounting, tax and internal control matters of the Trust arising from the statutory audit;
- the assistance given by the officers of the Trustee-Manager to the independent auditor; and
- the statement of financial position and statement of changes in equity of the Trust and the consolidated accounts of the Group for the year ended 31 December 2012 before their submission to the Board of Directors of the Trustee-Manager (the "Board"), as well as the independent auditor's report on the statement of financial position and statement of changes in equity of the Trust and the consolidated accounts of the Group.

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

BOARD OPINION ON THE ADEQUACY OF INTERNAL CONTROLS

The Board, through the Audit Committee, has conducted a review of the effectiveness of the Group's internal control systems for the year ended 31 December 2012 covering all material financial, operational, compliance and information technology controls as well as risk management functions, and is satisfied that such systems are effective and adequate.

INDEPENDENT AUDITOR

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

On behalf of the Board of Directors of Trustee-Manager

John Edward Wenham Meredith
Director

Ip Sing Chi
Director

1 February 2013

STATEMENT BY THE TRUSTEE-MANAGER

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

- (a) the consolidated income statement and consolidated statement of comprehensive income set out in the accounts on pages 54 and 55 are drawn up so as to give a true and fair view of the results of the business of the Group for the year ended 31 December 2012;
- (b) the statements of financial position set out on pages 56 and 57 are drawn up so as to give a true and fair view of the state of affairs of the Trust and of the Group at 31 December 2012;
- (c) the statements of changes in equity set out on pages 59 and 60 are drawn up so as to give a true and fair view of the changes in equity of the Trust and of the Group for the year ended 31 December 2012;
- (d) the consolidated statement of cash flows set out on page 58 is drawn up so as to give a true and fair view of the cash flows of the Group for the year ended 31 December 2012; and
- (e) at the date of this statement, there are reasonable grounds to believe that the Trustee-Manager will be able to fulfill, out of the Trust's property, the Trust's debts as and when they fall due.

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

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

The Board of Directors has, on the date of this statement, authorised the above statements and the accounts of the Group as at and for the year ended 31 December 2012 for issue.

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

John Edward Wenham Meredith
Director

Ip Sing Chi
Director

1 February 2013

STATEMENT BY THE CHIEF EXECUTIVE OFFICER

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

Yim Lui Fai, Gerry
Chief Executive Officer

1 February 2013

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF HUTCHISON PORT HOLDINGS TRUST

REPORT ON THE ACCOUNTS

We have audited the accompanying accounts of Hutchison Port Holdings Trust (the "Trust") and its subsidiaries (the "Group"), set out on pages 54 to 94, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Trust as at 31 December 2012, the consolidated income statement, the consolidated statement of comprehensive income and the consolidated statement of changes in equity of the Group, the statement of changes in equity of the Trust, and the consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

TRUSTEE-MANAGER'S RESPONSIBILITY FOR THE ACCOUNTS

Hutchison Port Holdings Management Pte. Limited (the "Trustee-Manager") is responsible for the preparation of accounts that give a true and fair view in accordance with the provisions of the Singapore Business Trust Act (the "Act") and Hong Kong Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair income statements and statements of financial position and to maintain accountability of assets.

AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of accounts that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Trustee-Manager, as well as evaluating the overall presentation of the accounts.

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

OPINION

In our opinion, the accounts of the Group and the statement of financial position and the statement of changes in equity of the Trust are properly drawn up in accordance with the provisions of the Act and Hong Kong Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Trust as at 31 December 2012, and of the results, changes in equity and cash flows of the Group and the changes in equity of the Trust for the financial year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants

Singapore, 1 February 2013

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 HK\$'000	2011* HK\$'000
Revenue and other income	4	12,427,056	9,735,315
Cost of services rendered		(4,267,514)	(3,241,997)
Staff costs		(261,709)	(190,389)
Depreciation and amortisation		(2,752,536)	(2,150,094)
Other operating income		83,358	153,654
Other operating expenses		(830,629)	(588,106)
Total operating expenses		(8,029,030)	(6,016,932)
Operating profit	5	4,398,026	3,718,383
Interest and other finance costs	6	(598,423)	(416,241)
Share of profits less losses after tax of associated companies		20,865	13,405
Share of profits less losses after tax of jointly controlled entities		140,567	126,918
Profit before tax		3,961,035	3,442,465
Tax	7	(376,456)	(424,936)
Profit for the year/period		3,584,579	3,017,529
Allocated as: Profit attributable to non-controlling interests		(1,296,201)	(1,047,241)
Profit attributable to unitholders of HPH Trust		2,288,378	1,970,288
Earnings per unit attributable to unitholders of HPH Trust	9	HK cents 26.28	HK cents 22.62

* For the financial period from 25 February 2011 (date of constitution of the Trust) to 31 December 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 HK\$'000	2011* HK\$'000
Comprehensive income:		
Profit for the year/period	3,584,579	3,017,529
Other comprehensive income:		
Investments		
Valuation gains/(losses) taken to reserves	10,800	(2,559)
Currency translation differences	16,768	55,590
Actuarial losses of defined benefit plans	(110,675)	(204,476)
Total comprehensive income for the year/period	3,501,472	2,866,084
Allocated as: Attributable to non-controlling interests	(1,303,413)	(1,070,186)
Attributable to unitholders of HPH Trust	<u>2,198,059</u>	<u>1,795,898</u>

Note:

Items shown within other comprehensive income have no tax effect.

* For the financial period from 25 February 2011 (date of constitution of the Trust) to 31 December 2011

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 DECEMBER 2012

	Note	2012 HK\$'000	2011 HK\$'000
ASSETS			
Non-current assets			
Fixed assets	10	26,247,876	26,764,978
Projects under development	11	1,315,394	1,349,681
Leasehold land and land use rights	12	44,958,859	46,221,315
Railway usage rights	13	16,004	16,431
Customer relationships	14(a)	7,841,214	8,171,044
Goodwill	14(b)	41,629,044	41,594,064
Associated companies	15	139,657	129,155
Jointly controlled entities	16	2,548,819	2,595,529
Investments	17	820,448	809,643
Deferred tax assets	18	9,000	9,000
		<u>125,526,315</u>	<u>127,660,840</u>
Current assets			
Cash and cash equivalents	19	6,168,840	7,890,456
Trade and other receivables	20	3,022,643	3,006,714
Inventories		132,366	143,595
		<u>9,323,849</u>	<u>11,040,765</u>
Current liabilities			
Trade and other payables	21	7,713,667	8,871,006
Bank loans	22	32,660	32,620
Current tax liabilities		220,434	279,732
		<u>7,966,761</u>	<u>9,183,358</u>
Net current assets		<u>1,357,088</u>	<u>1,857,407</u>
Total assets less current liabilities		<u>126,883,403</u>	<u>129,518,247</u>
Non-current liabilities			
Bank loans	22	29,108,685	29,019,665
Pension obligations	23	347,515	265,340
Deferred tax liabilities	18	11,900,602	12,209,664
Other non-current liabilities		19,479	556
		<u>41,376,281</u>	<u>41,495,225</u>
Net assets		<u>85,507,122</u>	<u>88,023,022</u>
EQUITY			
Units in issue	24	68,539,835	68,539,835
Reserves		(1,383,782)	550,526
Net assets attributable to unitholders of HPH Trust		<u>67,156,053</u>	<u>69,090,361</u>
Non-controlling interests		<u>18,351,069</u>	<u>18,932,661</u>
Total equity		<u>85,507,122</u>	<u>88,023,022</u>

STATEMENT OF FINANCIAL POSITION OF HUTCHISON PORT HOLDINGS TRUST

At 31 DECEMBER 2012

	Note	2012 HK\$'000	2011 HK\$'000
ASSETS			
Non-current assets			
Investment in a subsidiary	25	65,057,632	67,290,000
Current assets			
Cash and cash equivalents	19	2,456	1,275
Trade and other receivables	20	1,943	2,232
		<u>4,399</u>	<u>3,507</u>
Current liabilities			
Trade and other payables	21	67,119	29,226
		<u>(62,720)</u>	<u>(25,719)</u>
Net current liabilities			
		<u>(62,720)</u>	<u>(25,719)</u>
Total assets less current liabilities		<u>64,994,912</u>	<u>67,264,281</u>
EQUITY			
Units in issue	24	68,539,835	68,539,835
Reserves		<u>(3,544,923)</u>	<u>(1,275,554)</u>
Total equity		<u>64,994,912</u>	<u>67,264,281</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 HK\$'000	2011* HK\$'000
Operating activities			
Cash generated from operations	26	5,634,474	5,532,883
Interest and other finance costs paid		(478,598)	(314,373)
Tax paid		(744,741)	(432,816)
Net cash from operating activities		<u>4,411,135</u>	<u>4,785,694</u>
Investing activities			
Acquisition of subsidiary companies		–	(56,527,420)
Purchase of fixed assets and additions to projects under development		(750,457)	(1,793,842)
Proceeds on disposal of fixed assets		3,634	2,017
Dividends received from investments		29,366	87,120
Dividends received from associated companies and jointly controlled entities		200,876	169,027
Interest received		94,219	107,199
Net cash used in investing activities		<u>(422,362)</u>	<u>(57,955,899)</u>
Financing activities			
Issuance of units		–	42,494,693
Drawdown of bank loans		–	26,170,000
Repayment of bank loans		(32,620)	(5,774,840)
Upfront debt transaction costs and facilities fee of bank loans		–	(351,170)
Repayment of loan by a jointly controlled entity		5,000	5,000
Distributions to unitholders of HPH Trust		(4,132,367)	(1,245,372)
Dividends to non-controlling interests		(1,550,402)	(237,650)
Net cash (used in)/from financing activities		<u>(5,710,389)</u>	<u>61,060,661</u>
Net changes in cash and cash equivalents		(1,721,616)	7,890,456
Cash and cash equivalents at beginning of the year/period		7,890,456	–
Cash and cash equivalents at end of the year/period	19	<u>6,168,840</u>	<u>7,890,456</u>

* For the financial period from 25 February 2011 (date of constitution of the Trust) to 31 December 2011

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2012

	Units in issue HK\$'000	Exchange and other reserves HK\$'000	Revaluation reserve HK\$'000	Pension reserve HK\$'000	Retained profits/ (accumulated losses) HK\$'000	Attributable to unitholders HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
2012								
Group								
At 1 January 2012	68,539,835	32,661	(2,559)	(204,476)	724,900	69,090,361	18,932,661	88,023,022
Comprehensive income:								
Profit for the year	-	-	-	-	2,288,378	2,288,378	1,296,201	3,584,579
Investments:								
Valuation gains taken to reserves	-	-	10,800	-	-	10,800	-	10,800
Currency translation differences	-	9,556	-	-	-	9,556	7,212	16,768
Actuarial losses of defined benefit plans	-	-	-	(110,675)	-	(110,675)	-	(110,675)
Total comprehensive income/(loss)	-	9,556	10,800	(110,675)	2,288,378	2,198,059	1,303,413	3,501,472
Transactions with owners:								
Distributions	-	-	-	-	(4,132,367)	(4,132,367)	-	(4,132,367)
Dividends	-	-	-	-	-	-	(1,885,005)	(1,885,005)
At 31 December 2012	68,539,835	42,217	8,241	(315,151)	(1,119,089)	67,156,053	18,351,069	85,507,122
HPH Trust								
At 1 January 2012	68,539,835	-	-	-	(1,275,554)	67,264,281	-	67,264,281
Profit and total comprehensive income for the year	-	-	-	-	1,862,998	1,862,998	-	1,862,998
Transaction with owners:								
Distributions	-	-	-	-	(4,132,367)	(4,132,367)	-	(4,132,367)
At 31 December 2012	68,539,835	-	-	-	(3,544,923)	64,994,912	-	64,994,912

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2012

	Units in issue HK\$'000	Exchange and other reserves HK\$'000	Revaluation reserve HK\$'000	Pension reserve HK\$'000	Retained profits/ (accumulated losses) HK\$'000	Attributable to unitholders HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
2011*								
Group								
At 25 February 2011	-	-	-	-	-	-	-	-
Comprehensive income:								
Profit for the period	-	-	-	-	1,970,288	1,970,288	1,047,241	3,017,529
Investments:								
Valuation losses taken to reserves	-	-	(2,559)	-	-	(2,559)	-	(2,559)
Currency translation differences Transferred to/(from) reserve	-	32,645	-	-	-	32,645	22,945	55,590
Actuarial losses of defined benefit plans	-	16	-	-	(16)	-	-	-
	-	-	-	(204,476)	-	(204,476)	-	(204,476)
Total comprehensive income/(loss)	-	32,661	(2,559)	(204,476)	1,970,272	1,795,898	1,070,186	2,866,084
Transactions with owners:								
Issuance of units	68,539,835	-	-	-	-	68,539,835	-	68,539,835
Relating to acquisition of interests in subsidiary companies	-	-	-	-	-	-	18,785,425	18,785,425
Distributions	-	-	-	-	(1,245,372)	(1,245,372)	-	(1,245,372)
Dividends	-	-	-	-	-	-	(922,950)	(922,950)
At 31 December 2011	68,539,835	32,661	(2,559)	(204,476)	724,900	69,090,361	18,932,661	88,023,022
HPH Trust								
At 25 February 2011	-	-	-	-	-	-	-	-
Loss and total comprehensive loss for the period	-	-	-	-	(30,182)	(30,182)	-	(30,182)
Transaction with owners:								
Issuance of units	68,539,835	-	-	-	-	68,539,835	-	68,539,835
Distributions	-	-	-	-	(1,245,372)	(1,245,372)	-	(1,245,372)
At 31 December 2011	68,539,835	-	-	-	(1,275,554)	67,264,281	-	67,264,281

* For the financial period from 25 February 2011 (date of constitution of the Trust) to 31 December 2011

NOTES TO THE ACCOUNTS

1 GENERAL INFORMATION

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

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

2 SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Adoption of amendment to existing standard

The Group has adopted the following amendment which is relevant to the Group's operations and is mandatory for the year ended 31 December 2012:

HKFRS 7 Amendments Financial Instruments - Disclosures - Transfer of Financial Assets

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

NOTES TO THE ACCOUNTS

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Standards and amendments which are not yet effective

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

HKFRS 7 Amendments ⁽²⁾	Financial Instruments : Disclosures - Offsetting Financial Assets and Financial Liabilities
HKFRS 7 Amendments ⁽⁵⁾	Financial Instruments : Disclosures - Mandatory Effective Date of HKFRS 9 and Transition Disclosures
HKFRS 9 ⁽⁴⁾	Financial Instruments
HKFRS 10 ⁽²⁾	Consolidated Financial Statements
HKFRS 11 ⁽²⁾	Joint Arrangements
HKFRS 12 ⁽²⁾	Disclosure of Interests in Other Entities
HKFRS 13 ⁽²⁾	Fair Value Measurement
Amendments to HKAS 1 (revised) ⁽¹⁾	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income
HKAS 19 (2011) ⁽²⁾	Employee Benefits
HKAS 27 (2011) ⁽²⁾	Separate Financial Statements
HKAS 28 (2011) ⁽²⁾	Investments in Associates and Joint Ventures
HKAS 32 Amendment ⁽³⁾	Financial Instruments : Presentation – Offsetting Financial Assets and Financial Liabilities
Annual Improvements 2009 – 2011 Cycle ⁽²⁾	
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 ⁽²⁾	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 ⁽³⁾	Investment Entities

⁽¹⁾ Effective for annual periods beginning 1 July 2012

⁽²⁾ Effective for annual periods beginning 1 January 2013

⁽³⁾ Effective for annual periods beginning 1 January 2014

⁽⁴⁾ Effective for annual periods beginning 1 January 2015

⁽⁵⁾ Effective for annual periods beginning 1 January 2015 for those disclosures in connection with HKFRS 9

The adoption of standards and amendments listed above is not expected to result in substantial changes to the Group's accounting policies.

(a) Basis of consolidation

The consolidated accounts of the Group for the year ended 31 December 2012 include all its direct and indirect subsidiary companies and also incorporate the interest in associated companies and jointly controlled entities on the basis set out in Notes 2(c) and 2(d) below. Results of subsidiary companies, associated companies and jointly controlled entities acquired or disposed of during the year are included as from their effective dates of acquisition to 31 December 2012 or up to the dates of disposal as the case may be. The acquisition of subsidiary companies is accounted for using the purchase method.

(b) Subsidiary companies

A subsidiary is an entity that the Group has the power, directly or indirectly, to govern the financial and operating policies, so as to obtain benefits from their activities. In the consolidated accounts, subsidiary companies are accounted for as described in note 2(a) above. In the unconsolidated accounts of the holding company, investments in subsidiary companies are carried at cost less provision for impairment in value.

NOTES TO THE ACCOUNTS

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Associated companies

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

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

(d) Joint ventures

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

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

(e) Fixed assets

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

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

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

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

(f) Projects under development

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

(g) Leasehold land and land use rights

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

NOTES TO THE ACCOUNTS

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Customer relationships

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

(i) Goodwill

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

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

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

(j) Railway usage rights

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

(k) Current and deferred tax

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

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

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

(l) Investments

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

NOTES TO THE ACCOUNTS

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Loans and receivables

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

(n) Trade and other receivables

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

(o) Inventories

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

(p) Cash and cash equivalents

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

(q) Borrowings and borrowing costs

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

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

(r) Trade and other payables

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

(s) Provisions

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

(t) Asset impairment

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

NOTES TO THE ACCOUNTS

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Pension plans

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

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

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

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

(v) Foreign exchange

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

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

The accounts of foreign operations (i.e. subsidiary companies, associated companies, jointly controlled entities or branches whose activities are based or conducted in a country or currency other than those of the Company) 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 jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange gains or losses accumulated in exchange reserve in respect of that operation attributable to the owners of the Company are transferred out of the exchange reserve and are recognised in the income statement.

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

All other exchange differences are recognised in the income statement.

(w) Distributions to the Trust's unitholders

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

NOTES TO THE ACCOUNTS

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Operating leases

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

(y) Revenue recognition

Revenue is recognised:

- (i) for ports and related services and transportation and logistics solutions, when the service is rendered;
- (ii) for management and service fee income, when the service is rendered; and
- (iii) for licence fee, on an accrual basis.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

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

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

(a) Long lived assets

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

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

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

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

NOTES TO THE ACCOUNTS

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT (CONTINUED)

(b) Goodwill

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 is also subject to the annual impairment test described above.

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 budgets approved by management. There are a number of assumptions and estimates involved for the preparation of cash flow projections for the period covered by the approved budget. Key assumptions include the expected growth in revenues and gross margin, timing of future capital expenditures, growth rates and selection of discount rate, which approximately reflect the risks involved. Management prepared the financial budgets reflecting actual and prior year performance and market development expectations. Judgement is required to determine key assumptions adopted in the cash flow projections and changes to key assumptions can significantly affect these cash flow projections and therefore the results of the impairment tests. The Trustee-Manager expects that any reasonable change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of goodwill to exceed its recoverable amount.

(c) Customer relationships

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

The Group considers its impairment accounting policy to be a policy that requires one of the most extensive applications of judgements and estimates by management. Intangible assets with definite useful lives that are subject to amortisation are reviewed to determine whether there is any indication that the carrying value of these assets may not be recoverable and have suffered an impairment loss. If any such indication exists, the recoverable amounts of the intangible assets are estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Such impairment loss is recognised in the income statement.

Management's judgement is required in the area of intangible asset impairment, particularly in assessing: (1) whether an event has occurred that may indicate that the related asset values may not be recoverable; and (2) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell or net present value of future cash flows which are estimated based upon the continued use of the asset in the Group.

(d) Depreciation

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

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

(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.

NOTES TO THE ACCOUNTS

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT (CONTINUED)

(f) Pension costs

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

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

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

(g) Tax

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

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

4 REVENUE AND OTHER INCOME AND SEGMENT INFORMATION

(a) Revenue and other income

	2012 HK\$'000	2011* HK\$'000
Revenue		
Rendering of port and related services	11,966,540	9,368,434
Rendering of transportation and logistics solutions	280,917	219,121
Management and service fee income	63,048	50,178
System development and support fees	24,571	16,866
Licence fee	1,482	1,147
	<u>12,336,558</u>	<u>9,655,746</u>
Other income		
Interest income	90,498	79,569
	<u>12,427,056</u>	<u>9,735,315</u>

* For the financial period from 25 February 2011 (date of constitution of the Trust) to 31 December 2011

NOTES TO THE ACCOUNTS

4 REVENUE AND OTHER INCOME AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information

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

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

Disclosures by geographical location are shown below:

	Revenue and other income		Non-current assets	
	2012	2011*	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	5,720,669	4,618,341	48,878,586	49,788,124
Mainland China	6,706,387	5,116,974	76,647,729	77,872,716
	<u>12,427,056</u>	<u>9,735,315</u>	<u>125,526,315</u>	<u>127,660,840</u>

5 OPERATING PROFIT

Operating profit is stated after crediting and charging the following:

	2012	2011*
	HK\$'000	HK\$'000
<u>Crediting</u>		
Dividend income from the River Ports Economic Benefits (Note 17b)	76,955	83,844
Net exchange gain	–	47,649
<u>Charging</u>		
Auditor's remuneration		
- audit services	12,127	11,025
- non-audit services	415	817
Amortisation		
- leasehold land and land use rights	1,265,572	962,855
- railway usage rights	556	434
- intangible assets	329,830	268,956
Depreciation of fixed assets	1,156,578	917,849
Net loss on disposal of fixed assets	7,238	930
Operating lease rentals		
- office premises and port facilities	76,184	61,831
Staff costs included in cost of services rendered	966,225	710,045
Net exchange loss	60,428	–

* For the financial period from 25 February 2011 (date of constitution of the Trust) to 31 December 2011

NOTES TO THE ACCOUNTS

6 INTEREST AND OTHER FINANCE COSTS

	2012 HK\$'000	2011* HK\$'000
Interest and other finance costs on:		
Bank loans and overdrafts	475,138	310,600
Less: Interest capitalised in projects under development	–	(806)
Loans from non-controlling interests	1,523	1,211
Other finance costs	121,762	105,236
	<u>598,423</u>	<u>416,241</u>

The capitalisation rates applied to funds borrowed and used for the development of container terminals and related facilities was at the weighted average of 0.63% per annum for the period from 25 February 2011 to 31 December 2011.

7 TAX

	2012 HK\$'000	2011* HK\$'000
Current tax	685,090	476,101
Deferred tax (Note 18)	(308,634)	(51,165)
	<u>376,456</u>	<u>424,936</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:

	2012 HK\$'000	2011* HK\$'000
Profit before tax excluding share of profits less losses after tax of jointly controlled entities and associated companies	<u>3,799,603</u>	<u>3,302,142</u>
Tax calculated at weighted average tax rate of 22.9% (2011*: 21.4%)	871,337	705,212
Tax exemption in PRC	(608,765)	(448,643)
Income not subject to tax	(47,017)	(51,172)
Expenses not deductible for tax purposes	83,521	61,660
Withholding tax on unremitted earnings	122,023	154,441
Over provision in prior year	(42,259)	–
Utilisation of previously unrecognised tax losses	(5,822)	–
Tax loss not recognised	2,987	3,388
Temporary differences not recognised	451	50
Total tax	<u>376,456</u>	<u>424,936</u>

* For the financial period from 25 February 2011 (date of constitution of the Trust) to 31 December 2011

NOTES TO THE ACCOUNTS

8 DISTRIBUTIONS

	2012 HK\$'000	2011* HK\$'000
For the period from 25 February 2011 (date of constitution of the Trust) to 30 June 2011		
Distribution of 14.30 HK cents per unit	–	1,245,372
For the period from 1 July 2011 to 31 December 2011		
Distribution of 23.40 HK cents per unit	2,037,880	–
For the period from 1 January 2012 to 30 June 2012		
Distribution of 24.05 HK cents per unit	2,094,487	–
	<u>4,132,367</u>	<u>1,245,372</u>

On 1 February 2013, the Board of Directors of the Trustee-Manager recommended the distribution of 27.19 HK cents per unit for the financial result from 1 July 2012 to 31 December 2012 (2011: 23.40 HK cents per unit) amounting to HK\$2,367.9 million (2011: HK\$2,037.9 million) and payable on 26 March 2013. These accounts do not reflect this distribution, which will be recognised in equity as an appropriation of retained profits in the financial year ending 31 December 2013.

9 EARNINGS PER UNIT

The calculation of earnings per unit is based on profit attributable to unitholders of HPH Trust of HK\$2,288,378,000 for the year ended 31 December 2012 (2011*: HK\$1,970,288,000) and on 8,708,888,000 units in issue (2011*: 8,708,888,000 units in issue), which is the weighted average number of units for the year ended 31 December 2012.

Diluted earnings per unit is the same as the basic earnings per unit for the year ended 31 December 2012 and period from 25 February 2011 (date of constitution of the Trust) to 31 December 2011.

10 FIXED ASSETS

Group	Properties HK\$'000	Container handling equipment HK\$'000	Barges HK\$'000	Other assets HK\$'000	Total HK\$'000
2012					
Opening net book amount	18,043,905	8,355,701	19,718	345,654	26,764,978
Additions	26,722	95,464	5,541	3,109	130,836
Transfer from projects under development (Note 11)	263,568	184,239	–	63,077	510,884
Disposals	(430)	(9,557)	–	(885)	(10,872)
Depreciation	(565,949)	(520,304)	(4,004)	(66,321)	(1,156,578)
Currency translation differences	6,775	1,767	–	86	8,628
Closing net book amount	<u>17,774,591</u>	<u>8,107,310</u>	<u>21,255</u>	<u>344,720</u>	<u>26,247,876</u>
At 31 December 2012					
Cost	18,784,719	9,097,162	28,166	481,274	28,391,321
Accumulated depreciation	(1,010,128)	(989,852)	(6,911)	(136,554)	(2,143,445)
Net book amount	<u>17,774,591</u>	<u>8,107,310</u>	<u>21,255</u>	<u>344,720</u>	<u>26,247,876</u>

* For the financial period from 25 February 2011 (date of constitution of the Trust) to 31 December 2011

NOTES TO THE ACCOUNTS

10 FIXED ASSETS (CONTINUED)

Group	Properties HK\$'000	Container handling equipment HK\$'000	Barges HK\$'000	Other assets HK\$'000	Total HK\$'000
2011*					
Acquisition of subsidiary companies	18,150,055	8,505,761	22,402	314,945	26,993,163
Additions	14,517	77,513	803	2,431	95,264
Transfer from projects under development (Note 11)	284,186	181,369	–	91,880	557,435
Disposals	(6)	(2,809)	–	(132)	(2,947)
Depreciation	(435,177)	(415,051)	(3,487)	(64,134)	(917,849)
Currency translation differences	30,330	8,918	–	664	39,912
Closing net book amount	<u>18,043,905</u>	<u>8,355,701</u>	<u>19,718</u>	<u>345,654</u>	<u>26,764,978</u>
At 31 December 2011					
Cost	18,486,204	8,775,368	23,205	411,751	27,696,528
Accumulated depreciation	(442,299)	(419,667)	(3,487)	(66,097)	(931,550)
Net book amount	<u>18,043,905</u>	<u>8,355,701</u>	<u>19,718</u>	<u>345,654</u>	<u>26,764,978</u>

11 PROJECTS UNDER DEVELOPMENT

Group	2012 HK\$'000	2011* HK\$'000
At beginning of the year/period	1,349,681	–
Acquisition of subsidiary companies	–	1,068,929
Additions	469,147	960,318
Transfer to fixed assets/leasehold land and land use rights (Notes 10 & 12)	(510,884)	(693,775)
Currency translation differences	7,450	14,209
At end of the year/period	<u>1,315,394</u>	<u>1,349,681</u>

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

During the period from 25 February 2011 (date of constitution of the Trust) to 31 December 2011, the Group capitalised borrowing costs amounting to HK\$806,000 on qualifying assets.

12 LEASEHOLD LAND AND LAND USE RIGHTS

Group	2012 HK\$'000	2011* HK\$'000
Net book value		
At beginning of the year/period	46,221,315	–
Acquisition of subsidiary companies	–	47,008,165
Additions	–	25,198
Transfer from projects under development (Note 11)	–	136,340
Amortisation	(1,265,572)	(962,855)
Currency translation differences	3,116	14,467
At end of the year/period	<u>44,958,859</u>	<u>46,221,315</u>

* For the financial period from 25 February 2011 (date of constitution of the Trust) to 31 December 2011

NOTES TO THE ACCOUNTS

13 RAILWAY USAGE RIGHTS

Group	2012 HK\$'000	2011* HK\$'000
Net book value		
At beginning of the year/period	16,431	–
Acquisition of subsidiary companies	–	16,253
Amortisation	(556)	(434)
Currency translation differences	129	612
At end of the year/period	<u>16,004</u>	<u>16,431</u>

14 INTANGIBLE ASSETS

(a) Customer relationships

Group	2012 HK\$'000	2011* HK\$'000
Net book value		
At beginning of the year/period	8,171,044	–
Acquisition of subsidiary companies	–	8,440,000
Amortisation	(329,830)	(268,956)
At end of the year/period	<u>7,841,214</u>	<u>8,171,044</u>

(b) Goodwill

Group	2012 HK\$'000	2011* HK\$'000
At beginning of the year/period	41,594,064	–
Acquisition of subsidiary companies	–	41,594,064
Finalisation of the purchase price allocation	34,980	–
At end of the year/period	<u>41,629,044</u>	<u>41,594,064</u>

Goodwill is allocated to the Group's cash-generating units ("CGU") identified according to geographical locations as the Group has one business segment only. The goodwill is allocated as follows:

	2012 HK\$'000	2011 HK\$'000
Hong Kong	20,666,002	20,666,002
Mainland China	20,963,042	20,928,062
	<u>41,629,044</u>	<u>41,594,064</u>

For the purpose of impairment test, the recoverable amount of a CGU is determined based on value in use calculations. Cash flow projections used in the value in use calculations were based on the financial budgets approved by management covering a five-year period. The key assumptions adopted on growth rates and discount rates used in the value in use calculations are based on management's best estimates and past experience. Terminal values at 2-3% (2011: 2-3%) growth rates are determined by considering both internal and external factors relating to the port operation. Discount rates used of 8-10% (2011: 8-10%) per annum reflect specific risks relating to the relevant business.

NOTES TO THE ACCOUNTS

15 ASSOCIATED COMPANIES

Group	2012 HK\$'000	2011 HK\$'000
Share of net assets	139,657	129,155

Details of the principal associated company at 31 December 2012 and 2011 are as follows:

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

¹ Audited by PricewaterhouseCoopers network firm

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

	2012 HK\$'000	2011* HK\$'000
Revenue	274,990	214,571
Net profit for the year/period	67,634	45,506

	2012 HK\$'000	2011 HK\$'000
Total assets	586,208	632,125
Total liabilities	154,149	226,576

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

	2012 HK\$'000	2011* HK\$'000
Share of revenue	85,207	66,092
Share of results	20,865	13,405

16 JOINTLY CONTROLLED ENTITIES

Group	2012 HK\$'000	2011 HK\$'000
Share of net assets	2,528,319	2,570,029
Loan to a jointly controlled entity	20,500	25,500
	<u>2,548,819</u>	<u>2,595,529</u>

The loan to a jointly controlled entity is unsecured, interest free and not expected to be repayable within one year. The carrying amount of the loan to a jointly controlled entity approximates its fair value.

* For the financial period from 25 February 2011 (date of constitution of the Trust) to 31 December 2011

NOTES TO THE ACCOUNTS

16 JOINTLY CONTROLLED ENTITIES (CONTINUED)

Details of principal jointly controlled entities at 31 December 2012 and 2011 are as follows:

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

¹ Audited by PricewaterhouseCoopers network firms

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

The aggregate amounts of revenues, results, assets and liabilities of the jointly controlled entities are as follows:

	2012 HK\$'000	2011* HK\$'000
Revenue	1,048,819	826,971
Net profit for the year/period	281,135	254,638
	2012 HK\$'000	2011 HK\$'000
Non-current assets	6,750,296	6,797,766
Current assets	1,253,153	1,084,556
Total assets	8,003,449	7,882,322
Non-current liabilities	2,212,757	220,564
Current liabilities	849,053	2,639,586
Total liabilities	3,061,810	2,860,150

The Group's share of revenues and results of jointly controlled entities are as follows:

	2012 HK\$'000	2011* HK\$'000
Share of revenue	522,720	412,155
Share of results	140,567	126,918

* For the financial period from 25 February 2011 (date of constitution of the Trust) to 31 December 2011

NOTES TO THE ACCOUNTS

17 INVESTMENTS

Group	2012	2011
	HK\$'000	HK\$'000
Listed equity security	44,888	34,088
Unlisted equity security (Note a)	560	555
River Ports Economic Benefits (Note b)	775,000	775,000
	<u>820,448</u>	<u>809,643</u>

Notes:

- (a) The unlisted equity security is a 5% interest in Shenzhen Hutchison Whampoa Logistics Limited.
- (b) The River Ports Economic Benefits represent the economic interest and benefits of the river ports in Nanhai, Jiangmen and Zhuhai Jiuzhou, PRC (together the "River Ports"), including all dividends and any other distributions or other monies payable to a related company or any of its subsidiaries in its capacity as a shareholder of the relevant holding company of the River Ports arising from the profits attributable to the business of the River Ports and all sale or disposal proceeds derived from such businesses, assets, rights and/or liabilities constituting any part of the business of the River Ports as agreed with a related company and any of its subsidiaries.

18 DEFERRED TAX

Group	2012	2011
	HK\$'000	HK\$'000
Deferred tax assets	(9,000)	(9,000)
Deferred tax liabilities	11,900,602	12,209,664
Net deferred tax liabilities	<u>11,891,602</u>	<u>12,200,664</u>

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

	Unused tax losses	Accelerated depreciation allowances	Fair value adjustments arising from acquisitions	Withholding tax on unremitted earnings	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
2012						
At 1 January 2012	(14,207)	518,904	11,506,874	189,445	(352)	12,200,664
Tax charged/(credited) to income statement	285	15,732	(269,859)	(54,823)	31	(308,634)
Other temporary differences	-	(4)	(67)	(353)	(4)	(428)
At 31 December 2012	<u>(13,922)</u>	<u>534,632</u>	<u>11,236,948</u>	<u>134,269</u>	<u>(325)</u>	<u>11,891,602</u>

NOTES TO THE ACCOUNTS

18 DEFERRED TAX (CONTINUED)

	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
2011*						
Acquisition of subsidiary companies	(14,671)	493,521	11,674,911	98,623	(468)	12,251,916
Tax charged/(credited) to income statement	464	25,400	(167,984)	90,822	133	(51,165)
Other temporary differences	–	(17)	(53)	–	(17)	(87)
At 31 December 2011	<u>(14,207)</u>	<u>518,904</u>	<u>11,506,874</u>	<u>189,445</u>	<u>(352)</u>	<u>12,200,664</u>

Notes:

- (a) The deferred tax assets and liabilities are offset when there is a legally enforceable right to set off and when the deferred income taxes relate to the same fiscal authority.
- (b) Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through the future taxable profit is probable. The Group has unrecognised tax losses of HK\$525,387,000 at 31 December 2012 (2011: HK\$575,585,000) to carry forward against future taxable income.
- (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 fair value adjustments arising from acquisitions and withholding taxes arising from unremitted earnings.

19 CASH AND CASH EQUIVALENTS

Group	2012 HK\$'000	2011 HK\$'000
Cash at bank and on hand	182,408	235,095
Short-term bank deposits	5,986,432	7,655,361
	<u>6,168,840</u>	<u>7,890,456</u>
Trust	2012 HK\$'000	2011 HK\$'000
Cash at bank and on hand	2,456	1,275

* For the financial period from 25 February 2011 (date of constitution of the Trust) to 31 December 2011

NOTES TO THE ACCOUNTS

19 CASH AND CASH EQUIVALENTS (CONTINUED)

The weighted average effective interest rate at 31 December 2012 for short-term deposits for the Group and the Trust was 1.47% per annum and 0.13% per annum respectively (2011: 1.27% per annum and 0.02% per annum respectively).

Cash and cash equivalents are denominated in the following currencies:

Group	2012 Percentage	2011 Percentage
Hong Kong dollar	48%	26%
Renminbi	49%	68%
United States dollar	3%	6%
	<u>100%</u>	<u>100%</u>

Trust	2012 Percentage	2011 Percentage
Hong Kong dollar	45%	5%
United States dollar	36%	44%
Singapore dollar	19%	51%
	<u>100%</u>	<u>100%</u>

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

20 TRADE AND OTHER RECEIVABLES

Group	2012 HK\$'000	2011 HK\$'000
Trade receivables	2,387,373	2,453,727
Less : Provision for impairment of receivables	(14,843)	(9,910)
	<u>2,372,530</u>	<u>2,443,817</u>
Other receivables and prepayments	337,168	303,723
Amounts due from related companies (Note a)	51,189	–
Amounts due from jointly controlled entities (Note a)	252,341	239,619
Amounts due from associated companies (Note a)	9,415	19,555
	<u>3,022,643</u>	<u>3,006,714</u>

Trust	2012 HK\$'000	2011 HK\$'000
Other receivables and prepayments	1,913	2,232
Amount due from a related company	30	–
	<u>1,943</u>	<u>2,232</u>

NOTES TO THE ACCOUNTS

20 TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade and other receivables are denominated in the following currencies:

Group	2012	2011
	Percentage	Percentage
Hong Kong dollar	70%	87%
Renminbi	22%	5%
United States dollar	8%	8%
	<u>100%</u>	<u>100%</u>

Trust	2012	2011
	Percentage	Percentage
Hong Kong dollar	60%	62%
Singapore dollar	40%	38%
	<u>100%</u>	<u>100%</u>

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

Notes:

- (a) The amounts due from related companies, associated companies and jointly controlled entities are unsecured, interest free and have no fixed terms of repayment except for amounts of HK\$9,277,000 (2011: HK\$7,550,000) which are interest bearing at Hong Kong Interbank Offered Rate plus 1.15% (2011: interest bearing at Hong Kong Interbank Offered Rate plus 1.15%).
- (b) At 31 December 2012, trade receivables of the Group amounting to HK\$1,728,911,000 (2011: HK\$1,155,298,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2012	2011
	HK\$'000	HK\$'000
Up to 2 months	1,249,269	653,795
2 to 3 months	250,035	159,593
Over 3 months	229,607	341,910
	<u>1,728,911</u>	<u>1,155,298</u>

NOTES TO THE ACCOUNTS

20 TRADE AND OTHER RECEIVABLES (CONTINUED)

- (c) At 31 December 2012, trade receivables of the Group amounting to HK\$14,843,000 (2011: HK\$9,910,000) were impaired and provided for. The impaired receivables are balances in dispute with customers. The Group does not hold any collateral over these balances.

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

	2012 HK\$'000	2011* HK\$'000
At beginning of the year/period	9,910	–
Acquisition of subsidiary companies	–	14,154
Provision for impairment	6,522	2,074
Write back of provision for impairment of receivables	(1,354)	(2,104)
Receivables written off as uncollectible	(246)	(3,938)
Currency translation differences	11	(276)
At end of the year/period	<u>14,843</u>	<u>9,910</u>

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

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

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

21 TRADE AND OTHER PAYABLES

Group	2012 HK\$'000	2011 HK\$'000
Trade payables, other payables and accruals	5,791,114	6,786,619
Loans from non-controlling interests (Note a)	798,017	1,264,640
Amounts due to related companies (Note b)	83,200	78,934
Dividends payable to non-controlling interests	1,041,336	740,813
	<u>7,713,667</u>	<u>8,871,006</u>
Trust	2012 HK\$'000	2011 HK\$'000
Trade payables, other payables and accruals	14,425	10,783
Amounts due to:		
- a related company (Note b)	11,157	10,932
- a subsidiary (Note b)	41,537	7,511
	<u>67,119</u>	<u>29,226</u>

* For the financial period from 25 February 2011 (date of constitution of the Trust) to 31 December 2011

NOTES TO THE ACCOUNTS

21 TRADE AND OTHER PAYABLES (CONTINUED)

Trade and other payables are denominated in the following currencies:

Group	2012	2011
	Percentage	Percentage
Hong Kong dollar	78%	72%
Renminbi	21%	27%
United States dollar	1%	1%
	<u>100%</u>	<u>100%</u>

Trust	2012	2011
	Percentage	Percentage
Hong Kong dollar	84%	54%
United States dollar	16%	36%
Singapore dollar	0%	10%
	<u>100%</u>	<u>100%</u>

At 31 December 2012, 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 are unsecured, interest free except for an amount of HK\$30,380,000 (2011: HK\$30,380,000) which bears interest at Hong Kong Dollar Prime Rate (2011: bears interest at Hong Kong Dollar Prime Rate) and has no fixed terms of repayment.
- (b) Amounts due to related companies and a subsidiary are unsecured, interest free and have no fixed terms of repayment.

22 BANK LOANS

Group	Current portion	Non-current portion	Total
	HK\$'000	HK\$'000	HK\$'000
2012			
Unsecured bank loans	27,700	5,714,600	5,742,300
Secured bank loans	4,960	23,531,440	23,536,400
Total principal amount of bank loans	<u>32,660</u>	<u>29,246,040</u>	<u>29,278,700</u>
Unamortised loan facilities fees	–	(137,355)	(137,355)
At 31 December 2012	<u>32,660</u>	<u>29,108,685</u>	<u>29,141,345</u>
2011			
Unsecured bank loans	27,700	5,742,300	5,770,000
Secured bank loans	4,920	23,535,300	23,540,220
Total principal amount of bank loans	<u>32,620</u>	<u>29,277,600</u>	<u>29,310,220</u>
Unamortised loan facilities fees	–	(257,935)	(257,935)
At 31 December 2011	<u>32,620</u>	<u>29,019,665</u>	<u>29,052,285</u>

The carrying amounts of bank loans approximate their fair values as the bank loans bear floating interest rates and are repriced within six months at the prevailing market interest rates. The loans are fully repayable from February 2014 to November 2016 (2011: repayable from February 2014 to November 2016).

NOTES TO THE ACCOUNTS

22 BANK LOANS (CONTINUED)

The effective interest rate of the Group's bank loans at 31 December 2012 is 1.6% (2011: 1.6%).

Bank loans are denominated in the following currencies:

Group	2012 Percentage	2011 Percentage
Hong Kong dollar	20%	20%
United States dollar	80%	80%
	<u>100%</u>	<u>100%</u>

At 31 December 2012, assets of the Group totalling HK\$6,410,509,000 (2011: HK\$6,836,903,000) and all the shares in a subsidiary (Note 30) were pledged as security for bank loans.

23 PENSION OBLIGATIONS

Group	2012 HK\$'000	2011 HK\$'000
Defined benefit plans		
Plan obligations	<u>347,515</u>	<u>265,340</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 2012 using the projected unit credit method to account for the pension accounting costs in accordance with HKAS 19 "Employee Benefits".

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

	2012 HK\$'000	2011 HK\$'000
Present value of defined benefit obligations	1,316,795	1,159,115
Fair value of plan assets	(969,280)	(893,775)
Net defined benefit plan obligations	<u>347,515</u>	<u>265,340</u>

The movements in the present value of the defined benefit obligation over the year/period are as follows:

	2012 HK\$'000	2011* HK\$'000
At beginning of the year/period	1,159,115	–
Acquisition of subsidiary companies	–	1,025,143
Current service cost	49,043	34,109
Interest cost	14,212	19,357
Contributions by plan participants	7,683	6,329
Actuarial loss	120,010	134,918
Benefits paid	(42,333)	(60,910)
Net transfer in liabilities	9,065	169
At end of the year/period	<u>1,316,795</u>	<u>1,159,115</u>

* For the financial period from 25 February 2011 (date of constitution of the Trust) to 31 December 2011

NOTES TO THE ACCOUNTS

23 PENSION OBLIGATIONS (CONTINUED)

(a) Defined benefit plans (Continued)

The movements in the fair value of plan assets for the year/period are as follows:

	2012 HK\$'000	2011* HK\$'000
At beginning of the year/period	893,775	–
Acquisition of subsidiary companies	–	942,183
Expected return on plan assets	61,852	54,234
Actuarial gain/(loss)	9,335	(69,558)
Employer contributions	29,903	21,328
Employee contributions	7,683	6,329
Benefits paid	(42,333)	(60,910)
Net transfer in assets	9,065	169
At end of the year/period	<u>969,280</u>	<u>893,775</u>

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

	2012 %	2011 %
Discount rate applied to the defined benefit plan obligations	0.40 – 0.70	1.20 - 1.50
Expected rate of return on plan assets	7.00	7.00
Future salary increases	4.00	4.00
Interest credited on plan accounts	<u>5.00 – 6.00</u>	<u>5.00 - 6.00</u>

Fair value of the plan assets is analysed as follows:

	2012 HK\$'000	2011 HK\$'000
Equity instruments	627,980	609,463
Debt instruments	248,305	210,030
Other assets	92,995	74,282
At 31 December	<u>969,280</u>	<u>893,775</u>

The amounts recognised in the consolidated income statement are as follows:

	2012 HK\$'000	2011* HK\$'000
Current service cost	49,043	34,109
Interest cost	14,212	19,357
Expected return on plan assets	(61,852)	(54,234)
	<u>1,403</u>	<u>(768)</u>

The actual return on plan assets was a gain of HK\$71,187,000 (2011*: a loss of HK\$15,324,000).

* For the financial period from 25 February 2011 (date of constitution of the Trust) to 31 December 2011

NOTES TO THE ACCOUNTS

23 PENSION OBLIGATIONS (CONTINUED)

(a) Defined benefit plans (Continued)

The experience adjustments are as follows:

	2012 HK\$'000	2011 HK\$'000
Present value of defined benefit obligations	1,316,795	1,159,115
Fair value of plan assets	(969,280)	(893,775)
Deficit	<u>347,515</u>	<u>265,340</u>
Experience adjustments on defined benefit obligations losses	<u>(25,286)</u>	<u>(4,959)</u>
Experience adjustments on plan assets gains/(losses)	<u>9,335</u>	<u>(69,558)</u>

There is no immediate requirement for the Group to fund the deficit between the fair value of defined benefit plan assets and the present value of the defined benefit plan obligations disclosed at 31 December 2011 and 2012. Contributions to fund the obligations are based upon the recommendations of independent qualified actuaries for each of the pension plans of the Group to fully fund the relevant schemes on an ongoing basis. The realisation of the deficit is contingent upon the realisation of the actuarial assumptions made which is dependent upon a number of factors including the market performance of plan assets. Funding requirements of the major defined benefit plans of the Group are detailed below.

The Group operates two principal plans in Hong Kong. One plan, which has been closed to new entrants since 1994, provides benefits based on the greater of the aggregate of the employee and employer vested contributions plus a minimum interest thereon of 6% per annum, and a benefit derived by a formula based on the final salary and years of service. A formal independent actuarial valuation, undertaken for funding purposes under the provision of Hong Kong's Occupational Retirement Schemes Ordinance ("ORSO"), at 31 July 2011 reported a funding level of 118% of the accrued actuarial liabilities on an ongoing basis. The valuation used the attained age valuation method and the main assumptions in the valuation are an investment return of 6% per annum and salary increases of 4%. The valuation was performed by Tian Keat Aun, a Fellow of The Institute of Actuaries, of Towers Watson Hong Kong Limited. The second plan provides benefits equal to the employer vested contributions plus a minimum interest thereon of 5% per annum. At 31 December 2012, this plan is fully funded for the funding of vested benefits in accordance with the ORSO funding requirements. During the year ended 31 December 2012, forfeited contributions totalling HK\$466,000 (2011*: HK\$795,000) were used to reduce the level of contributions of the year ended 31 December 2012 and no forfeited contribution was available at 31 December 2012 (2011: Nil) to reduce future year's contributions.

(b) Defined contribution plans

The Group's cost in respect of defined contribution plans for the year amounted to HK\$41,940,000 (2011*: HK\$34,417,000).

* For the financial period from 25 February 2011 (date of constitution of the Trust) to 31 December 2011

NOTES TO THE ACCOUNTS

24 UNITS IN ISSUE

At 25 February 2011 (date of constitution of the Trust)
Unit issued at registration
Units issued upon HPH Trust listing on the SGX-ST on 18 March 2011
At 31 December 2011 and 2012

Group and Trust	
Number of units	HK\$'000
–	–
1	–
8,708,887,999	68,539,835
<u>8,708,888,000</u>	<u>68,539,835</u>

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

25 INVESTMENT IN A SUBSIDIARY

Trust	2012 HK\$'000	2011 HK\$'000
Investment cost	10,000	10,000
Capital contribution	65,047,632	67,280,000
	<u>65,057,632</u>	<u>67,290,000</u>

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

Details of subsidiary companies of the Group are disclosed in Note 30.

26 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of operating profit to cash generated from operations:

	2012 HK\$'000	2011* HK\$'000
Operating profit	4,398,026	3,718,383
Depreciation and amortisation	2,752,536	2,150,094
Net loss on disposal of fixed assets	7,238	930
Dividend income	(80,128)	(85,964)
Interest income	(90,498)	(79,569)
Operating profit before working capital changes	<u>6,987,174</u>	<u>5,703,874</u>
Decrease/(Increase) in inventories	10,997	(1,034)
Decrease/(Increase) in trade and other receivables	33,689	(503,844)
(Increase)/Decrease in amounts due from related companies, associated companies and jointly controlled entities	(9,960)	43,263
(Decrease)/Increase in trade and other payables	(1,323,287)	260,338
Decrease in pension obligations	(28,549)	(22,096)
Exchange difference	(35,590)	52,382
Cash generated from operations	<u>5,634,474</u>	<u>5,532,883</u>

* For the financial period from 25 February 2011 (date of constitution of the Trust) to 31 December 2011

NOTES TO THE ACCOUNTS

27 COMMITMENTS

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

	2012 HK\$'000	2011 HK\$'000
Contracted but not provided for	174,682	348,622
Authorised but not contracted for (Note)	1,163,497	893,035
	<u>1,338,179</u>	<u>1,241,657</u>

The Group's share of capital commitments of the jointly controlled entities is as follows:

	2012 HK\$'000	2011 HK\$'000
Authorised but not contracted for	<u>25,170</u>	<u>95,551</u>

Note:

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

(b) At 31 December 2012, the Group had future aggregate minimum lease payments under non-cancellable operating leases for office premises and port facilities as follows:

	2012 HK\$'000	2011 HK\$'000
Within one year	36,460	29,953
Between two to five years	65,790	13,679
	<u>102,250</u>	<u>43,632</u>

NOTES TO THE ACCOUNTS

28 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, jointly controlled entities and Group companies are disclosed in Notes 20 and 21.

(i) Income from and expenses to related parties

	2012 HK\$'000	2011* HK\$'000
Income:		
Container handling fees received from a jointly controlled entity and related companies (Note a)	79,838	65,063
Management and service fee received from a jointly controlled entity and related companies (Note b)	81,694	77,767
Transportation management services fee income from a jointly controlled entity and related companies (Note c)	42,512	24,828
Expenses:		
Container handling charges paid to jointly controlled entities, associated companies and a related company (Note d)	519,991	393,141
Operating lease rentals on premises paid to a jointly controlled entity and related companies (Note d)	19,862	13,379
Trustee-Manager management fees (Note e)	20,124	15,440
Global support services fees to a related company (Note f)	120,744	92,638
Information technology ("IT") support and maintenance service fees paid to an associated company and related companies (Note g)	35,465	24,394
Telecommunication charges paid to related companies (Note h)	5,738	4,346
Security guards service fees paid to a related company (Note i)	10,284	8,950

Notes:

- (a) Container handling fees received from a jointly controlled entity and related companies were charged at terms pursuant to the relevant agreements.
- (b) Management and service fee received from a jointly controlled entity and related companies were charged at terms mutually agreed.
- (c) Revenue from a jointly controlled entity and related companies for the provision of transportation management services was charged at prices and terms mutually agreed.
- (d) Container handling charges and operating lease rentals paid to jointly controlled entities, associated companies and related companies were charged at terms pursuant to relevant agreements.

NOTES TO THE ACCOUNTS

28 RELATED PARTIES TRANSACTIONS (CONTINUED)

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

Notes (Continued):

- (e) The Trustee-Manager (in its own capacity) is entitled under the trust deed dated 25 February 2011 constituting HPH Trust (the "Trust Deed") to a base fee and a performance fee for its provision of services to HPH Trust.

The base fee is a fixed fee of US\$2,500,000, which is subject to increase each year by such percentage representing the percentage increase (if any) in the Hong Kong Composite Consumer Price Index. The base fee is payable to the Trustee-Manager in the form of cash and/or units (as the Trustee-Manager may elect). The Trustee-Manager has elected to receive 100% of the base fee in cash for the year ended 31 December 2012. As the December 2012 figure for the Hong Kong Composite Consumer Price Index is yet to be published as at the date of preparation of these accounts, the adjustment to the base fee, if required, will be accounted for in the subsequent financial period.

The Trustee-Manager is entitled to receive a performance fee for the year ended 31 December 2012 when the distribution per unit of HPH Trust ("DPU") exceeds the seasonally annualised 2011 forecast DPU of HK45.88 cents (the "Base DPU") in accordance with the Trust Deed.

- a fee of 3.0% of the first 25.0% of excess DPU as compared to the Base DPU;
- an additional fee of 6.0% of the next 25.0% of excess DPU as compared to the Base DPU (i.e. excess DPU above 25.0% and up to 50.0% of the Base DPU);
- a further fee of 12.0% of the next 25.0% of excess DPU as compared to the Base DPU (i.e. excess DPU above 50.0% and up to 75.0% of the Base DPU); and
- an additional further fee of 18.0% of any excess DPU above 75.0% of the Base DPU.

In the event that the actual DPU is less than the Base DPU, such deficit shall be brought forward to the subsequent period(s) and shall be set-off from any excess DPU before any performance fee can be paid.

The performance fee is payable to the Trustee-Manager in the form of cash and/or units (as the Trustee-Manager may elect). The performance fee payable will be accounted for in the subsequent financial period upon finalisation of the DPU of HPH Trust at the board meeting of the Trustee-Manager.

For the financial year ended 31 December 2012, a provisional base fee of US\$2,580,000 (equivalent to HK\$20,124,000) was accrued and no performance fee or other fees were recognised during the year (2011*: Nil). The adjustment amount for the base fee and the performance fee are not reflected in the accounts as these can only be determined after 31 December 2012 as indicated above.

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

- (ii) Key management compensation

Key management of the Group is also executive officers of the Trustee-Manager. The compensation paid or payable to key management for employee services is shown below:

	2012 HK\$'000	2011* HK\$'000
Salaries and employee benefits	17,643	12,131

* For the financial period from 25 February 2011 (date of constitution of the Trust) to 31 December 2011

NOTES TO THE ACCOUNTS

29 FINANCIAL RISK AND CAPITAL MANAGEMENT

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

(a) Cash management and funding

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

(b) Capital management

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

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

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

(c) Credit exposure

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

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

(d) Interest rate exposure

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

The impact of a hypothetical 10 basis points increase in market interest rate at the end of the reporting period would reduce the Group's profit and unitholders' equity by HK\$23,092,000 (2011: HK\$21,476,000).

(e) Foreign currency exposure

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

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

NOTES TO THE ACCOUNTS

29 FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

(e) Foreign currency exposure (Continued)

The impact of a hypothetical 10% 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/period is set out as below.

	Hypothetical increase/ (decrease) in profit	
	2012 HK\$'000	2011* HK\$'000
Renminbi	188,392	290,267
United States dollar	(2,287,145)	(2,279,148)
Singapore dollar	120	(118)
	<u>(2,098,633)</u>	<u>(1,988,999)</u>

(f) Liquidity exposure

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

Group

	2012 Contractual maturities			
	Carrying amounts HK\$'000	Total undiscounted cash flows HK\$'000	Within	Within
			1 year HK\$'000	2 to 5 years HK\$'000
Trade and other payables	7,713,667	7,713,667	7,713,667	–
Bank loans and other non-current liabilities	29,160,824	29,278,700	32,660	29,246,040
	<u>36,874,491</u>	<u>36,992,367</u>	<u>7,746,327</u>	<u>29,246,040</u>

	2011 Contractual maturities			
	Carrying amounts HK\$'000	Total undiscounted cash flows HK\$'000	Within	Within
			1 year HK\$'000	2 to 5 years HK\$'000
Trade and other payables	8,871,006	8,871,006	8,871,006	–
Bank loans and other non-current liabilities	29,052,841	29,310,776	32,620	29,278,156
	<u>37,923,847</u>	<u>38,181,782</u>	<u>8,903,626</u>	<u>29,278,156</u>

The table for the Group above excludes interest accruing and payable on certain of these liabilities which are estimated to be HK\$458,697,000 (2011: HK\$479,221,000) in "within 1 year" maturity band, HK\$321,806,000 (2011: HK\$809,560,000) in "within 2 to 5 years" maturity band, and after assuming the effect of interest rates with respect to variable rate financial liabilities remaining constant and no change in aggregate principal amount of financial liabilities other than repayment at scheduled maturity as reflected in the table.

* For the financial period from 25 February 2011 (date of constitution of the Trust) to 31 December 2011

NOTES TO THE ACCOUNTS

29 FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

(f) Liquidity exposure (Continued)

Trust

	2012			
	Contractual maturities			
	Carrying amounts	undiscounted cash flows	Within 1 year	Within 2 to 5 years
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade and other payables	67,119	67,119	67,119	–

	2011			
	Contractual maturities			
	Carrying amounts	undiscounted cash flows	Within 1 year	Within 2 to 5 years
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade and other payables	29,226	29,226	29,226	–

(g) Fair value estimation

The financial instruments of the Group that are measured at fair value at 31 December 2012 were the investments. The investments mainly comprise the River Ports Economic Benefits, in which the fair value measurement is classified as Level 3 of the fair value measurement hierarchy (inputs for the assets that are not based on observable market data (i.e. unobservable inputs)) in accordance with the disclosure requirement of HKFRS 7 for financial instruments. Discounted cash flow analysis was used to determine the fair value of the financial instruments.

NOTES TO THE ACCOUNTS

30 LIST OF SUBSIDIARY COMPANIES OF THE GROUP

Details of principal subsidiary companies of the Group at 31 December 2012 and 2011 are as follows:

Name	Place of incorporation/ establishment	Principal activities	Particulars of issued share capital	Interest held
HPHT Limited ¹	Hong Kong	Investment holding	10,000,000 ordinary shares of HK\$1 each	100%
Giantfield Resources Limited ²	British Virgin Islands	Investment holding	2 ordinary shares of US\$1 each	100%
Classic Outlook Investments Limited ²	British Virgin Islands	Investment holding	100,000 ordinary shares of US\$0.1 each	100%
HIT Investments Limited ²	British Virgin Islands	Investment holding	200 ordinary "A" shares of US\$1 each 800 non-voting preferred "B" shares of US\$1 each	100%
HIT Holdings Limited ¹	Hong Kong	Investment holding	50,000 "A" shares of HK\$0.25 each 240,000 "B" shares of HK\$0.25 each 400 "P" shares of HK\$0.25 each	100%
Pearl Spirit Limited ²	British Virgin Islands	Investment holding	1 ordinary share of US\$1	100%
Hongkong International Terminals Limited ¹	Hong Kong	Development and operation of container terminals	2 ordinary shares of HK\$10 each ³	100%
Yantian International Container Terminals Limited ¹	PRC	Development and operation of container terminals	HK\$2,400,000,000	56.41%
Yantian International Container Terminals (Phase III) Limited ¹	PRC	Development and operation of container terminals	HK\$6,056,960,000	51.64%
Shenzhen Pingyan Multimodal Company Limited ¹	PRC	Provision of various transportation services	RMB150,000,000	51.64%
Shenzhen Yantian West Port Terminals Limited ¹	PRC	Development and operation of container terminals	RMB1,000,000,000	51.64%
Hutchison Ports Yantian Limited ¹	Hong Kong	Investment holding	10,000,000 ordinary shares of HK\$1 each ⁴	79.45%
Wattrus Limited ¹	British Virgin Islands	Investment holding	32 "A" shares of US\$1 each 593 "B" shares of US\$1 each	94.88%

NOTES TO THE ACCOUNTS

30 LIST OF SUBSIDIARY COMPANIES OF THE GROUP (CONTINUED)

Name	Place of incorporation/ establishment	Principal activities	Particulars of issued share capital	Interest held
Sigma Enterprises Limited ¹	British Virgin Islands	Investment holding	2,005 "A" shares of US\$1 each 8,424 "B" shares of US\$1 each	79.45%
Hutchison Ports Yantian Investments Limited ²	British Virgin Islands	Investment holding	200 ordinary shares of US\$1 each	100%
Birrong Limited ²	British Virgin Islands	Investment holding	10,000 ordinary shares of US\$1 each	100%
Hutchison Shenzhen East Investments Limited ²	British Virgin Islands	Investment holding	1 ordinary share of US\$1	100%

¹ Audited by PricewaterhouseCoopers network firms

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

³ Shares of this subsidiary have been pledged as security for a bank loan of the Group (Note 22)

⁴ On 15 May 2012, the authorised share capital was increased from 10,000 shares of HK\$1 each to 10,000,000 shares of HK\$1 each. On the same day, 9,999,998 shares were allotted to its shareholder, Sigma Enterprises Limited and resulted in total issued share capital at 31 December 2012 was 10,000,000 shares with HK\$1 each (2011: 2 shares with HK\$1 each)

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.

31 APPROVAL OF THE ACCOUNTS

The accounts set out on pages 54 to 94 were approved by the Board of Directors of the Trustee-Manager for issue on 1 February 2013.

STATISTICS OF UNITHOLDINGS

As at 15 March 2013

There were 8,708,888,000 units (voting rights: 1 vote per unit) in issue as at 15 March 2013. There is only one class of units in HPH Trust.

DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	No. of Unitholders	%	No. of Units	%
1 - 999	106	0.32	33,839	0.00
1,000 - 10,000	24,079	73.07	104,080,959	1.19
10,001 - 1,000,000	8,718	26.45	397,679,564	4.57
1,000,001 and above	53	0.16	8,207,093,638	94.24
Total	32,956	100.00	8,708,888,000	100.00

SUBSTANTIAL UNITHOLDERS

Based on Register of Substantial Unitholders as at 15 March 2013

Unitholders	Direct interest		Deemed interest	
	No. of Units	%	No. of Units	%
1. Cheung Kong (Holdings) Limited ⁽¹⁾	-	-	2,617,033,200	30.05
2. Hutchison Port Group Holdings Limited	2,404,014,000	27.60	-	-
3. Hutchison International Limited ⁽²⁾	-	-	2,404,014,000	27.60
4. Hongkong and Whampoa Dock Company, Limited ⁽³⁾	-	-	2,404,014,000	27.60
5. Hutchison Whampoa Limited ⁽⁴⁾	-	-	2,404,014,000	27.60
6. HWDC Holdings Limited ⁽⁵⁾	-	-	2,404,014,000	27.60
7. Whampoa Dock Holdings Limited ⁽⁶⁾	-	-	2,404,014,000	27.60
8. PortCapital Limited	905,364,000	10.40	-	-
9. PSA International Pte Ltd ⁽⁷⁾	-	-	905,364,000	10.40
10. Temasek Holdings (Private) Limited ⁽⁸⁾	-	-	951,969,008	10.93
11. The Capital Group Companies, Inc. ⁽⁹⁾	-	-	688,798,000	7.91
12. Capital Research and Management Company ⁽¹⁰⁾	-	-	694,697,000	7.98

Notes:

⁽¹⁾ Cheung Kong (Holdings) Limited ("Cheung Kong"), through its subsidiaries, holds approximately 49.97% of Hutchison Whampoa Limited ("HWL"). Cheung Kong and certain of its subsidiaries (through their 49.97% interest in HWL) are also deemed to have the same interest in HPH Trust as Hutchison Port Group Holdings Limited ("HPGH").

⁽²⁾ Hutchison International Limited, being a direct wholly-owned subsidiary of HWL and an intermediate holding company of HPGH in the Hutchison group, is deemed to have the same interest in HPH Trust as HPGH.

⁽³⁾ Hongkong and Whampoa Dock Company, Limited, being an indirect wholly-owned subsidiary of HWL and an immediate holding company of HPGH in the Hutchison group, is deemed to have the same interest in HPH Trust as HPGH.

⁽⁴⁾ HWL, being the ultimate holding company of HPGH in the Hutchison group, is deemed to have the same interest in HPH Trust as HPGH.

⁽⁵⁾ HWDC Holdings Limited, being an indirect wholly-owned subsidiary of HWL and an intermediate holding company of HPGH in the Hutchison group, is deemed to have the same interest in HPH Trust as HPGH.

⁽⁶⁾ Whampoa Dock Holdings Limited, being an indirect wholly-owned subsidiary of HWL and an intermediate holding company of HPGH in the Hutchison group, is deemed to have the same interest in HPH Trust as HPGH.

⁽⁷⁾ PortCapital Limited ("PortCapital") is a wholly-owned subsidiary of PSA International Pte Ltd ("PSA"). PSA is deemed interested in the HPH Trust units held by PortCapital.

⁽⁸⁾ PSA is a wholly-owned subsidiary of Temasek Holdings (Private) Limited ("Temasek"). Temasek is deemed interested in the HPH Trust units held by PortCapital and its various other subsidiaries and associated companies.

⁽⁹⁾ The Capital Group Companies, Inc. ("CGC") is deemed interested in the HPH Trust units held by its various subsidiaries.

⁽¹⁰⁾ Capital Research and Management Company ("CRMC") is a subsidiary of CGC. CRMC is an investment management company and is deemed interested in the HPH Trust units owned by accounts under its discretionary investment management.

STATISTICS OF UNITHOLDINGS

As at 15 March 2013

TWENTY LARGEST UNITHOLDERS

No.	Name	No. of Units	%
1	Hutchison Port Group Holdings Limited	2,404,014,000	27.60
2	DBSN Services Pte Ltd	1,367,960,655	15.71
3	Citibank Nominees Singapore Pte Ltd	982,621,308	11.28
4	DBS Nominees Pte Ltd	956,087,377	10.98
5	PortCapital Limited	905,364,000	10.40
6	HSBC (Singapore) Nominees Pte Ltd	377,919,189	4.34
7	Raffles Nominees (Pte) Ltd	302,865,303	3.48
8	DBS Vickers Securities (Singapore) Pte Ltd	270,800,868	3.11
9	DB Nominees (Singapore) Pte Ltd	171,432,041	1.97
10	United Overseas Bank Nominees (Private) Limited	119,868,210	1.38
11	Morgan Stanley Asia (Singapore) Securities Pte Ltd	61,792,715	0.71
12	BNP Paribas Nominees Singapore Pte Ltd	51,083,313	0.59
13	BNP Paribas Securities Services Singapore Branch	42,571,600	0.49
14	Bank of Singapore Nominees Pte Ltd	31,480,918	0.36
15	UOB Kay Hian Private Limited	21,436,208	0.25
16	Merrill Lynch (Singapore) Pte Ltd	14,236,640	0.16
17	Phillip Securities Pte Ltd	9,489,153	0.11
18	Macquarie Capital Securities (Singapore) Pte Limited	8,260,880	0.09
19	U-Ming Marine Transport (Singapore) Private Limited	8,050,000	0.09
20	OCBC Securities Pte Ltd	6,736,054	0.08
TOTAL		8,114,070,432	93.18

FREE FLOAT

Based on the information made available to the Trustee-Manager, as at 15 March 2013, approximately 50.95% of the issued units in HPH Trust were held in the hands of the public. Accordingly, HPH Trust complied with Rule 723 of the Listing Manual of the SGX-ST.

ADDITIONAL INFORMATION

Unit performance in financial year 2012	Total Volume	Highest Price		Lowest Price	
	('000)	(US\$)	(S\$)	(US\$)	(S\$)
	4,879,257	0.865	1.060	0.620	0.855

NOTICE OF ANNUAL GENERAL MEETING

HUTCHISON PORT HOLDINGS TRUST

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

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the unitholders of Hutchison Port Holdings Trust ("**HPH Trust**") and unitholders of HPH Trust, "**Unitholders**") will be held at Marina Mandarin Singapore, Ballroom, Level 1, 6 Raffles Boulevard, Marina Square, Singapore 039594 on Tuesday, 30 April 2013 at 10:30 a.m. for the following purposes:

ORDINARY BUSINESS:

1. To receive and adopt the Report of the Trustee-Manager, Statement by the Trustee-Manager and the audited accounts of HPH Trust for the year ended 31 December 2012 together with the Independent Auditor's Report thereon. **(Resolution 1)**
2. To re-appoint PricewaterhouseCoopers LLP as the Auditor of HPH Trust and to authorise the Directors of the Trustee-Manager to fix its remuneration. **(Resolution 2)**
3. To transact any other ordinary business which may properly be transacted at an Annual General Meeting of the Unitholders.

SPECIAL BUSINESS:

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

4. General mandate to issue units in HPH Trust ("**Units**")

That pursuant to Clause 6.1.1 of the deed of trust dated 25 February 2011, constituting HPH Trust (the "**Trust Deed**"), Section 36 of the Business Trusts Act, Chapter 31A of Singapore ("**BTA**"), and Rule 806 of the Listing Manual of Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the Trustee-Manager, on behalf of HPH Trust, be authorised and empowered to:

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

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

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

provided that:

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

NOTICE OF ANNUAL GENERAL MEETING

HUTCHISON PORT HOLDINGS TRUST

(A business trust constituted on 25 February 2011 under the laws of the Republic of Singapore)

(Registration No.: 2011001)

- (3) in exercising the authority conferred by this Resolution, the Trustee-Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST), the Trust Deed and the BTA; and
- (4) unless revoked or varied by HPH Trust in a general meeting, such authority shall continue in force until (i) the conclusion of the next Annual General Meeting of the Unitholders or the date by which the next Annual General Meeting of the Unitholders is required by law to be held, whichever is the earlier; or (ii) in the case of Units to be issued pursuant to the Instruments, made or granted pursuant to this Resolution, until the issuance of such Units in accordance with the terms of the Instruments. **(Resolution 3)**

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

LIM KA BEE
Company Secretary
Singapore, 12 April 2013

Explanatory Notes:

Resolution 3

The Ordinary Resolution 3 in item 4 above, if passed, will empower the Trustee-Manager from the date of this Annual General Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held, or the date on which such authority is varied or revoked by HPH Trust in a general meeting of the Unitholders, whichever is the earliest, to issue Units, make or grant Instruments convertible into Units and to issue Units pursuant to such Instruments, up to a number not exceeding, in total, 50.0% of the issued Units, of which up to 20.0% may be issued other than on a pro-rata basis to existing Unitholders.

For determining the aggregate number of Units that may be issued, the percentage of issued Units will be calculated based on the issued Units at the time the Ordinary Resolution 3 in item 4 above is passed, after adjusting for any new Units arising from the conversion or exercise of the Instruments, and any subsequent bonus issue, consolidation or subdivision of Units.

Notes:

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

HUTCHISON PORT HOLDINGS TRUST

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

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

PROXY FORM

(Please see notes overleaf before completing this form)

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

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

and/or (delete as appropriate)

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

or failing the person, or either or both of whom failing, referred to the above, the Chairman of the Annual General Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Annual General Meeting of the unitholders (the "Meeting") of HPH Trust to be held at Marina Mandarin Singapore, Ballroom, Level 1, 6 Raffles Boulevard, Marina Square, Singapore 039594 on Tuesday, 30 April 2013 at 10:30 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

No.	Resolutions relating to:	For	Against
1	Adoption of the Report of the Trustee-Manager, Statement by the Trustee-Manager and audited accounts of HPH Trust for the year ended 31 December 2012 together with the Auditor's Report thereon		
2	Re-appointment of PricewaterhouseCoopers LLP as the Auditor of HPH Trust		
3	Authority to issue new units in HPH Trust		

Dated this _____ day of _____ 2013

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

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

Notes:

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

General:

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

www.hphtrust.com



**HPH
TRUST**

HUTCHISON PORT HOLDINGS TRUST

150 Beach Road,
#17-03 Gateway West,
Singapore 189720
Tel: (65) 6294 8028
Email: ir@hphtrust.com