



FORGING



TOWARDS

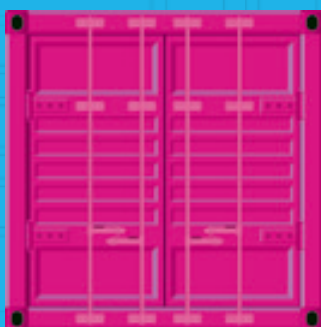


A



**NEW
NORMAL**





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TRUST PROFILE

HPH TRUST

Hutchison Port Holdings Trust (“HPH Trust” or “the Trust”) is the first publicly traded container port business trust in the world. It was listed on the Mainboard of the Singapore Exchange (“SGX”) in March 2011, and in early 2012 became the first entity to launch dual-currency trading for its units on the SGX.

The mandate of the Trust is principally to invest in, develop, operate and manage deep-water container ports in Guangdong Province, Hong Kong and Macau in China.

HPH Trust operates Hongkong International Terminals (“HIT”), COSCO-HIT Terminals (“COSCO-HIT”) and Asia Container Terminals (“ACT”) in Hong Kong, and Yantian International Container Terminals (“YANTIAN”) and Huizhou International Container Terminals (“HICT”) in mainland China. HPH Trust operates 38¹ berths across 647¹ hectares of land. In 2021, the Trust delivered a combined throughput of approximately 24.5 million twenty-foot equivalent units (“TEU”).

The core port operations of the Trust are complemented by river port facilities and ancillary services, which aim to provide customers with seamless logistics supply chain solutions for imports and exports. HPH Trust holds economic benefits in two river ports in mainland China (“River Ports Economic Benefits”²): Jiangmen International Container Terminals (“Jiangmen Terminal”) and Nanhai International Container Terminals (“Nanhai Terminal”). Collectively, they are known as the “River Ports”. HPH Trust also operates ancillary services including container depots, trucking, feeder and shipping agencies via Asia Port Services Limited (“APS”); HPH E.Commerce Limited (“Hutchison Logistics”), a provider of supply chain solutions across rail, sea and land networks; and Shenzhen Hutchison Inland Container Depots Co., Limited (“SHICD”), operator of an inland container depot and warehouse in Shenzhen.

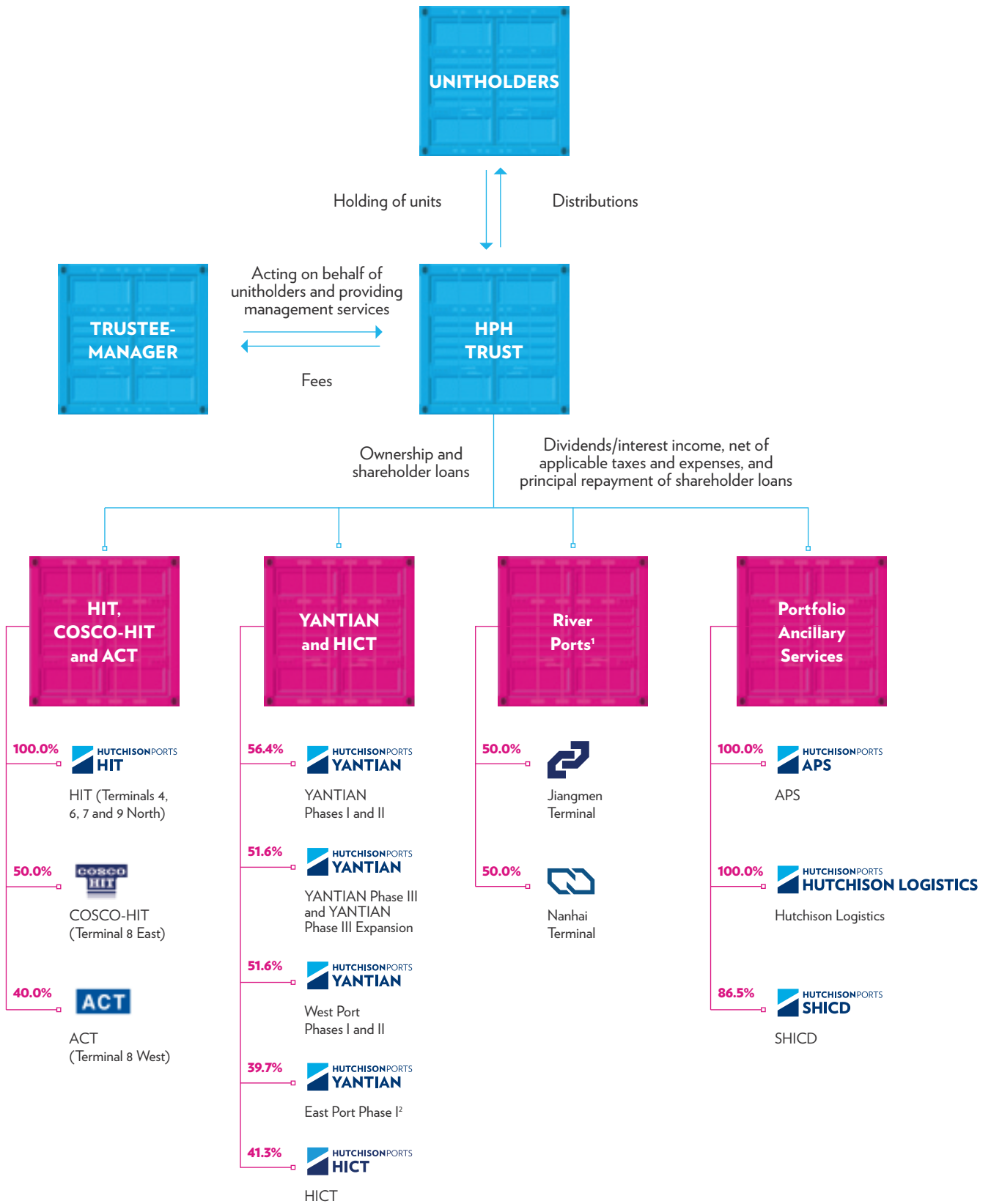
¹ Excludes East Port Phase I which is under development.

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.

THE TRUSTEE- MANAGER

The Trust is managed by Hutchison Port Holdings Management Pte. Limited (the “Trustee-Manager”), an indirect wholly owned subsidiary of CK Hutchison Holdings Limited (“CKHH”). The Trustee-Manager has dual responsibilities in safeguarding the interests of unitholders and managing HPH Trust’s businesses. The Board of Directors of the Trustee-Manager consists of individuals with a broad range of commercial experience and expertise in the port industry.

CORPORATE STRUCTURE

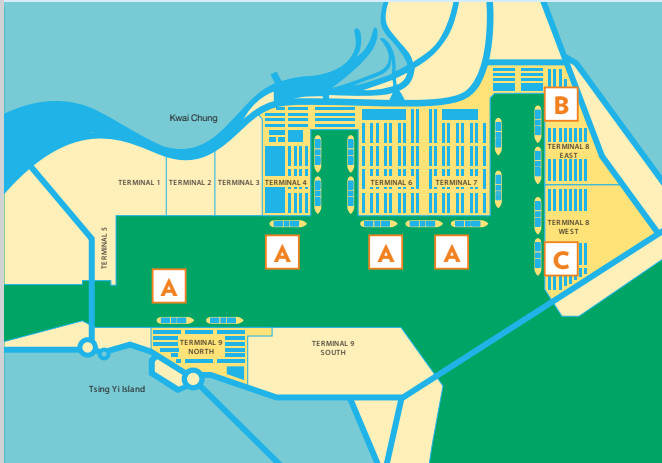


¹ HPH Trust holds River Ports Economic Benefits, but not the shares of the River Ports' holdings companies.

² Under development which was established pursuant to the joint venture agreement signed with Shenzhen Yantian Port Group Company Limited in June 2021.

PORTFOLIO OVERVIEW

HONG KONG



A HIT

- 12 container berths across Terminals 4, 6, 7 and 9 North with a combined land area of 111 hectares
- 100% ownership

B COSCO-HIT

- 2 container berths at Terminal 8 East with a combined land area of 30 hectares
- 50/50 joint venture with COSCO SHIPPING Ports Limited (“COSCO SHIPPING Ports”)

C ACT

- 2 container berths at Terminal 8 West with a combined land area of 29 hectares
- Strategic partnership between HPH Trust and COSCO SHIPPING Ports, with stakes of 40% and 60% respectively

SHENZHEN AND HUIZHOU

A YANTIAN Phases I and II

- Effective interests: 56.4%
- 5 container berths with a combined land area of 130 hectares

B YANTIAN Phase III and YANTIAN Phase III Expansion

- Effective interests: 51.6%
- 11 container berths with a combined land area of 226 hectares

C West Port Phases I and II

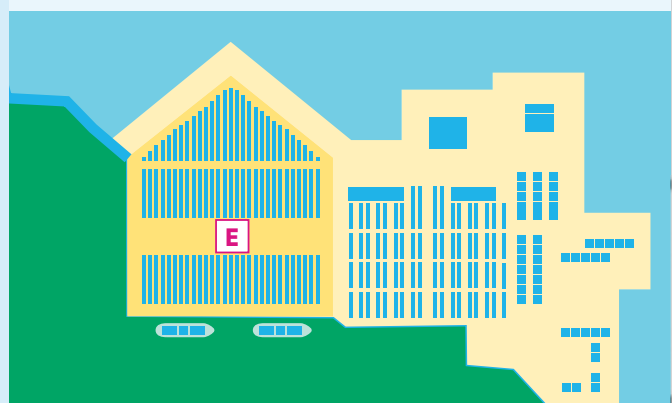
- Effective interests: 51.6%
- 4 container berths with a combined land area of 61 hectares

D East Port Phase I (under development)

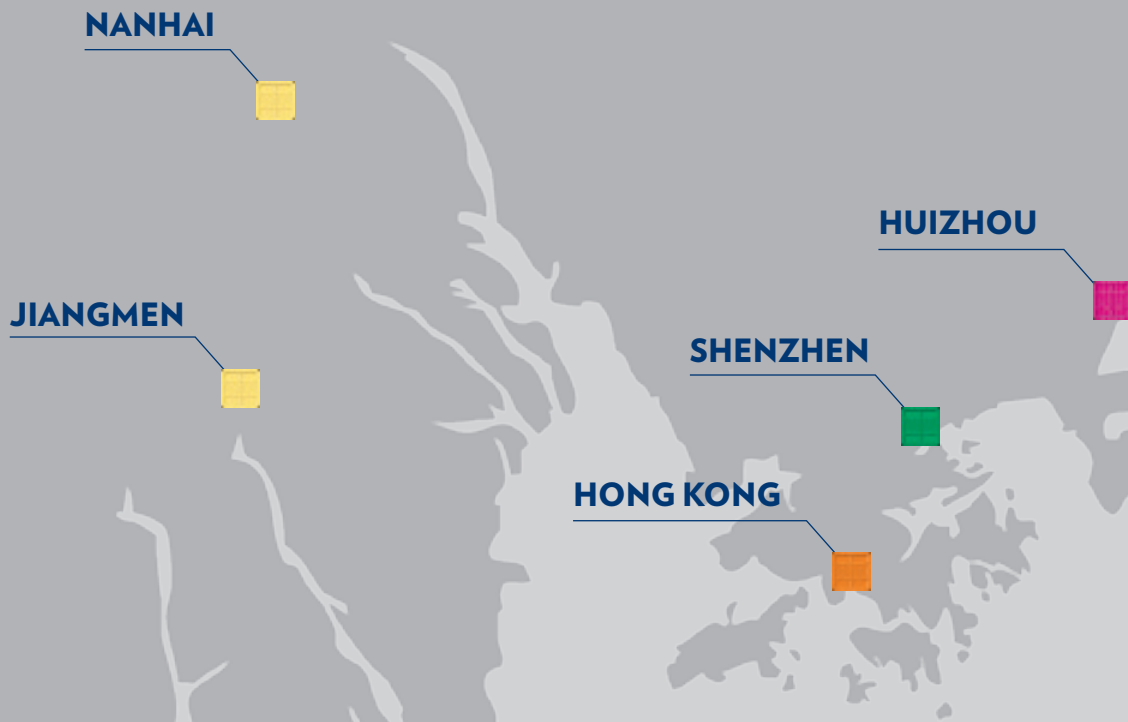
- Effective interests: 39.7%
- Proposed to be 3 container berths with a combined land area of 120 hectares

E HICT

- Effective interests: 41.3%
- 2 container berths with a combined land area of 60 hectares



PORTFOLIO
OVERVIEW



HONG KONG

- HIT
- COSCO-HIT
- ACT

SHENZHEN

- YANTIAN Phases I and II
- YANTIAN Phase III and YANTIAN Phase III Expansion
- West Port Phases I and II
- East Port Phase I (under development)

HUIZHOU

- HICT

NANHAI

- Nanhai Terminal

JIANGMEN

- Jiangmen Terminal

PORTFOLIO OVERVIEW

HONG KONG

HIT, COSCO-HIT and ACT

Strategically located on the south-east coast of China, Hong Kong is regarded as the gateway to the Greater Bay Area ("GBA") and its vast mainland hinterland. Its deep-water port and modern, well-equipped facilities — augmented by a free, open and multilateral trading system — allow Hong Kong to remain one of the busiest container terminals in the world and a major transshipment hub in the region.

On 8 January 2019, Hongkong International Terminals Limited, COSCO-HIT Terminals (Hong Kong) Limited, Asia Container Terminals Limited and Modern Terminals Limited established the Hong Kong Seaport Alliance ("HKSPA"), through which they collaborate to ensure the efficient management and operation of the 23 berths in Kwai Tsing.



SHENZHEN AND HUIZHOU

YANTIAN

YANTIAN is one of the busiest container terminals in China. South China has developed into a prosperous and dynamic economy, which boosts the position of the port as the premier gateway for foreign trade.

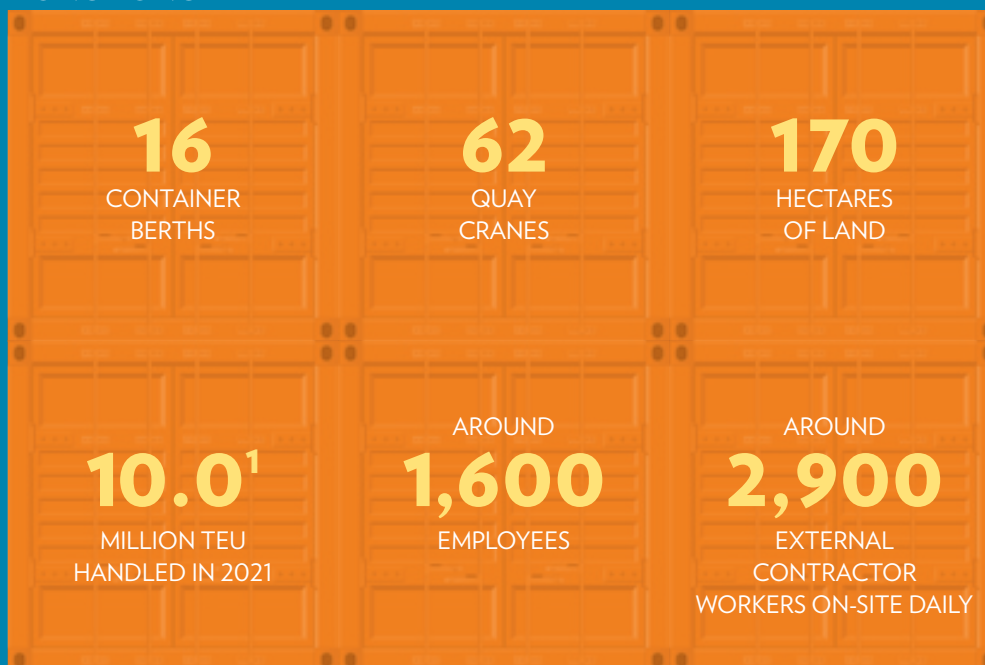
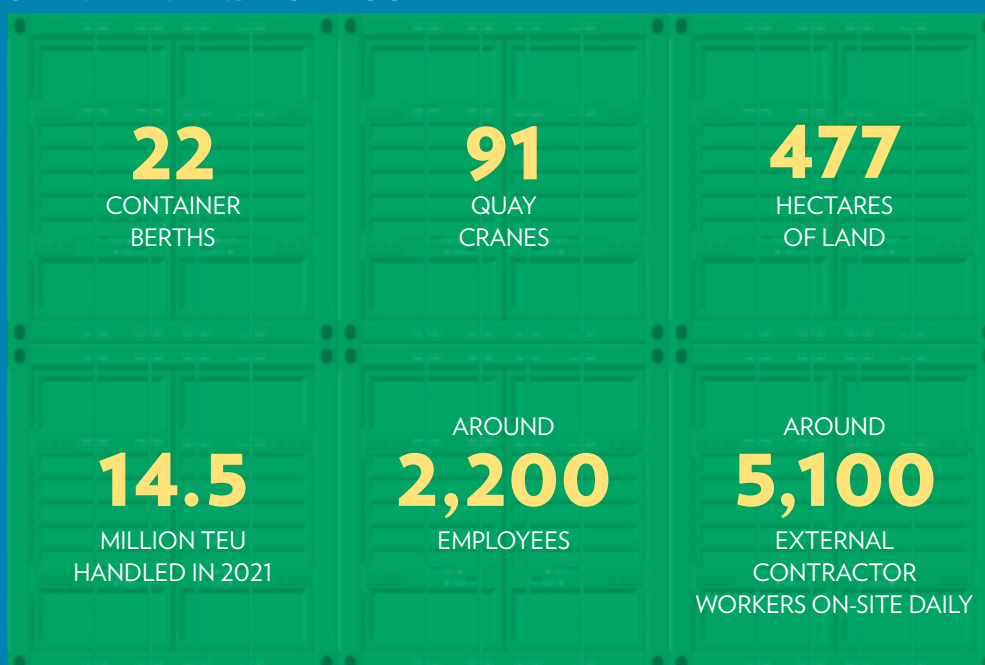
As the sole terminal operator in eastern Shenzhen, YANTIAN is regularly visited by mega-vessels. Its natural deep-water berths and excellent mega-vessel handling capabilities secure its reputation as a key trading hub.

HICT

The port of Huizhou is a natural coastal port in Guangdong. It is located near the manufacturing hinterland in eastern Guangdong, immediately east of Hong Kong and Shenzhen, and the Trust aims to develop it as a key player in the GBA shipping hub.

Situated in the Quanwan Port Zone of the Daya Bay Economic and Technological Development Zone, HICT is one of the dedicated container terminals in Huizhou.

HONG KONG

SHENZHEN² AND HUIZHOU

Figures as at 31 December 2021

¹ Represents the allocated throughput from HKSPA.

² Excludes East Port Phase I which is under development.

An aerial, high-angle photograph of a large port terminal. The scene is dominated by a series of blue gantry cranes extending from the foreground towards the background. To the left, there are long, neat stacks of shipping containers in various colors. The ground is a mix of paved areas and gravel. Several semi-trailers are visible, some parked and others in motion. The sky is clear and blue. The overall impression is one of a highly organized and active industrial facility.

**A VITAL ARTERY IN
A NEW OPERATING
ECOSYSTEM**

In a world grappling with a new norm of border controls and restricted movement, HPH Trust is providing a vital channel of sustenance between the Greater Bay Area and the world, and between various ports of call. The need to sustain a flow of goods has never been more important, and the Trust is well equipped to handle the heightened requirements and new complexities of the current operating environment. From adopting new technologies to redesigning processes and rationalising costs, the Trust has become a well-adapted engine, ready to take on any new challenge.



LETTER TO UNITHOLDERS

The past year has been marked by recovery and resilience, with global trade rebounding strongly across most regions even as many countries moved in and out of pandemic lockdowns.

At the same time, global supply chains met a host of extraordinary new challenges, from the Suez Canal blockage to port congestions, vessel schedule disruption, a shortage of truck drivers in the United States and Europe, and empty shelves in supermarkets. These issues underlined the complex nature of the global trade system. As 2021 repeatedly showed, a bottleneck in one corner of the globe can trigger a cargo logjam or compound shortages in another. As the world works to fix supply chain disruptions, staying in control of the “new normal” is the key to success for any business.

HPH Trust has confidently forged ahead in the “new normal”, ensuring it has the ability to serve as a reliable gateway to global trade. As a result, cargoes continue to flow through the ports of YANTIAN and Hong Kong, keeping them among the world’s busiest container terminals and the preferred ports of call for mega-vessels.

BUSINESS REBOUND CONTINUES

Despite the constantly evolving COVID-19 situation, the ports of HPH Trust experienced 4% growth in throughput, recording 24.5 million twenty-foot equivalent units (TEUs). Outbound cargoes from YANTIAN to the United States and Europe grew 7% and 11% respectively. Meanwhile, the average revenue per TEU for both YANTIAN and Kwai Tsing Terminals exceeded last year, mainly buoyed by higher storage income. As a result, HPH Trust’s revenue grew by 24% since 2020 to HK\$13,244.1 million.

The Trust reported net profit after tax (“NPAT”) of HK\$3,527.2 million – an increase of 75% compared to HK\$2,012.5 million in 2020. NPAT attributable to unitholders rose by a remarkable 110% to HK\$1,747.2 million. This was mainly due to higher revenue and lower financing costs, which offset the increase in costs of services rendered mainly as a result of high yard density and COVID preventive measures.

Distribution per unit (“DPU”) to unitholders was 14.5 HK cents in 2021.

DRAWING NEW HORIZONS

Since its formation in 2019, the Hong Kong Seaport Alliance (“HKSPA”) has thrived as a major transshipment hub in the Greater Bay Area. Meanwhile, it taps into the growing cold chain market and offers the freshest deliveries to markets, including mainland China. Members have excelled thanks to their high-quality facilities and services – including Kwai Tsing Terminals’ Remote Reefer Monitoring System, which has reefer plug capacity of more than 4,700 reefer points – and the ability to offer direct pick-up of containers after discharge. These rich resources reaffirmed Hong Kong’s position as the port of choice for cross-border fruit shipments, in particular, of cherries.

Thanks to new COVID-related trends in global consumption, Shenzhen now plays a vital role in China’s e-commerce. As a result, YANTIAN blossomed in 2021, consolidating its status as one of the preferred ports for cross-border e-commerce in South China. The port’s concerted marketing and promotion efforts yielded impressive results, offering 14 cross-border e-commerce express services. By harnessing its edge as a bridge between customs and customers, YANTIAN has enhanced inspection efficiency, adding to the port’s draw.

YANTIAN is expanding to capture more business demand and opportunities. On 8 December, East Port Phase I of YANTIAN – a joint venture greenfield project with Yantian Port Group – hosted a ground-breaking ceremony to launch the construction of three automated berths for vessels with displacement exceeding 200,000 tons. This landmark event marked a major step forward in Shenzhen’s roadmap to build a port-based national logistics hub at Yantian, as set out in China’s 14th Five-Year Plan (2021–2025).

HPH Trust believes that establishing connectivity is the key to success for ports. At YANTIAN, besides further strengthening its global connectivity when 10 new services called at the port, it also expanded its inland port connectivity in July, establishing the sixth inland port at Pinghu South. The launch of the YANTIAN-Pinghu South container rail service also paved the way for broader intermodal services and deeper strategic collaborations with the China Railway Guangzhou Group.

COMMITTING TO THE SUSTAINABILITY JOURNEY

With growing business opportunities, HPH Trust has also been strengthening its commitment to social responsibilities.

In a year when the UN Climate Change Conference (COP26) dominated the global agenda, HPH Trust reaffirmed its determination to go green. It announced a target to reduce total CO₂ emissions per TEU by 5% cumulatively from 2021 to 2026. This is in response to China’s pledge to be carbon neutral by 2060, and to Hong Kong’s Climate Action Plan 2050.

HPH Trust is also committed to continuously improving its sustainability efforts in areas that matter. In 2021, HPH Trust conducted a comprehensive materiality assessment that took into account stakeholders’ priorities and industry benchmarking. Through the assessment, HPH Trust broadened its sustainability scope to encompass 23 topics, and a materiality matrix was designed to prioritise the importance of each topic. The most significant issues identified included climate change, occupational health and safety, as well as technology and operational efficiency.

Third parties and government authorities have applauded the Trust’s longstanding sustainability initiatives, including the use of shore power and electric equipment.

SAFEGUARDING OPERATIONS

The pandemic upended global supply chains and presented terminals across the world with many operational puzzles.

Amid erratic vessel schedules, high yard density and numerous other challenges, HPH Trust continued to show adaptability and agility. To manage and reduce yard density, the Trust optimised the use of port facilities, deployed additional terminal and manpower resources, and focused on berthing and yard optimisation. For instance, YANTIAN implemented a new reservation system for in-gate export-laden containers which guides cargo owners and tractors to arrange container deliveries according to vessels' berthing schedules, and was granted additional off-dock space for container storage by relevant government authorities. Meanwhile, being a major transshipment hub, HKSPA maintained close communication with shipping lines on vessel berthing sequences and container loading and discharge ratios, and continuously enhanced vessel berthing arrangements for better utilisation of equipment and facilities.

HPH Trust also safeguarded employees' wellbeing and minimised the risk of COVID-19 outbreaks in ports by implementing proactive and strict health measures. Port-specific precautionary measures included regular COVID testing for frontline staff, deploying only vaccinated workers for operations on vessels, and requiring vessel crew members to stay indoors onboard vessels when berthed. Specifically, YANTIAN has in place measures such as risk assessment for all incoming vessels, vessel sanitisation before handling of containers, and "closed-loop" management with centralised accommodation for high-risk frontline staff.

These initiatives helped YANTIAN overcome the obstacle and resume full operation approximately one month after several COVID-19 cases were identified in the West Port in late May.

As a result, HPH Trust continued to achieve new heights and set new records this year. In February, YANTIAN celebrated the handling of 200 million TEU in just over 25 years. In March, COSCO-HIT broke a new productivity record with a vessel operating rate of 204.8 moves an hour when handling *COSCO HARMONY*.

TECHNOLOGY ADVANCES

The Trust understands that the key to success is through technology and innovation. With that in mind, it is continuing to digitalise its operations with the creation of smart and green ports.

At Kwai Tsing Terminals, this includes the introduction of the Electronic Release Order system, the Remote Reefer Monitoring System and the upgrade of the common barge platform for barge operators. These systems are designed to increase productivity by shortening gate processing and barge turnaround time, while reducing paper consumption and streamlining workflow.

YANTIAN jointly collaborated with the Global Shipping Business Network and COSCO SHIPPING Lines to build Shenzhen's first blockchain-enabled cargo release system. The system is expected to significantly enhance efficiency by reducing the import release process from two days to four hours.

Besides digitalisation, HPH Trust has continued to invest in remote-controlled operation technologies. At YANTIAN, eight remote-controlled RTGCs were successfully put into operation. In August, COSCO-HIT launched its Remote Operations Centre for RTGC operations. These initiatives enhance the safety and working environment of crane operators, attract young and women workforce, and reaffirm the Trust's commitment to improving productivity through continuous iteration.

Looking ahead, HPH Trust will continue to implement cutting-edge technology in Hong Kong and YANTIAN. This will be evident in the design and development of East Port Phase I of YANTIAN, while HKSPA will proactively participate in the Hong Kong government's "Smart Port" plan to further the competitiveness of the port of Hong Kong.

ADEPT AT ADAPTATION

While the rebounding economic conditions are expected to sustain demand in the coming year, there are still uncertainties about the spread and impact of COVID-19. For instance, precautionary measure by the Mainland government on the extended quarantine requirements for barge crew could bring challenges to the port of Hong Kong especially around the Lunar New Year. Meanwhile, the global supply chain will continue to face the strains of the pandemic. Nonetheless, the world continues to open up. Businesses must adapt to this "new normal" where COVID-19 is a fact of life.

As always, HPH Trust will continue to be vigilant, prepared and nimble in adapting to change.

The Trust will continue to work proactively with its stakeholders to safeguard smooth terminal operations and weather the effects of any rapid changes to its operating environment. The goal for HPH Trust as a world-class port operator is, as always, to ensure smooth, efficient and effective operations and to raise productivity, while keeping optimal density at its terminals and COVID-19 infections at bay. The Trust will work confidently to stay ahead in this ever-changing world, ensuring it can navigate challenges and seize the opportunities that tomorrow will bring.

FOK Kin Ning, Canning

Chairman

KEY EVENTS

**HKSPA MAINTAINS
MOMENTUM IN
CAPTURING
GROWTH IN COLD
CHAIN MARKET**



**COSCO-HIT KICKS OFF
AUTOMATION JOURNEY
FOLLOWING LAUNCH
OF NEW REMOTE
OPERATIONS CENTRE**

**YANTIAN CELEBRATES
ESTABLISHMENT OF
INLAND PORT AND
LAUNCH OF CONTAINER
RAIL SERVICE**



**YANTIAN ACHIEVES
RECORD-BREAKING
THROUGHPUT IN 2021**

HKSPA has once again maintained its reputation as one of the busiest major transshipment hubs in the world by delivering great efficiency and premium services to its customers and actively participating in China's growing fruit market.

Terminals operated under HKSPA have long presented themselves as trustworthy partners in handling shipments of fresh produce into mainland China, and have set an unparalleled standard in the growing cold chain market. During another challenging year, the alliance has been able to maintain its momentum by leveraging its unique and comprehensive services. These include the roll-out of the Remote Reefer Monitoring System at Kwai Tsing Terminals which has reefer plug capacity of more than 4,700 reefer points, and the direct pick-up of containers after discharge.

Since June, COSCO-HIT has used the new Remote Operations Centre to operate automated rubber-tyred gantry cranes ("RTGCs").

In August, COSCO-HIT held an opening ceremony to mark the launch of its Remote Operations Centre, starting a new chapter in its pursuit of terminal automation following the 20 months of preparatory works by the Engineering and Operations teams. Not only does the centre significantly enhance the efficiency and working environment of crane operators, it also strengthens the overall competitiveness of COSCO-HIT.

In July, YANTIAN celebrated the establishment of its inland port at Pinghu South and the launch of a new YANTIAN-Pinghu South container rail service. The event, held at the Pinghu South Depot of China Railway Guangzhou Group, marked the departure of the first train service and the establishment of YANTIAN's sixth inland port.

Along with establishing itself as a green port and reaching carbon peak and carbon neutrality at its inland ports, YANTIAN aims to continue working with the China Railway Guangzhou Group to promote intermodal services and implement the 1+2+N strategy, i.e. 1 (one goal) +2 (two pilots) +N (unlimited potential in cooperation opportunities) strategy. It also aims to boost the growth of port industries in Yantian to help build an international shipping hub.

In 2021, YANTIAN broke its annual throughput record by handling 14.2 million TEU, exceeding its previous record of handling 13.3 million TEU in 2020. This comes on the back of YANTIAN setting a milestone in the port and logistics industry in early 2021 by handling a total of 200 million TEU in just over 25 years. These achievements send a positive signal to the industry, particularly during the challenging times of the COVID-19 pandemic. YANTIAN's outstanding long-term performance was celebrated by customers, partners, and government and port supervisory officials at a ceremony in February.

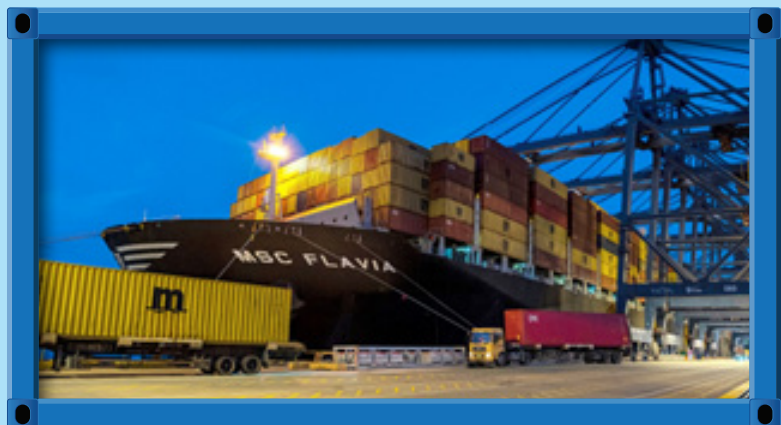
CORPORATE MILESTONES

NEW RECORDS



YANTIAN'S PINGYAN RAILWAY SETS A NEW OPERATION RECORD

YANTIAN ACHIEVES NEW PRODUCTIVITY RECORD



COSCO-HIT BREAKS NEW PRODUCTIVITY RECORD

In March, COSCO-HIT achieved a new productivity record with a vessel operating rate of 204.8 moves an hour during the handling of the 6,027-TEU *COSCO HARMONY*. In a challenging environment, the concerted efforts of the Hong Kong Operations team managed to surpass the previous record of 187.4 moves an hour, set in 2020. This achievement demonstrates the competence of HPH Trust in efficiently handling huge volumes, anchoring Hong Kong as an international shipping hub.

Pingyan Railway completed 1,124 TEU moves on 1 September amid all challenges and broke the highest daily throughput record of 1,030 TEU set in 2020. In 2021, the total export laden container throughput of Pingyan Railway achieved a year-on-year increment of 83%.

In August, YANTIAN achieved a new productivity record. In the span of two days, YANTIAN handled 22,398 TEU when serving *MSC FLAVIA*, which has been recorded as the largest number of moves handled for a single vessel in China. Two days before breaking the country's record, YANTIAN loaded and unloaded 21,472 TEU during the stay of *APL RAFFLES*, exceeding its previous record of 18,447 TEU in 2020 by 16%.

CORPORATE MILESTONES

MEGA-VESSEL CALLS



YANTIAN WELCOMES THE SECOND 23,000-TEU LNG-POWERED CONTAINER VESSEL

In January, YANTIAN welcomed the second 23,000-TEU LNG-powered container vessel, *CMA CGM LOUVRE*, which is part of the nine mega-vessels of the CMA CGM's fleet. Featuring a length of 400 metres and a width of 61 metres, the vessel has a capacity of 23,112 TEU.



YANTIAN WELCOMES THE WORLD'S LARGEST CONTAINER VESSEL, EVER ACE, ON HER MAIDEN VOYAGE

In August, the world's largest container vessel, *EVER ACE*, made its maiden call at YANTIAN, the only port of call in South China on Evergreen Marine's Europe Express Service. The 400-metre-long and 62-metre-wide vessel has a carrying capacity of 23,992 TEU and is the first of 10 mega-vessels of the same type belonging to Evergreen Marine.



MEGA-VESSEL COSCO SHIPPING AQUARIUS BERTHS AT ACT

In September, *COSCO SHIPPING AQUARIUS*, with a carrying capacity of 19,273 TEU, berthed at ACT, demonstrating the terminal's capabilities in handling mega-vessels. Built in 2019, the vessel measures 400-metres-long and 59-metres-wide.

AWARDS



YANTIAN RECEIVES THREE AWARDS FOR TAX PAYMENT AND QUALITY

In January, YANTIAN received three awards from the China Association of Enterprises with Foreign Investment and the Shenzhen Association of Enterprises with Foreign Investment. The awards included “Excellent Taxpayment and Turnover (2019)”, “Quality Progress Award (2019–2020)” and “Shenzhen Top Ten Taxpayment Enterprise (2019)”, in the National Excellent Enterprise with Foreign Investment category.



HIT AND COSCO-HIT RECOGNISED FOR SOCIAL WELFARE EFFORTS

In January, HIT and COSCO-HIT were awarded the “2020 Tsuen Wan & Kwai Tsing District Caring Shop and Company Award” by the Social Welfare Department of Hong Kong government in appreciation for their efforts to build a harmonious community. The scheme aims to strengthen collaboration between companies, local shops and residents by providing volunteer services to the needy.



YANTIAN GIVEN “BEST MARKET INFLUENCE AWARD OF THE YEAR” FOR CROSS-BORDER E-COMMERCE

In March, YANTIAN won the “Best Market Influence Award of the Year” from the Shenzhen Cross-Border E-Commerce Association. Out of 56 companies shortlisted, YANTIAN was the only port operator to receive this award.

CORPORATE MILESTONES



HIT AND COSCO-HIT RECEIVE STAR AWARDS FOR SOCIAL SERVICE

In March, HIT and COSCO-HIT received Star Awards from the Hong Kong Council of Social Service under the 2020–2021 Age-Friendly City Appreciation Scheme. The awards were presented in recognition of the continuous contributions made by HIT’s Community Caring Group and COSCO-HIT’s volunteer team for caring activities involving elderly people in Hong Kong.



HPH TRUST AWARDED CARING COMPANY LOGO 2021

In May, HPH Trust terminals and entities including HIT, APS, ACT, Hutchison Logistics, COSCO-HIT were once again awarded the Caring Company Logo for their continuous commitment to corporate social responsibility and dedication to developing a sustainable society, even amid the COVID-19 pandemic.



YANTIAN AWARDED BY CONTAINER BRANCH OF CHINA PORTS AND HARBOURS ASSOCIATION

- In June, YANTIAN was graced with five awards:
- Container Terminal with Annual Throughput Exceeding 13 million TEU in China
 - Container Terminal with Intermodal Volume Exceeding 210,000 TEU in China
 - Container Terminal with Transshipment Throughput Exceeding 2.5 million TEU in China
 - Container Terminal with International Transshipment Throughput Exceeding 2.2 million TEU in China
 - Container Terminal with Single Vessel Productivity Exceeding 100 Containers Per Hour in China



HIT ATTAINS “ECOPARTNER” CERTIFICATION AT BOCHK CORPORATE ENVIRONMENTAL LEADERSHIP AWARDS 2020

In August, HIT was named “EcoPartner” in the BOCHK Corporate Environmental Leadership Awards organised by the Federation of Hong Kong Industries and sponsored by Bank of China (Hong Kong) Limited (“BOCHK”) to recognise environmentally conscious practices by companies in Hong Kong and the Pan Pearl River Delta region. HIT was recognised for its installation of smart meters, a variable-speed drive chiller system and LED lighting for its yard and buildings.



YANTIAN RECEIVES ACCOLADES FOR CUSTOMER SATISFACTION AND SEA-RAILWAY CONTAINER TRANSPORTATION

In September, YANTIAN won the “Customer-Satisfied Container Terminal” accolade presented by the renowned China Shipping Gazette. Additionally, the Yantian-Changping and Yantian-Pinghu South intermodal services were given the “2021 Excellent Cases of Container Sea-Railway Combined Transportation” recognition.



YANTIAN WINS BEST GREEN CONTAINER TERMINAL AWARD

In October, YANTIAN was named “Best Green Container Terminal” at the 2021 Asian Freight, Logistics and Supply Chain (“AFLAS”) Awards. YANTIAN has won this title twice in the past three years. Winners are voted for by more than 15,000 readers of freight and logistics publication Asia Cargo News.



HIT RECEIVES CYBER SECURITY ENTERPRISE EXCELLENCE AWARD

In December, HIT received a Cyber Security Enterprise Excellence Award from Hong Kong Police Force. The award, introduced for the first time, was presented to enterprises for the excellence of work in promoting and advocating cyber security, and demonstrating good practices and high standards in cyber security preparedness.



YANTIAN WINS LUBAN PRIZE AND NATIONAL QUALITY ENGINEERING AWARD

In December, West Port Phases I and II of YANTIAN was awarded the Luban Prize and the National Quality Engineering Award, two of China’s highest accolades for civil engineering and construction, in recognition of the facility’s technological excellence, innovative management and quality engineering.

CORPORATE MILESTONES

AUTOMATED AND REMOTE-CONTROLLED TECHNOLOGY



RAIL-MOUNTED GANTRY CRANE

HIT continues to invest in and enhance its automated and remote operations technology. The upgrade of aged rail-mounted gantry cranes (“RMGCs”) to new automated RMGCs has been separated into six batches, each batch with three RMGCs, with the first batch having commenced operations in 2018. In 2021, the second batch was delivered in March and released for remote operations in August, while a third batch of three RMGCs is expected to be delivered in February 2022. A fourth batch of the three RMGCs has been ordered and is expected to be delivered in December 2022. These will not only substantially improve operational efficiency and reliability but will also enhance the safety and working environment of crane operators at HIT.



RUBBER-TYRED GANTRY CRANE

COSCO-HIT has continued its RTGC upgrades in Hong Kong. In December, 17 RTGCs were operating via remote-control technology. In August, COSCO-HIT launched its Remote Operations Centre. Similarly, YANTIAN received eight new automated RTGCs in 2021 with an additional eight units to be delivered in 2022. These will not only increase the productivity at both ports but will also reduce the overall incident rate involving RTGC operations.



QUAY CRANE

YANTIAN modified four remote-controlled quay cranes (“QCs”), with the first two units put into operation in November 2019 and the remaining two units in February 2020. Since then, these four QCs have handled nearly more than 460,000 moves and their productivity has increased by approximately 20% in comparison to initial productivity levels.

OPERATIONAL REVIEW

INTRODUCTION

The pandemic had continued to bring disruptions to the global supply chain, leading to a series of chain effects to what were already highly complex terminal operations. Distorted vessel schedules meant containers stayed in terminals longer than they otherwise would, resulting in high yard density and logistical puzzles. HPH Trust met these challenges by taking decisive measures to maintain productivity and minimise the impact on customers and port users. Simultaneously, it implemented proactive and strict health measures to safeguard the wellbeing of employees and control the risk of COVID-19 outbreaks in ports.

Beyond managing the “new normal” with customary speed, composure and confidence, the Trust had continued to embrace innovation and technology, seize emerging opportunities and plan ahead with optimism.

A YEAR OF ALL-ROUND IMPROVEMENTS

Efficiency enhancement and yard density management Initiatives at YANTIAN

While effortlessly building a firm ‘first line of defense’ against imported cases of COVID-19, YANTIAN had made every effort to maintain smooth operations and keep yard density under control. This was achieved through unleashing its capacities, deploying more resources and optimising operational processes.

For instance, the flow of cargoes was smoothened by increasing intermodal connectivity. With the “Intermodal Services in the Greater Bay Area” project, cargoes arriving at YANTIAN can now be directly loaded onto long-haul vessels once clearance procedures have been completed with local customs. The change has been well received by cargo owners.

In addition, YANTIAN’s new reservation system for in-gate export laden containers now guides cargo owners and tractors to arrange container deliveries according to the estimated time of arrival of vessels.

Moreover, thanks to the relevant government authorities, YANTIAN was granted additional space for temporary storage yards to relieve the pressure generated by the huge volume of containers flowing to the port.

Put together, these measures had significantly improved the traffic outside the port and eased container backlog in the port area.

Initiatives at Kwai Tsing

Determined to cope with the high yard density situation, Kwai Tsing Terminals optimised the use of HKSPA port facilities, mobilised extra resources, and closely communicated with customers to achieve rationalised operation and well-coordinated transshipment connection arrangements.

The quest for operational efficiency gains is as constant as it is comprehensive. In 2021, this was exemplified by the consolidation of the gatehouses of HIT, COSCO-HIT and ACT. Truck drivers can now deliver and/or pick up containers from HIT, COSCO-HIT and ACT respectively via the centralised gatehouse at Terminal 6. This means they are no longer required to exit one terminal and re-enter another terminal via different gates. The centralised gatehouse is also fitted with Remote Container Inspection technology, with the streamlined set-up bringing a more efficient and convenient level of service, as well as an improved work environment for inspectors.

Cold chain edge

A top performer of the year was Kwai Tsing Terminals’ Remote Reefer Monitoring System, which has the highest reefer plug capacity in the GBA. The advanced system enhances the terminals’ operational efficiency and occupational safety through a 24x7 automated remote management of refrigerated containers. This has enabled greater visibility and accuracy on container conditions such as temperature, humidity and carbon emission levels, in addition to the direct pick-up of containers after discharge. Thanks to the high-quality infrastructure, HKSPA achieved remarkable cherry and durian seasons in 2021, reaffirming Hong Kong’s position as the port of choice for cross-border fruit shipments.

Meanwhile, YANTIAN has strengthened its position as a top cold chain player. The designated supervision site for imported frozen meat at YANTIAN, which is South China’s largest and best-equipped, passed the inspection of the General Administration of Customs in December. With an area of 30,000 square metres, of which more than 2,000 square metres functions as an integrated cold-chain facility for supervision and storage, the new site will further enhance the customs clearance efficiency of cold chain products.

YANTIAN rides high on e-commerce boom

With Shenzhen now playing a vital role in China’s e-commerce industry, YANTIAN reinforced its reputation as the preferred port for cross-border e-commerce in South China thanks to a host of targeted operational measures.

In particular, YANTIAN improved inspection efficiency through two dedicated platforms for the customs supervision codes 9710 and 9810, fulfilling its role as a bridge for smooth communications between customs and customers. This has also advanced the project of anchoring a cross-border e-commerce operation centre at YANTIAN.

Moreover, YANTIAN and COSCO SHIPPING Lines jointly adopted a product developed by the Global Shipping Business Network to build Shenzhen’s first blockchain-enabled cargo release system for international trade. Officially launched in November, the initiative is aligned with the Ministry of Transport’s “clearway program” for e-commerce cargo. The “24-hour + one-stop” service has enabled customers to complete the operation process from the shipping line to the port in one go on the blockchain, achieving “paperless” operation with “zero delay”. It is expected that this system will significantly enhance efficiency by reducing the import release process from two days to four hours.

OPERATIONAL REVIEW

By satisfying the evolving needs of customers and securing cargo source through a host of remarkable operational efficiency initiatives, YANTIAN has organically built a symbiotic cross-border e-commerce environment that focuses on logistics around the port.

Deepening digitalisation

Port digitalisation is key to port innovation. It changes the way ports operate by turning them into smart and green ports to improve efficiency and achieve accurate decision making.

In that progressive spirit, HIT and its fellow HKSPA members launched the Electronic Release Order (“eRO”) and the Enhanced Common Barge Platform 3.0 (“CBP 3.0”) in 2021.

The eRO has digitalised gate processing with electronic orders in place of paper documents. Since the full-scale implementation of the environmentally-friendly system, 95% of the import-laden pickup/empty return movements had used it for terminal gate entry, improving gate processing efficiency by 20%.

On the other hand, the roll-out of CBP 3.0, an enhanced barge system which is a centralised platform that can automatically process berthing requests and scheduling for barge operators operating at HKSPA facilities, has simplified barge reporting procedures and improved planning of barge berthing time and sequence. In addition, it has shortened the turnaround time of barges when they call at Hong Kong while increasing barge berth booking information transparency.

At YANTIAN, 5G connection trials were successfully completed with remote-controlled automatic RTGCs. Furthermore, innovative technology solutions were effectively applied in YANTIAN to supervise COVID-19 protocol compliance. This included artificial intelligence-enabled face mask and temperature detectors at vehicle and pedestrian gates and, iYICT, which uses big data analytics for instant contact-tracing and isolation against COVID-19 outbreaks.

Safety promotion through long term investments and education

On 3 August, COSCO-HIT held an opening ceremony to mark the launch of its Remote Operations Centre, starting a new chapter in its pursuit of terminal automation. A total of 17 units of remote RTGCs are now in operation at COSCO-HIT. Together with the remote RTGCs at Terminal 9 North and remote RMGCs at Terminal 4, these remote-controlled crane fleets deliver far-reaching benefits, including a better working environment for crane operators, enhanced occupational safety and health, improved yard productivity, and greater competitiveness for the port of Hong Kong.

The remote-controlled facilities at YANTIAN had also been strengthened, with four remote QCs and eight remote RTGCs now in operation and the number of remote RTGCs set to double to 16 by the end of 2022.

Besides the proactive deployment of remote-controlled technologies, the Trust is constantly looking at new ways to promote occupational health and safety. This year, HPH Trust joined hands with the Hong Kong Polytechnic University to launch a tailor-made stretching exercise for tractor drivers to further enhance safe driving at Kwai Tsing Terminals. The exercise and related activities, such as tractor inspections and a health and safety exhibition, earned the endorsement of the Labour Department of the Hong Kong Government.

Ceaseless quest for new records

Despite the many challenges posed by the pandemic, a sheer will to excel and constantly scale new heights saw terminals under the Trust break record after record in 2021.

In February, YANTIAN celebrated a milestone of reaching a total throughput of 200 million TEU in just over 25 years. The achievement signalled the strength and resilience of the port and logistics industry as it navigated the challenging global conditions caused by the COVID-19 pandemic.

In August, YANTIAN twice broke its record for the number of moves for a single vessel. On 19 August, YANTIAN handled a record-breaking 22,398 TEU when serving *MSC FLAVIA*. This came just two days after the port loaded and unloaded 21,472 TEU during the stay of *APL RAFFLES*. In full year 2021, YANTIAN broke its annual throughput record by handling 14.2 million TEU.

In Hong Kong, Terminal 8 achieved a new productivity record with a vessel operating rate of 204.8 moves an hour during the handling of the 6,027-TEU *COSCO HARMONY* in March. The achievement underlined Hong Kong’s status as an international shipping hub.

STRIDING AHEAD WITH CONFIDENCE

Despite the heavy impact of the pandemic on the global supply chain and the many challenges it posed to terminals worldwide, Hong Kong has continued to excel as a reliable international transshipment hub. Similarly, YANTIAN has gone from strength to strength, harnessing and cementing its exceptional position to capitalise on the cross-border e-commerce boom. All in all, the Trust has continued to thrive in a challenging business environment because of the strong foundations provided by long-term planning and investment. It is on this solid platform that the Trust confidently looks ahead to new prospects in 2022.

In 2021, the impacts of the COVID-19 pandemic continued to dominate global shipping trade. Supply chain bottlenecks, port congestion, and temporary terminal shutdowns due to virus outbreaks had led to major cargo backlogs and container service delays. Nevertheless, a global trade resurgence delivered a strong first six months, and ongoing demand in the second half capped another solid year of growth for HPH Trust.

Looking ahead to the challenges expected in 2022 – starting with those posed by the ever-changing pandemic – the Trust remains as determined as ever to strengthen its capabilities and fine-tune port management through collaboration. Reliable financial management, agile responses to fluid situations and a commitment to set industry standards for customers give the Trust the best basis to forge ahead under the “new normal” of the pandemic.

THROUGHPUT GROWTH AMID A SUPPLY CHAIN CRUNCH

Throughput for the ports of HPH Trust jumped 13% in the first half of 2021, thanks to a global economic rebound from the pandemic downturn, particularly for outbound cargoes to the US and Europe. Meanwhile, the growth eased in the second half of 2021 and was lower compared with the same period in 2020. This was expected, as a result of high yard density and COVID-19 preventive measures.

For full year, with YANTIAN as a key export hub in the GBA, riding high on a cross-border e-commerce boom, and the Kwai Tsing Terminals continuing to serve as an important transshipment hub, HPH Trust comfortably posted year-on-year throughput growth of 4% in 2021. TEU topped 24.5 million. Outbound cargoes to the US increased by 7% in the year under review, while outbound European cargoes registered 11% growth. YANTIAN's throughput increase was mainly attributed to increases in the US, European and empty cargoes. Throughput at Kwai Tsing Terminals recorded a slight drop in 2021.

Average revenue per TEU for YANTIAN and Kwai Tsing Terminals exceeded 2020 levels. For YANTIAN, the increase was mainly attributed to higher storage income and Renminbi appreciation. For Kwai Tsing Terminals, it was due to higher storage income.

Revenue and other income totalled HK\$13,244.1 million – an increase of 24% compared to HK\$10,705.8 million in 2020. This was a result of greater throughput, Renminbi appreciation and higher storage income.

STRONG OPERATING RESULTS FROM PROFIT GROWTH

The cost of services rendered for the year under review was HK\$4,474.7 million, 25% up on HK\$3,568.4 million in 2020. This result was attributed to greater throughput, higher direct charges due to high yard density, higher fuel prices, Renminbi appreciation and the costs of measures to deal with COVID-19. Efficiencies created by HKSPA and other cost-control initiatives partially offset the cost increase.

Staff costs of HK\$257.2 million and depreciation and amortisation of HK\$3,050.9 million were similar to 2020.

Other operating income in 2021 was HK\$417.9 million, representing a 116% increase against HK\$193.2 million in 2020. The increase was mainly due to higher government subsidies. Other operating expenses totalled HK\$500.4 million. This marked a 3% decrease against HK\$513.3 million in 2020, and was attributable to claims recovery received in 2021 for the impacts of typhoon Mangkhut in 2018.

Total operating profit was HK\$5,378.8 million, representing a HK\$1,871.9 million or 53% increase from 2020. Profit for the year was HK\$3,527.2 million, an increase of HK\$1,514.7 million or 75% compared to 2020. The growth was mainly due to a higher operating profit and a decrease in interest costs.

Profit attributable to HPH Trust unitholders was HK\$1,747.2 million, representing an increase of HK\$915.8 million or 110% from 2020.

STRENGTH BUILT ON PRUDENT FINANCIAL PLANNING

In the face of the continuing challenges caused by the pandemic, the Trust has been steadfast in its long-term capital management efforts and kept a solid balance sheet. At the end of 2021, the Trust had a total cash balance of HK\$11,048.0 million, which was HK\$3,281.4 million more than in 2020. This resulted in HK\$17,990.0 million in net debt by year end, a 17% decrease against 2020.

During the year, a joint venture agreement was signed with Shenzhen Yantian Port Group Company Limited to develop YANTIAN East Port Phase I. The share capital injection by HPH Trust was financed by internal cash, which was originally used for debt payment pursuant to the five-year debt repayment plan in place since 2017, with a minimum annual repayment of HK\$1 billion on existing debts. Total borrowings decreased to HK\$29,038.0 million as of 31 December 2021, down from HK\$29,420.0 million the year before. To manage the interest risks, HPH Trust increased the portion of fixed rate borrowings to 81% as of 31 December 2021 from 66% as of 31 December 2020. During this year, the Trust issued two five-year US\$500 million guaranteed notes due in 2026, and repaid bank loans of approximately HK\$8,182.0 million.

The Trust has recommended a total payout of HK\$1,263.1 million for 2021, which arrives at a distribution per unit of 14.5 HK cents. Based on the US\$0.225 market price as at 31 December 2021, the distribution yield stands at 8.3%.

OUTLOOK

The global trade resurgence of 2021 was complicated by a supply chain crunch and the continuing uncertainty created by COVID-19, which posed many challenges for the cargo shipping industry. HPH Trust is committed to doing its part to achieve stability in global supply chains by operating its terminals as efficiently as possible. Most importantly, it will continue to consolidate its foundations through disciplined capital management and prudent spending.

In the new year, the Trust will strive to increase operational efficiency and manage costs carefully, to sharpen the competitive edge of its ports. Above all, the Trust has the instincts, boldness and resources to capitalise on new opportunities and respond to industry trends. The strong position it has built over the years puts the Trust in a very satisfactory place from which it can continue building a sustainable business for the long term.

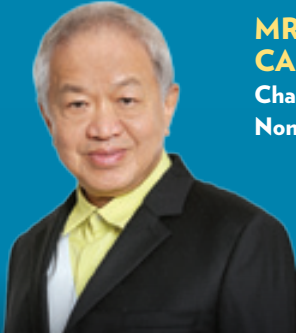


**RAISING THE BAR
FOR RESILIENCE
AND RELIABILITY
IN THE BUSINESS**

Ports worldwide are facing increasing challenges from trade disruptions, geopolitical tensions, economic changes and, most recently, the COVID-19 pandemic. Resilience is key in the current operating climate and HPH Trust remains focused on anchoring its foundational strengths and solidifying new competitive advantages. While leveraging its operational track record, deep-water terminal advantage, and strong customer and stakeholder relationships, the Trust continues to augment its capabilities to become an indispensable and reliable gateway for shipping lines and businesses.



BOARD OF DIRECTORS



**MR. FOK KIN NING,
CANNING**
Chairman and
Non-executive Director



MR. IP SING CHI
Executive Director

Trustee-Manager

Date of appointment as Director:	14 February 2011
Date of appointment as Chairman:	23 February 2011
Length of service as Director (as at 31 December 2021):	10 years 10 months
Age:	70

Board committee served on:

- Remuneration Committee of the Trustee-Manager (member)

Academic & Professional Qualifications

- Bachelor of Arts degree and Diploma in Financial Management
- Fellow of Chartered Accountants Australia and New Zealand

Present Directorships or Chairmanships

Listed companies

- CK Hutchison Holdings Limited (“CKHH”) (executive director and group co-managing director)
- Hutchison Telecommunications Hong Kong Holdings Limited (chairman)
- Hutchison Telecommunications (Australia) Limited (chairman)
- Power Assets Holdings Limited (chairman)
- HK Electric Investments Manager Limited (as the trustee-manager of HK Electric Investments) (chairman)
- HK Electric Investments Limited (chairman)
- TPG Telecom Limited (chairman)
- CK Infrastructure Holdings Limited (deputy chairman)
- Cenovus Energy Inc. (“Cenovus Energy”) (director)
- PT Indosat Tbk (deputy president commissioner)

Other Principal Commitments

- Nil

Other Information

- All the aforesaid companies are either subsidiaries or associated companies of CKHH Group of which Mr. Fok has oversight

Past Directorships or Chairmanships in listed companies held over the preceding 3 years (from 1 January 2019 to 31 December 2021)

- Husky Energy Inc. (delisted on 5 January 2021 following its combination with Cenovus Energy) (co-chairman)

Trustee-Manager

Date of appointment as Director:	14 February 2011
Length of service as Director (as at 31 December 2021):	10 years 10 months
Age:	68

Board committee served on:

- Nil

Academic & Professional Qualifications

- Bachelor of Arts degree

Present Directorships or Chairmanships

Listed companies

- Westports Holdings Berhad (non-independent non-executive director)
- Piraeus Port Authority S.A. (independent, non-executive director)
- Orient Overseas (International) Limited (non-executive director)
- COSCO SHIPPING Development Co., Ltd (non-executive director)

Other Principal Commitments

- Group managing director of Hutchison Port Holdings Limited
- Chairman of Yantian International Container Terminals Limited

Other Information

- A member of the Hong Kong Port Development Council until the end of December 2014
- Founding chairman (in 2000-2001) of the Hong Kong Container Terminal Operators Association Limited
- Over 40 years of experience in the maritime industry

Past Directorships or Chairmanships in listed companies held over the preceding 3 years (from 1 January 2019 to 31 December 2021)

- COSCO SHIPPING Energy Transportation Co., Ltd. (independent non-executive director)

**MS. EDITH SHIH**

Non-executive Director

**MS. LEE TUNG WAN,
DIANA**

Non-executive Director

Trustee-Manager

Date of appointment as Director:	1 January 2017
Length of service as Director (as at 31 December 2021):	5 years
Age:	70

Board committee served on:

- Nil

Academic & Professional Qualifications

- Bachelor of Science degree and Master of Arts degree from the University of the Philippines
- Master of Arts degree and Master of Education degree from Columbia University, New York
- Solicitor qualified in England and Wales, Hong Kong and Victoria, Australia
- Fellow of The Chartered Governance Institute ("CGI") and The Hong Kong Chartered Governance Institute ("HKCGI") (formerly known as "The Hong Kong Institute of Chartered Secretaries"), holding Chartered Secretary and Chartered Governance Professional dual designations

Present Directorships or Chairmanships*Listed companies*

- CK Hutchison Holdings Limited ("CKHH") (executive director)
- Hutchison Telecommunications Hong Kong Holdings Limited (non-executive director)
- HUTCHMED (China) Limited (formerly known as "Hutchison China MediTech Limited") (non-executive director)
- PT Duta Intidaya Tbk (member of Board of Commissioners)

Other Principal Commitments

- Company Secretary of CKHH

Other Information

- Immediate past International President (2018-2020) and current member of the Executive Committee of CGI
- Past President of HKCGI (2011-2014) and current chairperson of its Nomination Committee
- Chairman of the Process Review Panel for the Financial Reporting Council, a panel member of the Securities and Futures Appeals Tribunal and a member of the Hong Kong-Europe Business Council

Past Directorships or Chairmanships in listed companies held over the preceding 3 years (from 1 January 2019 to 31 December 2021)

- Nil

Trustee-Manager

Date of appointment as Director:	1 January 2022
Length of service as Director (as at 31 December 2021):	Not applicable
Age:	53

Board committee served on:

- Nil

Academic & Professional Qualifications

- Bachelor's degree in Commerce
- Associate of Chartered Accountants Australia and New Zealand

Present Directorships or Chairmanships*Listed company*

- Westports Holdings Berhad (non-independent non-executive director)

Other Principal Commitments

- Group chief financial officer of Hutchison Port Holdings Limited

Other Information

- Extensive experience in financial and accounting matters as well as financial reporting and regulatory compliance
- Past Deputy Chief Financial Officer of the Trustee-Manager (February 2011 to April 2016) and past Chief Financial Officer and Investor Relations Officer of the Trustee-Manager (May 2016 to December 2021)

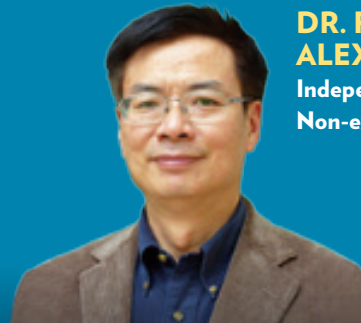
Past Directorships or Chairmanships in listed companies held over the preceding 3 years (from 1 January 2019 to 31 December 2021)

- Nil

BOARD OF DIRECTORS



MR. CHAN TZE LEUNG, ROBERT
Independent
Non-executive Director



DR. FONG CHI WAI, ALEX
Independent
Non-executive Director

Trustee-Manager

Date of appointment as Director: 14 February 2011
Length of service as Director (as at 31 December 2021): 10 years 10 months
Age: 75

Board committee served on:

- Audit Committee of the Trustee-Manager (member)
- Remuneration Committee of the Trustee-Manager (chairman)

Academic & Professional Qualifications

- Bachelor of Science (Econ) Hons.
- Master's degree in Business Administration
- Fellow of The Hong Kong Institute of Directors

Present Directorships or Chairmanships

Listed company

- TOM Group Limited (independent non-executive director)

Other Principal Commitments

- Senior adviser to Long March Capital Limited, a fund management company based in Beijing and Shanghai in partnership with leading Chinese institutions

Other Information

- Experienced banker with over 39 years of experience in both commercial and investment banking
- Retired as chief executive officer of United Overseas Bank, Hong Kong on 31 December 2011

Past Directorships or Chairmanships in listed companies held over the preceding 3 years (from 1 January 2019 to 31 December 2021)

- Nil

Trustee-Manager

Date of appointment as Director: 11 February 2020
Length of service as Director (as at 31 December 2021): 1 year 10 months
Age: 65

Board committee served on:

- Nil

Academic & Professional Qualifications

- Bachelor of Social Science degree in Business and Economics from the University of Hong Kong
- Master of Technology Management degree in Global Logistics Management from the Hong Kong University of Science and Technology
- Master of Science degree in Global Finance from the New York University/Hong Kong University of Science and Technology
- Doctor of Business Administration degree from the City University of Hong Kong
- Doctor of Philosophy from the City University of Hong Kong
- Fellow of the Chartered Institute of Logistics and Transport in Hong Kong
- Fellow of The Hong Kong Institute of Directors

Present Directorships or Chairmanships

Listed companies

- TOM Group Limited (independent non-executive director)
- HK Electric Investments Limited (independent non-executive director)
- HK Electric Investments Manager Limited (as the trustee-manager of HK Electric Investments) (independent non-executive director)
- Glory Mark Hi-Tech (Holdings) Limited (independent non-executive director)

Other Principal Commitments

- Director of The Hongkong Electric Company, Limited

Other Information

- CEO of the Hong Kong General Chamber of Commerce (2006-2011)
- Over 25 years of experience in the government of Hong Kong with operational and policy formulation expertise
- Former Secretary to the Hong Kong Port and Maritime Board and the Hong Kong Logistics Development Council

Past Directorships or Chairmanships in listed companies held over the preceding 3 years (from 1 January 2019 to 31 December 2021)

- Nil

**MR. GRAEME ALLAN
JACK**Independent
Non-executive Director**MRS. SNG SOW-MEI
(ALIAS POON SOW MEI)**Independent Non-executive
Director & Lead Independent
Director**Trustee-Manager**

Date of appointment as Director:	14 February 2011
Length of service as Director (as at 31 December 2021):	10 years 10 months
Age:	71

Board committee served on:

- Audit Committee of the Trustee-Manager (chairman)

Academic & Professional Qualifications

- Bachelor of Commerce degree
- Fellow of the Hong Kong Institute of Certified Public Accountants
- Associate of Chartered Accountants Australia and New Zealand

Present Directorships or Chairmanships*Listed companies*

- The Greenbrier Companies, Inc. (independent non-executive director)
- HUTCHMED (China) Limited (formerly known as "Hutchison China MediTech Limited") (independent non-executive director)

Other Principal Commitments

- Nil

Other Information

- Extensive experience in finance and audit
- Retired as partner of PricewaterhouseCoopers in 2006

Past Directorships or Chairmanships in listed companies held over the preceding 3 years (from 1 January 2019 to 31 December 2021)

- COSCO SHIPPING Development Co., Ltd. (independent non-executive director)

Trustee-Manager

Date of appointment as Director:	14 January 2011
Length of service as Director (as at 31 December 2021):	10 years 11 months
Age:	80

Board committee served on:

- Audit Committee of the Trustee-Manager (member)
- Remuneration Committee of the Trustee-Manager (member)

Academic & Professional Qualifications

- Bachelor of Arts degree

Present Directorships or Chairmanships*Listed companies*

- CK Infrastructure Holdings Limited (independent non-executive director)
- ARA Asset Management (Prosperity) Limited (as manager of Prosperity Real Estate Investment Trust) (independent non-executive director)

Other Principal Commitments

- Nil

Other Information

- Lead Independent Director of Trustee-Manager
- Conferred the title of PPA(P) - Pingat Pentadbiran Awam (Perak), the Singapore Public Administration Medal (Silver) by the Republic of Singapore

Past Directorships or Chairmanships in listed companies held over the preceding 3 years (from 1 January 2019 to 31 December 2021)

- Nil

BOARD OF
DIRECTORS**MR. WONG KWAI LAM**

**Independent
Non-executive Director**

Trustee-Manager

Date of appointment as Director:	2 December 2015
Length of service as Director (as at 31 December 2021):	6 years
Age:	72

Board committee served on:

- Nil

Academic & Professional Qualifications

- Bachelor of Arts degree from the Chinese University of Hong Kong
- Ph. D degree from Leicester University, England

Present Directorships or Chairmanships*Listed companies*

- ARA Asset Management (Prosperity) Limited (as manager of Prosperity Real Estate Investment Trust) (independent non-executive director)
- K. Wah International Holdings Limited (independent non-executive director)
- Langham Hospitality Investments Limited (independent non-executive director)
- LHIL Manager Limited (as trustee-manager of Langham Hospitality Investments) (independent non-executive director)
- CK Hutchison Holdings Limited (independent non-executive director)

Other Principal Commitments

- Chairman of IncitAdv Consultants Limited
- Vice chairman of the board of trustees and a member of the investment sub-committee of the board of trustees of New Asia College of the Chinese University of Hong Kong
- Director of CUHK Medical Centre Limited
- Chairman of Hong Kong Grand Opera Company Ltd

Other Information

- Former member of the advisory committee of the Securities and Futures Commission in Hong Kong
- Over 33 years of experience in the commercial and investment banking industry
- Retired as managing director of Asia investment banking division of Merrill Lynch (Asia Pacific) Ltd. in 2009 and served as their senior client advisor until 2010
- Conferred with an honorary fellowship by the Chinese University of Hong Kong

Past Directorships or Chairmanships in listed companies held over the preceding 3 years (from 1 January 2019 to 31 December 2021)

- Nil

SENIOR MANAGEMENT

MR. IVOR CHOW

**Chief Executive Officer of the Trustee-Manager and
Managing Director of HIT**

Mr. Chow was appointed the Chief Executive Officer of the Trustee-Manager in June 2021. He is also the Managing Director of HIT and a member of the HPH Trust Exco, a committee of executives that determines strategy for HPH Trust. He has over 20 years of experience working in the port industry as well as the accounting and banking industry. Mr. Chow joined Hutchison Port Holdings Limited (“HPH”) in 1998 and since 2001, he has served as the General Manager of the Commercial division, Chief Financial Officer and Director – Corporate Finance & Business Development of several of HPH’s subsidiaries (together with HPH, the “HPH Group”). He has also served as Finance Director of the South China division of the HPH Group as well as a director on some of the HPH Group and HPH Trust’s business portfolio assets since 2008. He has also been an executive of the Trustee-Manager since 2011 and was the Chief Financial Officer and Investor Relations Officer of the Trustee-Manager from February 2011 to April 2016. Mr. Chow holds a Bachelor’s degree in Mathematics from the University of Waterloo in Canada. He is a Chartered Accountant of the Institute of Chartered Accountants of Ontario.

MR. NG CHI KIT, JIMMY

**Chief Financial Officer and
Investor Relations Officer of the Trustee-Manager**

Mr. Ng* was appointed the Chief Financial Officer and Investor Relations Officer of the Trustee-Manager in January 2022. He is also a member of the HPH Trust Exco. Prior to his current appointment, Mr. Ng was the Business Director of the South East Asia division of the HPH Group since 2017. Mr. Ng joined the HPH Group in 2008, initially serving in the Corporate Finance Department. He has over 20 years of experience in finance and banking. Mr. Ng holds a Master’s degree in Engineering, Economics and Management from University of Oxford in the United Kingdom. He is a Chartered Financial Analyst and a Fellow of CPA Australia.

**Mr. Ng succeeded Ms. Lee Tung Wan, Diana as the Chief Financial Officer and Investor Relations Officer of the Trustee-Manager with effect from 1 January 2022.*

SENIOR MANAGEMENT

MR. LAWRENCE SHUM

Managing Director of YANTIAN

Mr. Shum is the Managing Director of YANTIAN and a member of the HPH Trust Exco. Before the appointment of his current position in June 2021, he was the Managing Director of COSCO-HIT and Deputy Managing Director of ACT. Since joining the HPH Group in 1996, Mr. Shum has held various executive positions in Hong Kong and mainland China within the Trust and HPH Group. He served as the Chief Financial Officer of YANTIAN, took up various posts in Shanghai and was the Regional Director – North and East China of the HPH Group. He has 25 years of experience in the port industry. Currently, Mr. Shum is the Standing Committee Member of the Chinese People's Political Consultative Conference of Yantian District, Shenzhen. He has been appointed by the Hong Kong Government as a member of the Hong Kong Maritime and Port Board with effect from 1 April 2020. Mr. Shum is a Chartered Fellow of the Chartered Institute of Logistics and Transport in Hong Kong and is a Fellow of the Institute of Chartered Accountants in England and Wales and the Association of Chartered Certified Accountants. He is also an Associate of the Hong Kong Institute of Certified Public Accountants.

MS. MA XIAOLI

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

Ms. Ma is the Managing Director of COSCO-HIT, Deputy Managing Director of ACT and a member of the HPH Trust Exco. Prior to her appointment in June 2021, she was the Account Director – South China cum Relationship Director under the commercial function of the HPH Group. She joined the HPH Group in 2005 and has 13 years of experience in the shipping industry before joining the HPH Group. Ms. Ma holds a Bachelor's Degree in Shipping Management from Dalian Maritime University in the PRC, and a Master's Degree in International Transport from Cardiff University in the United Kingdom.

SENIOR MANAGEMENT

MR. LAM WAI KUI, RAYMOND

**Chief Operating Officer of HKSPA and
Director – Operations of HIT**

Mr. Lam is the Chief Operating Officer of HKSPA overseeing the operations collaboration among different terminal operators in Kwai Tsing, Hong Kong. He is also the Director – Operations of HIT and a member of the HPH Trust Exco. He joined the HPH Group in 2015 and held various executive positions in Ports Panama, COSCO-HIT and YANTIAN focusing on terminal operations. He possesses over 26 years of experience in terminal operations and logistics business. Mr. Lam holds a Bachelor's degree in Business Administration from the Chinese University of Hong Kong.

MR. RAYMOND CHAN

Director – Operations of YANTIAN

Mr. Chan is the Director – Operations of YANTIAN and a member of the HPH Trust Exco. Prior to his appointment in September 2021, he had been the General Manager of the South Asia Pakistan Terminals and the Karachi International Container Terminals of the HPH Group. He joined the HPH Group in 1992 and held various executive positions over the years, including Deputy Chief Executive Officer of Ports Panama, General Manager of Port Xiamen in the PRC and Operations Review Consultant of the HPH Group. Mr. Chan holds a Bachelor's degree in Industrial Engineering from the University of Hong Kong.

DR. SU YU NIN, ERIC

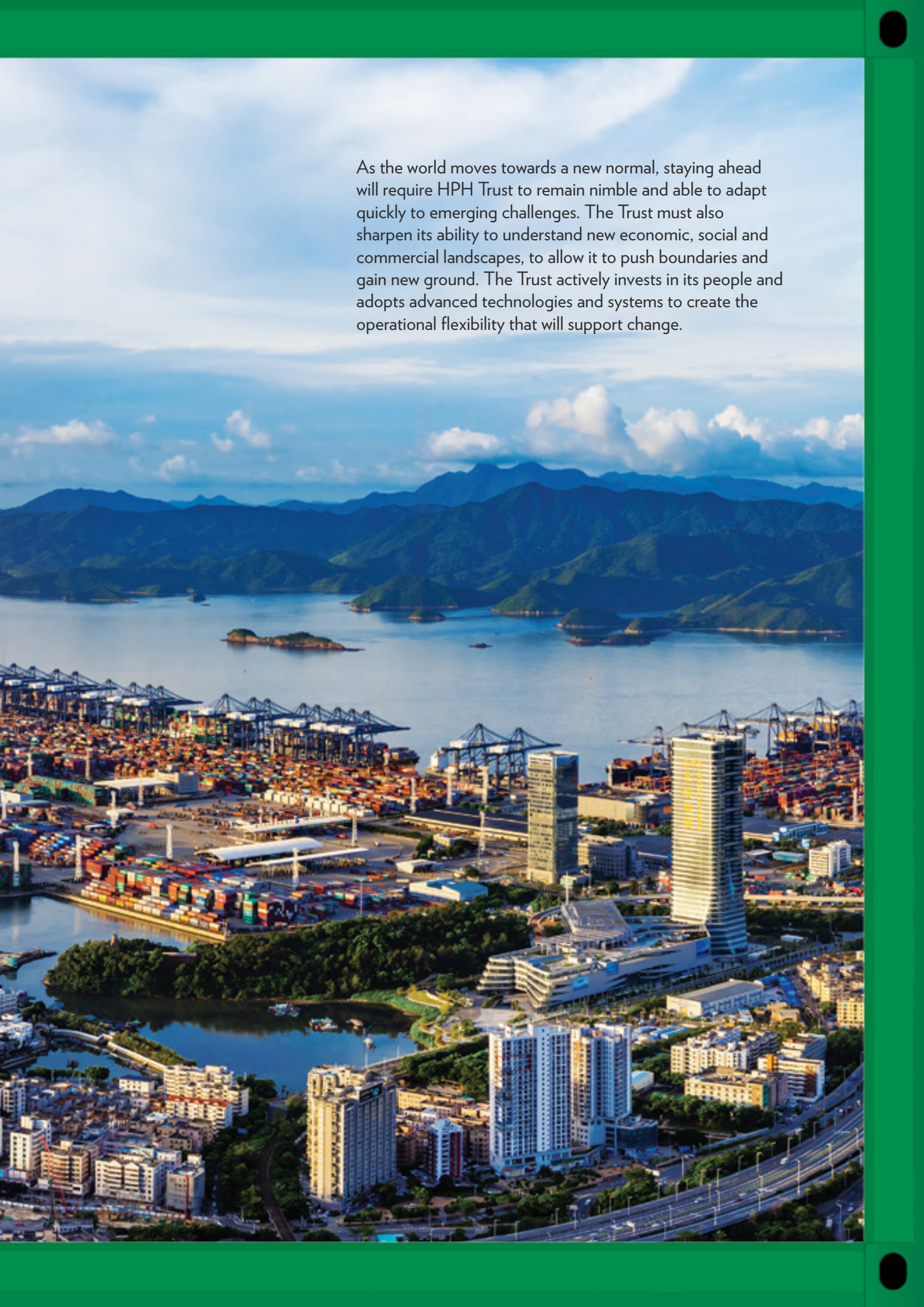
**Engineering Director of HPH Trust and
Director – Port Development &
Engineering of YANTIAN**

Dr. Su is the Director - Port Development & Engineering at YANTIAN, a member of the HPH Trust Exco and the Engineering Director of HPH Trust. He has been working in the port industry in Hong Kong and mainland China for more than 30 years. Dr. Su holds a Bachelor's degree in Engineering from the University of Hong Kong and a Master's degree and Doctorate in Business Administration from the City University of Hong Kong. He is a Fellow of the Hong Kong Institution of Engineers and a member of the United Kingdom-based Institution of Civil Engineers and Institution of Structural Engineers.

TURNING UNCERTAINTY INTO OPPORTUNITY IN THE NEW NORMAL



As the world moves towards a new normal, staying ahead will require HPH Trust to remain nimble and able to adapt quickly to emerging challenges. The Trust must also sharpen its ability to understand new economic, social and commercial landscapes, to allow it to push boundaries and gain new ground. The Trust actively invests in its people and adopts advanced technologies and systems to create the operational flexibility that will support change.



SUSTAINABILITY REPORT

ABOUT THIS REPORT

This Sustainability Report sets out the sustainability approach of the Trust as well as its practices and performance in managing environmental, social and governance issues related to operations for the year ended 31 December 2021. The management approach, performance indicators and targets, as well as related achievements and case studies on material sustainability topics (“Material Sustainability Topics”), are disclosed in the respective chapters of the Sustainability Report. As part of the Annual Report, the Sustainability Report plays an integral role in providing more transparent communication to stakeholders of the Trust. The Sustainability Report has been prepared in accordance with the Global Reporting Initiative (“GRI”) Standards: Core option, and Rule 711A of the SGX Listing Manual, and with reference to the primary components set out in Rule 711B of the SGX Listing Manual. It has been reviewed by the Board of Directors (“Board”) of the Trustee-Manager and is published on HPH Trust’s corporate website at hphtrust.com/sr_hpht.html.

REPORTING SCOPE

The Sustainability Report discloses data on Material Sustainability Topics identified and prioritised by stakeholders and management. Disclosures cover the core port operations of HPH Trust at HIT and YANTIAN¹, which are the majority-owned terminals of the Trust and contribute around 85% of the total throughput handled during the year.

CONTACT US

We welcome your feedback on the Sustainability Report, and other sustainability-related enquiries. Please contact us at ir@hphtrust.com.

CORE VALUES

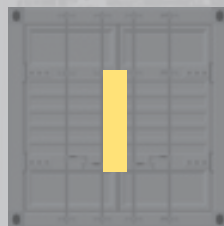
The core values of the Trust revolve around the concept of UNITY, reflecting a commitment to excellence, integrity and strong partnerships. In particular, HPH Trust commits to a sustainable future.



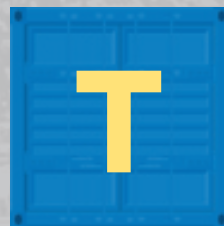
**UNRIVALLED
STANDARDS**



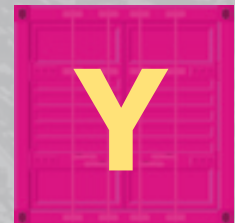
**NETWORK
STRENGTH**



**INFORMED
DECISIONS**



**TRUSTED AND
HONEST**



**YOUR
PARTNERS**

¹ Excludes YANTIAN East Port Phase I which is under-development.

MANAGING SUSTAINABILITY

BOARD STATEMENT

Committed to sustainability, the Board of HPH Trust incorporates sustainability factors into its decision-making and strategy formulation. With overall responsibility for the sustainable development of the Trust, the Board regularly reviews and evaluates the relevance and importance of material sustainability topics. It ensures accountability and oversees the management of the most material sustainability topics. It also evaluates the performance of the Trust in relation to sustainability.

SUSTAINABILITY GOVERNANCE

As sustainability is at the core of successful business practices, the Trust endeavours to incorporate sustainability into its business strategy, decision-making and corporate culture. Therefore, it is essential to uphold a solid sustainability governance system that provides rigorous oversight and can be held accountable.



The Trust has defined clear responsibilities and assigned key roles across different operations and business units to create a dynamic structure governing sustainability. Overall roles and responsibilities of each member under the sustainability governance system is summarised in the above chart. The Board meets at least four times a year. The Sustainability Committee, chaired by the CEO with members being HPH Trust Exco, which is comprised of personnel from key business units and functional areas, meets at least twice a year.

While the Board has the ultimate accountability for sustainability strategy and management, HPH Trust emphasises that everyone at HPH Trust has a duty to contribute to its sustainability performance. Two-way communication is essential and fundamental, and the Trust advocates continual review and sharing. To facilitate the Board's overall strategy formulation, senior management, including CEO and CFO, reports to the Board on sustainability issues, strategy implementation status, and risks and opportunities. Meanwhile, the Sustainability Committee and responsible functional heads review the sustainability practices and performance, and report to senior management on the implementation status, performance tracking and various emerging sustainability issues and trends that could impact the business operations and performance of the Group.

The framework is not only robust, but it is also adaptable, so that HPH Trust can effectively respond to emerging sustainability-related issues. More information on corporate governance at the Trust can be found on pages 77 to 100.

¹ Formerly known as Sustainability Steering Committee.

SUSTAINABILITY REPORT

HPH Trust has in place a set of policies on sustainability and corporate governance to provide guidance on how HPH Trust conducts its business and to ensure its operations and corporate culture align with its sustainability commitments. The policies are available on HPH Trust’s corporate website.

Sustainability Policies <i>hphtrust.com/sustainability_policies.html</i>	Corporate Governance Policies <i>hphtrust.com/corporate_governance.html</i>
<ul style="list-style-type: none"> • Environmental Policy • Health and Work Environment Policy • Human Rights Policy • Modern Slavery and Human Trafficking Statement • Supplier Code of Conduct • Sustainability Policy 	<ul style="list-style-type: none"> • Anti-Fraud and Anti-Bribery Policy • Appointment of Third Party Representatives • Board Diversity Policy • Code of Conduct • Dealings in Securities (for Officers) • Dealings in Securities (for Directors) • Donations, Contributions and Sponsorship • Handling of Confidential and Price Sensitive Inside Information • Information Security Policy • Investor Relations Policy • Media and Public Engagement Policy • Personal Data Governance • Whistleblowing Policy

RISK MANAGEMENT

The overall risk management strategy is in line with the integrated framework set out by the Committee of Sponsoring Organisations of the Treadway Commission. This framework reinforces the importance of considering risks in both the strategy-setting process and in driving performance. HPH Trust’s Enterprise Risk Management (“ERM”) framework defines how the Trust identifies and evaluates risks, and implements internal control procedures and mitigative measures to minimise adverse impacts. The ERM framework, which covers all business units, monitors key risks in the short-, medium- and long-term development of the organisation. The Trust applies the ERM to address sustainability risks in its management and decision-making processes.

KEY HIGHLIGHTS IN 2021

OVERVIEW

- Conducted a comprehensive materiality assessment through engagement with external and internal stakeholders
- Number of Material Sustainability Topics increased from

15 to 23

ENVIRONMENT

Pledged to reduce the emissions intensity of the Trust's overall operations by

5%

by 2026 compared with the 2021 level

HIT has been recognised as a

Hong Kong Green Organisation

since 2018

YANTIAN was named the

Best Green Container Terminal

for a second time



RESPONSIBLE BUSINESS

100%

of new suppliers were screened for environmental and social issues

Donated

HK\$1.2 million

through monetary and in-kind contributions to community engagement programmes

Zero incidents

of corruption and recorded no material breaches of law and regulations



RESPONSIBLE EMPLOYER

Signed the

Mental Health Workplace Charter

supporting employees' wellbeing

Provided

53,664

training hours for employees

Replaced town hall meetings with "Chill Talk" to allow small group **interactive communications** between senior management and staff



SAFETY AND SECURITY

Conducted

100

emergency drills

Over 300

HIT employees and external contractor workers participated in Traffic Safety Week activities

HIT received the **Cyber Security Enterprise Excellent Award**



SUSTAINABILITY REPORT

RESPONDING TO COVID-19

The Trust would like to express its sincere gratitude to all the healthcare and frontline workers, including employees of the Trust, for their tireless work during this difficult time.

COVID-19 has severely disrupted port operations including suspension and congestion. The health and safety of employees, their families and the communities in which we operate have remained the highest priority of the Trust. The Trust initiated immediate action to safeguard the health of all stakeholders such as allocating additional resources for more frequent port inspections and sanitisation. As the Trust has reinforced its approach of becoming a people-centric organisation, management emphasised active communications with employees to understand their needs and concerns. COVID-19 support to employees included caring for frontline workers under closed-loop management, vaccination incentive programme, and flexible work-from-home arrangements.

As a socially responsible organisation, HPH Trust constantly upgrades its operations to adapt to and address the impacts of COVID-19. The Trust hopes to set a positive example through its pandemic response and its ability to ensure business continuity.

團隊獎勵
 合資格人士：在2021年8月31日已接種至少一劑新冠疫苗的直屬員工和外判工友
 獲獎條件：同屬所屬單位的疫苗接種率於2021年8月31日達70%或以上，小組內已接種疫苗的同事每人可獲獎金 3,000元；
 由於碼頭定期檢測對的人員需上船工作及接觸來自世界各地的船員，感染與傳播風險較高，為鼓勵更多人踴躍接種疫苗，若該單位的疫苗接種率達90%或以上，單隊內已接種疫苗的同事將獲額外獎金3,000元
 接種紀錄：直屬員工必須訂 Portable 中僱員人疫苗接種紀錄，亦可透過 Portable 查詢所屬單位的接種率及小組成員名單

幸運大抽獎
 參與資格：在2021年8月31日已接種至少一劑新冠疫苗的直屬員工
 抽獎基金：公司將為每名已接種至少一劑新冠疫苗的同事撥款 500元至抽獎基金
 獎額：已接種疫苗人數為1,000人，抽獎基金為 3,000 x 500元 = 50萬元
 獎一項：所有獎項均為現金獎，中獎機會約為已接種疫苗人數的10%
 抽獎日期：大抽獎將於9月舉行，詳情請後公佈。

主辦部門：人力資源部

HIT launched a vaccination incentive programme to encourage its staff to get vaccinated



YANTIAN visited the families of employees under closed-loop management to thank them for their understanding and support



Frontline employees who were unable to return home during the Autumn festival received festive packages from their families and YANTIAN

Safeguarding the port environment

As a world-class port operator, HPH Trust's goal is to ensure 24x7 smooth, efficient and effective operations. To prevent the spreading of COVID-19, the Trust proactively implemented a series of preventive measures with key examples, as detailed below.

 <p>PROVIDING MEDICAL SUPPLIES AND SANITISATIONS</p>	<ul style="list-style-type: none"> • Provided face masks to employees • Conducted regular COVID-19 tests for frontline staff and on-site workers onboard vessels • Launched vaccination incentive programme and provided vaccination arrangement for staff • Increased the frequency of cleaning of public areas, rest rooms and air-conditioning systems 	 <p>SETTING PORT-SPECIFIC PRECAUTIONARY MEASURES</p>	<ul style="list-style-type: none"> • Deployed only vaccinated workers for operations on vessels • Required vessel crew members to stay indoor onboard vessels when berthed • Conducted risk assessment for all incoming vessels at YANTIAN • Sanitised vessels before handling of containers at YANTIAN
 <p>TIGHTENING REQUIREMENTS AT WORKPLACE</p>	<ul style="list-style-type: none"> • Required all parties to wear face mask within company premises, on the company bus and the terminal shuttle bus • Recorded body temperature at all terminal entrances and canteens • Required high-risk staff to undergo medical surveillance • COVID-19 tests are required for YANTIAN staff every time when returning to Shenzhen from other cities 	 <p>MINIMISING PHYSICAL CONTACT</p>	<ul style="list-style-type: none"> • Allowed flexible working arrangements, such as splitting work locations and remote working • Implemented "closed-loop" management with centralised accommodation for high-risk frontline staff at YANTIAN • Redesigned common areas for staff such as seating arrangement at canteen, changing rooms and resting areas to allow social distancing at work
 <p>RAISING STAFF AWARENESS</p>	<ul style="list-style-type: none"> • Raised staff awareness on self-protection against COVID-19 through launching online courses, Q&A sessions, online group briefings, and widely displaying posters and video on-site • Increased the frequency of internal communications on COVID-19 to staff and subcontractor workers to share the latest development, rules and tips on precautionary measures 	 <p>MAKING USE OF INFORMATION TECHNOLOGY</p>	<ul style="list-style-type: none"> • Made use of innovative technology solutions to combat COVID-19 outbreaks, such as artificial intelligence-enabled face masks and temperature detectors, and the use of data analytics to assist in contact tracking and isolation • Streamlined digital and mobile technology to minimise unnecessary in-person interactions

SUSTAINABILITY REPORT

Swift resumption supported by management and dedicated teams

In May, several COVID-19 cases were identified in the West Port of YANTIAN. In response, YANTIAN's Managing Director set up the Contagious Disease Control Commission ("CDCC"), a dedicated taskforce comprising all heads of department.

To contain the situation, the CDCC set up seven dedicated teams with unique roles and responsibilities, such as quarantine and security, disease testing, and resumption of operations. The CDCC met at least once per day to closely monitor, record and address the situation until the cases at YANTIAN were resolved. Moreover, HPH Trust set up a dedicated team to proactively arrange regular conference calls with shipping lines to keep them posted on latest operational arrangements and precautionary measures.

As a result of swift and coordinated action, YANTIAN resumed full operation in approximately one month.

Awareness and caring are key

The importance of supporting the physical and mental wellbeing of employees, while placing emphasis on safety and care, have become more significant against the backdrop of the COVID-19 pandemic. From guaranteeing access to masks and hand sanitisers, and setting up for social distancing at work, to facilitating flexible and work-from-home arrangements, the Trust fully demonstrated its commitment to protect its people and external contractor workers.

In support of the government's call to "fight the epidemic together, and resume work and production", YANTIAN implemented a tight closed-loop management system. As a result, frontline staff who were in contact with foreign crew members were unable to return home for at least three to four months. It was of utmost importance to keep morale high and to encourage employees under closed-loop management.

During the Mid-Autumn Festival, managers at YANTIAN visited frontline workers to deliver festive packages and videos from their families, and make sure that everyone spent a happy and peaceful festive season. YANTIAN thanked employees' families for their understanding by sending gifts and blessings.

In December, YANTIAN held the "Anti-epidemic Pioneer Award Ceremony" congratulating and thanking 95 colleagues and external contractor workers who selflessly kept the port industry alive while adhering to strict precautionary measures on COVID-19 during the fight against the COVID-19 pandemic. Their work has inspired the Trust to constantly strive for better performance and make greater contributions to defeat the pandemic.

In early 2022, when there were suspected spreading of COVID-19 cases in Hong Kong's local community, HIT provided special COVID-19 test arrangements for staff and contractor workers to help reduce the transmission risks of COVID-19 in the district.

In an effort to support economic recovery and protect the safety of stakeholders, the Trust rolled out a vaccination incentive programme. The programme, alongside other supporting measures facilitating employee vaccination, helped to increase vaccination rates to 84% at HIT and 98% at YANTIAN at year end. In particular, the designated groups at HIT and YANTIAN achieved high vaccination rates of 99% and 100%, respectively.



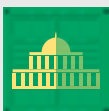





As HPH Trust navigates through the current COVID-19 situation with the implementation of vaccination programmes across the region, the Trust looks to the future with a sense of optimism and purpose. The Trust is secure in the knowledge that its business strategy is robust, and it remains resilient to what lies ahead.



YANTIAN organised a series of colourful Mid-Autumn festival and National Day activities to celebrate with employees

STAKEHOLDER ENGAGEMENT CHANNELS

Through active engagement with stakeholders, the Trust gains an understanding of changing concerns and expectations in order to better align its strategy with market and industry trends.

Stakeholder Groups	Engagement Channels	Key Areas of Concern
 <p>Investors</p>	<ul style="list-style-type: none"> • Investor meetings and calls • Conference days • Port visits¹ • Annual General Meeting • Dedicated email communications • Announcements and publications via corporate website 	<ul style="list-style-type: none"> • Unit price • Financial performance • Impacts of US–China trade tension • Latest terminal developments • Throughput trends • HKSPA • Impacts of COVID-19 to the business • COVID-19 preventive measures and confirmed cases at the terminals
 <p>Employees</p>	<ul style="list-style-type: none"> • Port visits¹ • Chill Talk and the General Manager Open Day • In-house magazines • Company intranet • Notices and bulletins • Performance appraisals • LINK Committee • Mobile app 	<ul style="list-style-type: none"> • Financial performance • Key initiatives • Career prospects • Personal development • Wellbeing • Health and safety • HKSPA • COVID-19 preventive measures and confirmed cases at the terminals
 <p>Government</p>	<ul style="list-style-type: none"> • Meetings • Calls • Discussions and responses • Port visits¹ 	<ul style="list-style-type: none"> • Key government maritime policies • Competitiveness of port of Hong Kong and YANTIAN • HKSPA • Environmental presentations • COVID-19 preventive measures and confirmed cases at the terminals
 <p>External Contractors and Suppliers</p>	<ul style="list-style-type: none"> • Induction and safety training • Compliance with Code of Conduct and Anti-Fraud and Anti-Bribery (“AFAB”) Policy • Supplier evaluations 	<ul style="list-style-type: none"> • Workplace safety • Service performance • Tendering process and results • HKSPA • COVID-19 preventive measures and confirmed cases at the terminals
 <p>Customers</p>	<ul style="list-style-type: none"> • Mobile app • Customer meetings • Port visits¹ • Terminal news releases • Exhibitions • Webinars • Brochures 	<ul style="list-style-type: none"> • Performance of terminals • Shore power implementation • Updates to customs processes and local regulations • Digitalisation and automation • Cargo coverage and connectivity • HKSPA • COVID-19 preventive measures and confirmed cases at the terminals • Market updates
 <p>People and Communities</p>	<ul style="list-style-type: none"> • Recycling and waste reduction initiatives • Virtual visits and services to homes of the elderly • Online greetings and events for the elderly • Port visits¹ • Internship programmes • Scholarships • Dock School Programmes 	<ul style="list-style-type: none"> • Introducing the port industry • Building relationships with the local community • Environmental presentations • COVID-19 community support
 <p>Port Users</p>	<ul style="list-style-type: none"> • Mobile communication platform • Safety information sharing • Help desk hotline • Meetings with trade associations 	<ul style="list-style-type: none"> • Turnaround time at ports • Berth availability and arrangements • Operational safety • Customs declarations • HKSPA • COVID-19 preventive measures and confirmed cases at the terminals
 <p>Media</p>	<ul style="list-style-type: none"> • Press releases • Press briefings • Corporate website 	<ul style="list-style-type: none"> • Latest terminal developments • Competitiveness of port of Hong Kong and YANTIAN • Service-related concerns • HKSPA • COVID-19 preventive measures and confirmed cases at the terminals

¹ As a result of COVID-19 preventive measures, port visits have been suspended since February 2020.

SUSTAINABILITY REPORT

MATERIALITY ASSESSMENT

Defining what is material guides HPH Trust to focus on Material Sustainability Topics that have a significant impact on its businesses and stakeholders. As sustainability and business landscapes change over time, the materiality of different topics also changes. In order to prioritise important and urgent topics, HPH Trust regularly assesses materiality and strategises an approach to effectively manage these topics. In prior years, management continuously assessed the materiality of each sustainability topic via surveys and interviews with internal stakeholders, and by conducting a benchmarking study.

In 2021, HPH Trust conducted a comprehensive materiality assessment through engagement with external and internal stakeholders. The Trust identified new Material Sustainability Topics and reassessed the materiality of existing topics. The detailed process and results are illustrated below.

Moreover, to align the Trust’s corporate efforts with the international objectives for global sustainable development, HPH Trust also mapped the Material Sustainability Topics against the United Nations Sustainable Developments Goals (“SDGs”).

Materiality Assessment Process



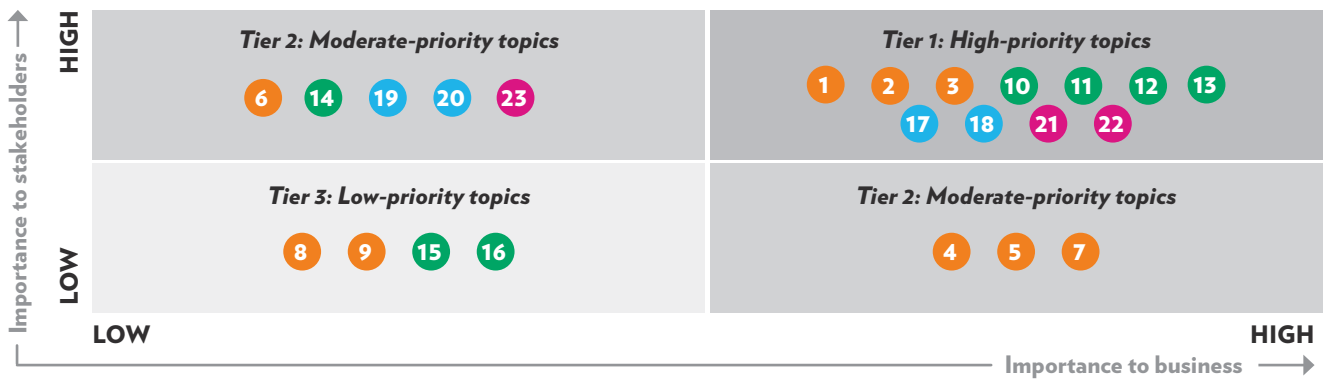
The Sustainability Materiality Matrix below shows how the 23 Material Sustainability Topics were categorised from low to high priority according to their level of importance and urgency to address, which was derived through (i) frequency of disclosure by peers in the benchmarking study and senior management interviews (presented in x-axis) and (ii) their level of importance to external and internal stakeholders (presented in y-axis).

<p>Tier 1: High-priority topics (11 topics) Implication: Issues of utmost importance and urgency for HPH Trust to address and report on</p>	<p>Tier 2: Moderate-priority topics (Eight topics) Implication: Issues of relatively high importance and urgency</p>	<p>Tier 3: Low-priority topics (Four topics) Implication: Issues of relatively low importance and urgency</p>
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Tier 1 topics are considered high priority by the business and stakeholders, as associated risks may need to be addressed with increased urgency. Tier 2 topics are considered moderate priority with issues of relatively high importance and urgency. Whereas Tier 3 topics are prioritised as relatively lower priority, as the associated risks are relatively less pressing and urgent under the sustainability governance framework.

In terms of disclosures, the Trust strategised different approaches to report on for each tier. Tier 1 topics are disclosed in the Sustainability Report in a more extensive extent with more illustrations and case studies, and in accordance with the GRI Standards. Disclosure of Tier 2 and Tier 3 topics are also made in accordance with the GRI Standards but in a less extensive extent.

Sustainability Materiality Matrix



RESPONSIBLE BUSINESS

- 1 Anti-fraud and anti-bribery
- 2 Customer service
- 3 Technology and operational efficiency
- 4 Community engagement
- 5 Compliance
- 6 External contractor worker management
- 7 Supply chain management
- 8 Contingency planning
- 9 Corporate governance

ENVIRONMENT

- 10 Climate change
- 11 Greenhouse gas (GHG) emissions
- 12 Waste management
- 13 Water management
- 14 Energy consumption
- 15 Ambient air quality
- 16 Biodiversity

RESPONSIBLE EMPLOYER

- 17 Employee engagement and wellbeing
- 18 Knowledge empowerment
- 19 Diversity and inclusion
- 20 Recruitment and retention

SAFETY AND SECURITY

- 21 IT systems and data security
- 22 Occupational health and safety
- 23 Safety risk management

HPH Trust would like to re-emphasise that all 23 Material Sustainability Topics are considered material to the business and operations of the Trust. The Sustainability Materiality Matrix only intends to illustrate the relative level of urgency and importance to address under the sustainability governance framework, and the categorisation between Tiers 1 to 3 is only of relative order only. Topics being categorised under Tier 3 does not mean that it was not material to HPH Trust. For example, corporate governance, a Tier 3 topic, is always essential and fundamental to the success of HPH Trust; however, as a robust governance structure is already in place, the Trust does not identify immediate sustainability risk relatively compared to Tier 1 and 2 topics.

SUSTAINABILITY REPORT

The chart below summarises the Material Sustainability Topics and their related boundaries.

Boundaries of Material Sustainability Topics describe which stakeholder groups determine the topics to be significantly important and urgent.

Pillar	Tier	Material Sustainability Topics	Investors	Employees	Government	External Contractors and Suppliers	Customers	People and Communities	Port Users	Media
Responsible Business	1	Anti-fraud and anti-bribery	•	•	•	•	•			
		Customer service		•			•		•	•
		Technology and operational efficiency	•	•		•	•		•	•
	2	Community engagement*	•	•			•			•
		Compliance*	•	•	•	•			•	•
		External contractor worker management		•	•	•		•		
	3	Supply chain management*		•	•	•	•	•		
		Contingency planning*	•	•		•	•	•	•	
Environment	1	Climate change*	•		•			•	•	•
		GHG emissions	•		•		•	•	•	•
		Waste management			•		•	•	•	
	2	Water management	•		•			•	•	
		Energy consumption	•	•	•	•	•	•	•	
	3	Ambient air quality		•	•	•	•	•	•	
		Biodiversity*	•		•		•	•	•	
Responsible Employer	1	Employee engagement and wellbeing	•	•	•	•	•			
		Knowledge empowerment#		•	•	•	•			
	2	Diversity and inclusion*	•	•				•		
		Recruitment and retention	•	•			•	•		
Safety and Security	1	IT systems and data security	•	•	•	•	•			
		Occupational health and safety	•	•	•	•	•		•	•
	2	Safety risk management			•	•			•	

* New sustainability topic that is considered in the 2021 materiality assessment exercise.

Learning and Development is renamed as Knowledge Empowerment.

RESPONSIBLE BUSINESS

As a responsible business, it is crucial to provide operational and service excellence, while also enforcing the highest standards of business ethics and integrity. HPH Trust actively focuses on creating long-term shared value for the business and its stakeholders by sustainably and responsively optimising its business operations.

WHY IT MATTERS

In addition to complying with ethical standards, it is fundamental that integrity drives business decisions. Transparency builds trust and innovation drives operational excellence, leading to direct business benefits.

HOW HPH TRUST RESPONDS

HPH Trust strives to enhance its operational efficiency without compromising ethical standards, and ensures that its suppliers and external contractor workers uphold the same values. The Trust innovates and adopts new technologies to improve customer and employee experiences.




RELATED SDGs



Various departments and teams ensure that HPH Trust's value chain operates as one cohesive unit. Measures and systems are in place to provide frameworks and guidance for employees, suppliers and external contractor workers to follow.

ANTI-FRAUD AND ANTI-BRIBERY

HPH Trust takes a zero-tolerance approach to bribery and corruption in any form and is committed to professionalism with integrity in business operations. In 2021, HIT and YANTIAN required all employees, including full-time and part-time, to declare their compliance with the policy. The Trust also uses training to reinforce awareness of the importance of staff behaving ethically. In addition to incorporating AFAB information in new joiner orientation programme, HIT launched e-orientation programme for part-time staff in 2021. The AFAB Policy¹, Code of Conduct and Staff Handbook clearly outline the guidelines and industry standards that all employees must follow. Through the following initiatives to strengthen the communication of anti-fraud and anti-bribery messages, HPH Trust aims to maintain a fraud- and bribery-free operations next year.

Stakeholder Group	Approach
 Managers and supervisors	<ul style="list-style-type: none"> • Providing AFAB training once in every two years • Communicating the AFAB Policy to employees through regular briefings and email reminders to reinforce the importance of ethics and integrity
 Employees	<ul style="list-style-type: none"> • Incorporating AFAB information in the new joiner orientation programme and for part-time staff in e-orientation programme • Ensuring all employees are well aware of the AFAB Policy with the help of online reading materials and quizzes • Requiring all staff to complete a self-declaration form annually agreeing to comply with the Trust's policies. In 2021, YANTIAN updated the Chinese version of the self-declaration to avoid any misinterpretation caused by the language barrier; HIT simplified the self-declaration process by using the mobile app • Sending email reminders to staff stressing the importance of AFAB during major festivals, especially when receiving gifts in the socially distanced COVID-19 environment
 Suppliers	<ul style="list-style-type: none"> • Communicating the AFAB Policy to all suppliers, emphasising zero tolerance for fraud and bribery • Sending email reminders to suppliers stressing the importance of AFAB during major festivals

¹ For details regarding the HPH Trust Anti-Fraud and Anti-Bribery Policy, please refer to hphtrust.com/corporate_governance.html.

SUSTAINABILITY REPORT

AFAB-Related Training and Communications in 2021

	No. of employees	% of employee category
Employees receiving AFAB-related training and communications	3,408	99.9
By employee category		
Senior management	34	100.0
Middle management	191	100.0
Functional areas (administration, technical, production, etc.)	3,183	99.9

Figures shown include HIT and YANTIAN, as per the reporting scope.

The Trust actively encourages its staff and other stakeholders to report any suspected cases of misconduct or malpractice. HPH Trust’s Whistleblowing Policy¹ outlines the channels and procedures in place for stakeholders to report any suspected cases in strict confidence. Regular evaluation is conducted to observe any cases of fraud or bribery within the workforce and supply chain. The procedure under the Trust’s Code of Conduct is to report any cases of non-compliance to the head of finance. In 2021, there were no reported cases of fraud or bribery.

TECHNOLOGY AND OPERATIONAL EFFICIENCY



CASE STUDY: HIT'S CHANGE PROGRAMME

As HIT aims to continuously reinforce its improvement culture, it values the opinion of its workforce. In 2021, HIT revamped its CHANGE Programme and encouraged its staff and external contractor workers to suggest changes they would like to see. The programme’s assessment board accepted eight suggestions and presented recognition awards respectively. Specific work improvement teams have been formed to help implement the awarded projects. Suggestions included the creation of a portable crane control stick, the enhancement of specific functions in internal and external company websites, the discontinuation of hardcopy company notices, and the development of interfaces between systems to reduce manual data input efforts.

In order to navigate the ever-changing dynamics of the port and shipping industry, HPH Trust aims to continuously enhance its operational efficiency. Through innovative, smart and advanced technologies, the Trust can provide simple and efficient services and work arrangements to port users such as employees, customers and tractor drivers. For example, HIT deploys Remote Container Inspection at exit and entry gates to enhance service level and cost-effectiveness, and ensure workplace safety and comfort. In the reporting year, the Trust fully implemented the enhanced Common Barge Platform (“CBP 3.0”)² and launched the Electronic Release Order (“eRO”)³, systematically improving operational flexibility and capability as well as reducing paper consumption.

Swiftly responding to new opportunities and challenges, HPH Trust develops a strategic plan annually to pursue operational excellence. Alongside the heads of Operations, the Process Excellence team at HIT and the Operations department at YANTIAN oversee and measure operational performance to improve future systems. In coming years, HPH Trust will further upgrade various existing operating systems based on assessments. Additionally, the Trust plans to fully digitalise the gate process by 2022 by implementing Electronic Booking Confirmation Note (“eBCN”)⁴. Ultimately, the Trust aims to reduce pressure on terminal resources, optimise human and natural capital, and progressively enhance overall system performance.

In 2021, high yard density posed a significant challenge. The COVID-19 pandemic affected vessel schedules and waiting time for transshipment cargoes in terminals. Therefore, HPH Trust implemented various measures to help relieve yard density and maintain terminal performance, while improving resilience for the future. These measures focused on increasing container handling efficiency and improving gatehouse deployment efficiency at the ports.

By replanning stacking and shuffling, HIT optimised the utilisation of port facilities and balanced the workloads between terminal facilities. HIT liaised effectively with shipping lines and barge operators, monitoring and improving transshipment connection to better manage high yard density. YANTIAN also updated operational procedures, such as by implementing a gate receiving policy against the vessel berthing schedule, to enhance vessel operation and performance. Moreover, YANTIAN obtained 40,000m² of temporary off-dock storage space from the local government to alleviate on-dock yard density. To prepare for unpredictable shocks and emerging changes, the Trust will review the effectiveness of these implementations and continue investing in automation and digitalisation solutions to further enhance operation efficiency to become a Smart Port.

A full review of HPH Trust’s operational achievements is available on pages 21 to 22.

¹ For details regarding the HPH Trust Whistleblowing Policy, please refer to hphtrust.com/corporate_governance.html.

² CBP 3.0 streamlines the berth booking system for barge operators, increases berth data transparency and shortens barge turnaround time.

³ eRO digitalises and simplifies the gate process for inbound tractor drivers, reducing gate processing time and paper consumption.

⁴ eBCN is an electronic booking process for outbound deliveries and is the final part of the gate digitalisation process.

CUSTOMER SERVICE

HPH Trust's service excellence has garnered business industry awards year after year and, more importantly, has built long-term customer relationships. The Trust aims to uphold this hard-earned reputation by retaining a strong focus on customer service and improving its support systems.

HPH Trust proactively addresses customer concerns and emerging market trends. In 2021, in view of the e-commerce boom, YANTIAN arranged dedicated personnel to provide an extensive e-commerce service to help explore initiatives and plans with shipping lines. With the aim of implementing new services for targeted markets, YANTIAN successfully ensured efficient and timely fulfilment of customer e-commerce orders. The Trust transparently communicates the latest developments to customers and other port users, including operational issues relating to the port congestion caused by COVID-19.

There were no reported fines or non-monetary sanctions due to non-compliance with laws or regulations concerning products or services in the reporting year.

During the year, the Trust was notified of the following concerns and addressed them accordingly.

“How can HPH Trust improve its efficiency?”

HPH Trust is constantly digitalising its operating processes to increase productivity and create more value for its customers. In 2021, with the objective to digitalise the gate process, the Trust fully launched eRO and ran an eBCN pilot successfully reducing turnaround time and enhancing efficiency for all parties involved. The new CBP 3.0 system strengthens barge operation as well as streamlines the berth booking system for customers. CBP 3.0 also increases data transparency, which is a priority for customers.

“Despite disruptions to the global logistics chain, how will HPH Trust and its operations adapt to meet growing business demand?”

The Trust will continue to sustainably grow to meet current and future customer demand. Both HIT and YANTIAN have the capabilities to deploy additional terminal resources and increase manpower to facilitate terminal performance and productivity, and minimise impacts for customers.

“Given the changing markets, what action is the Trust taking to accommodate the e-commerce boom?”

In December, YANTIAN held the “Founding Meeting of the South China Cross-Border E-Commerce Logistics Standardisation Committee”. During the meeting, hosted by the Shenzhen Cross-Border E-Commerce Association, the first proposal to standardise cross-border e-commerce logistics was released, marking a milestone for the industry. The Trust is proud to announce that YANTIAN, as a member of the committee, will work closely with logistics stakeholders to facilitate Chinese brands expanding globally.

SUSTAINABILITY REPORT

COMMUNITY ENGAGEMENT

HPH Trust wants to give back to the communities in which it operates and engages with them under three pillars: elderly care, youth education, and awareness for the environment. The Trust looks forward to continuously supporting surrounding communities now and in the coming years. In 2021, the Trust has donated approximately HK\$1.2 million through monetary and in-kind contributions to community engagement programmes and continued to organise community activities and partner with local charities and non-governmental organisations.



YANTIAN volunteers delivered seasonal greetings and gifts to elderly residents of the Yantian District Social Welfare Centre before Chinese Senior's Day.



HIT staff volunteered over 70 hours for activities such as a virtual sightseeing tour and a natural skin care and cleaning product workshop for the elderly.



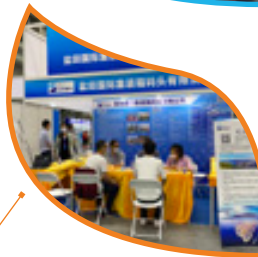
YANTIAN provided a scholarship to Yunnan Dahaicun Hope Primary School. YANTIAN also joined recruitment events including the 25th Fall National Recruitment Fair of Mutual Selection and the Shenzhen Campus Recruitment (Training) Fair, recruiting new graduates and sharing insights on the port industry.



A team of YANTIAN volunteers visited the Yantian District Welfare Centre to deliver Lunar New Year greetings to the elderly residents.



The HIT Scholarship Award for Children of Employees recognised the outstanding performance of four staff members' children, building a stronger relationship between employees' families and HIT.



HIT employees took part in two sessions of the Country Parks Plantation Enrichment Programme and planted over 140 trees in local country parks to enhance biodiversity and sustainability.

HIT Summer Internship Programme provided a platform for undergraduate students to enrich their learning through job attachment, volunteer service, communication skills workshop and action learning projects.



To educate its staff and external contractor workers on environmental protection, HIT organised quarterly activities and an environmental quiz. HIT also joined the Earth Hour 2021 initiative of the World Wide Fund for Nature, and organised a Mooncake Box Recycle activity to collect containers for recycling.



YANTIAN organised a "Go Green" Tree-planting Initiative event. Led by the management team, about 30 staff attended the event. This is the 8th year in a row of the "Go Green" campaign.

SUPPLY CHAIN AND EXTERNAL CONTRACTOR WORKER MANAGEMENT

As a responsible business, HPH Trust works closely with its suppliers to achieve sustainable practices in the supply chain. Our Supplier Code of Conduct¹ ensures high standards for human and labour rights, supply chain management, and ethical business practices are met.

In 2021, the Trust enriched the Supplier Code of Conduct, Work Order and Standard Terms and Conditions (“T&C”) of Agreement for Works/Services with clauses to prohibit using child and forced labour. Next year, the Trust will also update Purchase Order and T&C of Agreement for Material/ Equipment Purchase with similar clauses.

Environmental and social criteria are increasingly important considerations when screening potential suppliers. In the reporting year, 100% of new suppliers were screened for environmental and social issues. Furthermore, the Trust regularly monitors its suppliers to address potential risks and ensure that their business aligns with the Trust’s policies and management systems. If the Trust identifies significant social or environmental risks, it will terminate or withhold the contract. In 2021, the Trust did not identify any new or existing suppliers with significant environmental and social risks.

The Trust’s operations depend on a significant outsourced labour force that includes frontline workers such as equipment operators, truck drivers and maintenance technicians. A comprehensive contractor service management system is stipulated in the Trust’s employment and labour standards, which also covers applicable external contractor workers.

COMPLIANCE

Compliance with laws and regulations relevant to HIT and YANTIAN is integrated into all decision-making and the Trust’s operations across markets. This not only prevents remediation obligations and other costly liabilities resulting from non-compliance, but also recognises the Trust’s ability to operate in a responsible and ethical way. In the reporting period, there were no cases of non-compliance with laws or regulations in the environmental, social and economic areas. Moving forward, we will maintain compliant in business operations.

CORPORATE GOVERNANCE

An effective corporate governance framework promotes and safeguards the interests of unitholders and other stakeholders². In this connection, HPH Trust strives to uphold high standards of corporate governance that align with the needs and interests of the HPH Trust group of companies. Principles and practices are enforced to emphasise effective risk management, internal control as well as the transparency and accountability of relevant disclosures. Every year, the Trust will review any new or emerging regulations to make sure it is compliant with future changes.

A full review of HPH Trust’s corporate governance is available in the Corporate Governance Report on pages 77 to 100 of this Annual Report.

CONTINGENCY PLANNING

To maintain operational efficiency and minimise adverse impacts brought by disruptions and crises, the Trust implements contingency plans and measures that guide the Trust and its employees to respond and recover swiftly. In the next reporting year, HPH Trust will look to further update and upgrade contingency plans in preparation for existing and new risks.

IN THE
REPORTING YEAR,



100%
OF NEW
SUPPLIERS

WERE SCREENED FOR
ENVIRONMENTAL AND
SOCIAL ISSUES

GOING FORWARD

Quality and efficiency are of paramount importance for the Trust, its customers and other stakeholders. HPH Trust aims to uphold its world-class position and will continue to innovate and adopt new technologies to strengthen its operational and service excellence. In addition to upgrading systems introduced in 2021, the Trust plans to assess the feasibility of innovative projects involving new technologies such as artificial intelligence and 5G. At the same time, HPH Trust will continue its perpetual target to maintain zero incidents of corruption and no material breaches of laws and regulations.

¹ For details regarding the HPH Trust Supplier Code of Conduct, please refer to hphtrust.com/sustainability_policies.html.

² For details regarding the corporate governance policies of HPH Trust, please refer to hphtrust.com/corporate_governance.html.

SUSTAINABILITY REPORT

ENVIRONMENT

Environmental stewardship is embedded in the strategy of HPH Trust. In addition to responding to stakeholders' various environmental concerns, the Trust is dedicated to supporting environmental sustainability for long-term business growth. To cultivate a greener future for everyone, the Trust aims to drive environmental resilience beyond its operations and actively manage its footprints.

WHY IT MATTERS

As the effects of climate change are becoming more severe and frequent, the port industry faces an increasing number and variety of environmental challenges.

HOW HPH TRUST RESPONDS

With a sound environmental management system in place, together with a commitment to achieve environmental sustainability, HPH Trust can drive change. The Trust proactively addresses and monitors potential environmental impacts for better future planning.

RELATED SDGs



Committed to safeguarding the environment, HPH Trust follows the plan-do-check-act model, seeking continuous improvement while upholding sound environmental management practices. As a testimony to this commitment, HIT and YANTIAN adopt the internationally recognised ISO 14001 Environmental Management System standard, while YANTIAN also adopts the ISO 50001 Energy Management standard. In the reporting year, there were no non-compliance with applicable laws and regulations that may have major impacts on its operations and stakeholders.

HPH Trust's Environmental Policy¹ outlines the strategy and management approach used to manage its key Material Sustainability Topics, covering climate change, energy use and waste management. In addition to the group's policy at the Trust level, each of HIT² and YANTIAN³ also put in place policies on environmental protection and green port to deliver on commitments to minimise environmental impacts at each port. To drive continuous improvement and keep up with emerging trends, the Trust reviews and updates the Environmental Policy when necessary. For instance, YANTIAN plans to incorporate water stewardship as a new topic in the policy in the near future. Additionally, it has established performance targets with respective action plans to drive change within its operations. In this regard, the HPH Trust Sustainability Committee, regularly tracks performance against environmental targets and conducts semi-annual reviews. Following the review, HPH Trust strategises improvement plans to achieve the targets.

Both HIT and YANTIAN have an Environmental Awareness Committee to create awareness of the importance of environmental sustainability among employees and external contractor workers, through activities and social media platforms.

In recognition of its effort to promote environmental stewardship, HIT and YANTIAN have received the awards shown below.



HIT has been recognised as a Hong Kong Green Organisation by the Environmental Campaign Committee since 2016.

HIT attained "EcoPartner" certificate of the BOCHK Corporate Environmental Leadership Award 2020. HIT was recognised for its installation of smart meters, a variable speed drive chiller system and LED lighting.

YANTIAN was named the "Best Green Container Terminal" for the second time in three years at the AFLAS Awards. This is a testimony to YANTIAN's ongoing effort to create a green port by utilising industry-leading technologies.

¹ For details regarding the HPH Trust Environmental Policy, please refer to hphtrust.com/sustainability_policies.html.
² For details regarding HIT's Environmental Protection Policy, please refer to <https://www.hit.com.hk/en/Corporate-Social-Responsibility/Sustainability/Hit-Environmental-Policy.html>.
³ For details regarding YANTIAN's green port policy, please refer to https://www.yict.com.cn/page/green_port.html.







CLIMATE CHANGE

The impacts of climate change have gained increasing attention in recent years, and port industry started to experience these impacts at the operational level. To drive long-term sustainability, HPH Trust recognises that it must identify and evaluate potential climate-related risks and opportunities in order to act and plan proactively.

HPH Trust's position on managing the direct impact arising from climate change is listed as follows:

- Address climate change risks as part of the Trust's risk management process
- Set up targets to reduce carbon emissions and monitor carbon footprint
- Incorporate climate change considerations into its business strategies
- Establish appropriate procedures to prevent or minimise the damage that climate change may cause and make use of the opportunities that may arise
- Reduce, where feasible, the production of GHG, ozone depleting emissions and other air pollutants within the Trust's operations
- Increase the usage of innovative and energy efficient technology in the Trust's operations to reduce energy consumption arising from day-to-day operations
- Track and monitor the use of energy and emissions in the operations

Given the nature of port operations, the most direct climate-related risks are associated with changing weather conditions as a result of shifts in climate patterns. These risks are reviewed periodically at the management level to consider how they can be integrated into the environmental resources management framework of HPH Trust.

Impacts Brought by Climate-Related Risks	HPH Trust's Actions
<p>Severe and more frequent typhoon events</p> <ul style="list-style-type: none"> • Potential damage to cranes • Temporary closure of ports due to severe typhoons 	<ul style="list-style-type: none"> • HPH Trust has in place standard operating procedures to ensure operation safety during typhoon and swift resumption in operation during post-typhoon • Higher-capacity tie-down systems will be installed
<p>Severe and more frequent rainstorms</p> <ul style="list-style-type: none"> • Potential blockage of on-site rainwater drainage systems 	<ul style="list-style-type: none"> • More frequent check-ups are conducted prior to the rainy seasons to rectify problems as needed
<p>Lightning</p> <ul style="list-style-type: none"> • An increase in lightning damage to facilities 	<ul style="list-style-type: none"> • More frequent check-ups are conducted to rectify problems as needed
<p>Foggy condition</p> <ul style="list-style-type: none"> • Foggy condition may affect visibility, reducing operational efficiency and safety 	<ul style="list-style-type: none"> • HPH Trust has in place standard operating procedures for foggy conditions to ensure operational safety
<p>Increasing temperature</p> <ul style="list-style-type: none"> • More energy is consumed • Increased pressure on water supplies • Workers working outdoors may be exposed to heat-related problems 	<ul style="list-style-type: none"> • On-site features with solar insulation and passive cooling are installed • HPH Trust is extending the coverage of remote-controlled equipment to gradually allow operators working in indoor environment with air-conditioning
<p>Increasing tidal waves and sea level</p> <ul style="list-style-type: none"> • Stronger waves may damage the facilities along quay decks 	<ul style="list-style-type: none"> • In new projects such as YANTIAN East Port Phase I, HPH Trust will build quay decks with higher level to reduce the risk of damage

SOLAR ENERGY

Investment in green and renewable energy sources presents an opportunity for HPH Trust to manage its climate-related impact. For example, the adoption of solar energy is part of the Trust's journey to improve its environmental performance, while also providing economic benefits. At HIT, the 129 solar photovoltaic panels above the Terminal 4 gatehouse help to power the canopy floodlights, gatehouse office lighting and Security Office equipment. In the next two years, HIT will enhance its green energy programme by extensively installing solar photovoltaic systems across its operations.

SUSTAINABILITY REPORT

GHG EMISSIONS, ENERGY CONSUMPTION AND AMBIENT AIR QUALITY


Efficient energy use helps to lower emissions as well as improve ambient air quality in the surrounding areas. In the reporting year, HPH Trust established a trust-level emissions intensity target with 2021 as the baseline. To achieve the 5% reduction target by 2026, the Trust continued to implement existing measures and rolled out new measures to increase energy efficiency.


The key emission sources of the Trust arise from diesel-powered machinery. HPH Trust is a pioneer in the port industry in deploying green shore power technology, and advocates for the use of shore power and clean fuel with lower emissions. YANTIAN's shore power systems cover 16 berths. In 2021, the construction of Phase V shore power project enhanced YANTIAN's shore power systems, further reducing the GHG emissions from vessels¹, and subsequently, improving air quality near terminals. With the new purchase of nine electric forklifts and ten electric vehicles, YANTIAN continued to phase out diesel-powered machinery to replace a total of 53% diesel-driven forklifts and 36% diesel-driven vehicles.

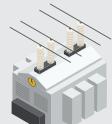
Looking forward, the Trust will report the progress of this emission target on an annual basis through its Sustainability Report and explore new alternative options that save energy, reduce emissions and improve air quality.


HPH TRUST COMMITS TO REDUCING OVERALL EMISSIONS INTENSITY BY 5% BY 2026 COMPARED WITH THE 2021 LEVEL

HIT

- 


Replaced conventional lights with LED varieties, saving **286,321 kWh** of energy and **106 tonnes** of carbon emissions
- 


Maintained eRTGC online rate² at **90%**, to reduce emissions
- 


Promoted the efficient use of electricity consumption, saving **288,576 kWh** of energy and **106.8 tonnes** of carbon emissions
- 


Participated in the CLP Power Hong Kong Limited's Peak Demand Management Programme to help reduce emissions at the city level


YANTIAN


- 

Installed and commissioned electric rubber-tyred gantry cranes ("eRTGCs"), to reduce emissions
- 

Deployed **65** electric forklifts and **53** electric vehicles, to help reduce emissions
- 

Installed LED lamps to replace traditional lamps, saving **280,320 kWh** of energy and **225.4 tonnes** of carbon emissions
- 

Established **6** sets of mobile shore power systems with a total of **24 MVA** capacity covering **16** berths and reducing emissions from purchased electricity
- 

Continued to advocate the use of low-sulphur diesel or shore power for berthed vessels by enabling more berths with shore power supply capacity
- 

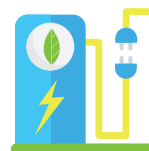
Established a **10-year plan** to replace internal diesel and liquefied natural gas tractors with new energy vehicle, starting 2022

¹ Shore power technologies allow vessels at berth to acquire their power from onshore supplies which could greatly reduce GHG generated from these vessels. However, please note that usage of shore power may increase GHG emissions at terminals.
² Being the percentage of operation powered by electricity rather than on traditional fuel for eRTGC fleet.

The Trust has developed a dataset comprising energy usage and emissions indicators to evaluate effectiveness of sustainability measures and review its performance against targets.



**TOTAL ENERGY
CONSUMPTION**
2,630,331 GJ



ENERGY INTENSITY
0.130 GJ PER TEU



GHG EMISSIONS
45.7%
DIRECT GHG EMISSIONS (SCOPE 1)²
54.3%
INDIRECT GHG EMISSIONS (SCOPE 2)³



EMISSION INTENSITY
13.521 kg CO₂e per TEU

Environmental Performance ¹	2021
Direct energy consumption and GHG emissions	
Natural gas	181,934,000 litre
Liquefied natural gas	4,093,751 kg
Petrol	384,895 litre
Diesel	43,401,793 litre
Liquid petroleum gas	170,640 kg
Indirect energy consumption and GHG emissions	
Purchased electricity	228,215,036 kWh
Energy consumption	
Direct energy consumption	1,808,757 GJ
Indirect energy consumption	821,574 GJ
Total energy consumption	2,630,331 GJ
Energy intensity	0.130 GJ per TEU
GHG emissions	
Direct GHG emissions (Scope 1)	125,349 tonne CO ₂ e
Indirect GHG emissions (Scope 2)	149,208 tonne CO ₂ e
Total GHG emissions	274,557 tonne CO₂e
Emissions intensity	13.521 kg CO₂e per TEU

kg = kilogram, kWh = kilowatt hour, GJ = gigajoule, CO₂e = carbon dioxide equivalent

¹ Figures shown include HIT and YANTIAN as per reporting scope. The following standards were adopted:

- Hong Kong: Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong (2010 Edition).
- Shenzhen: Guidance for quantification and reporting of the organisation's greenhouse gas emissions (SZDB/Z 69-2018) and Baseline emission factors for China's regional power grid emission reduction projects in 2019.

² Scope 1 emissions are direct GHG emissions from sources controlled by HPH Trust, including natural gas, liquefied natural gas, petrol, diesel and liquid petroleum gas used on-site.

³ Scope 2 emissions are indirect GHG emissions generated from electricity purchased by HPH Trust.

SUSTAINABILITY REPORT

WATER AND WASTE MANAGEMENT

HPH Trust is committed to managing its environmental footprint throughout the value chain. Upstream and downstream activities related to water, such as withdrawal, consumption and discharge, as well as activities related to material sourcing, waste generation and recovery are actively monitored by the Trust. This enables the Trust to gain a holistic picture of water and waste-related risks and opportunities within the value chain and to strategise its actions accordingly. HPH Trust aims to maximise water efficiency and minimise waste generation from its operations, and will continue to report on its initiatives and performance in this regard.

	Water	Waste
Strategy	<ul style="list-style-type: none"> HPH Trust places a high emphasis on effective management of water quality and efficiency by closely monitoring water consumption and discharge 	<ul style="list-style-type: none"> HPH Trust strives to classify its waste as the first step in improving its waste management system
Associated impacts	<ul style="list-style-type: none"> Water is mainly consumed in building premises, washrooms and equipment maintenance areas The Trust sources water from municipal supplies, which face relatively low water risk. However, the cost of water may increase in the long term in view of the increasing water stress at a global scale Sewage is generated from maintenance facilities and kitchens Discharging untreated sewage may pollute the surrounding environment and lead to fines as a result of non-compliance 	<ul style="list-style-type: none"> Recyclable non-hazardous materials and hazardous materials include rubber tyres, waste oil, scrap metal, wire rope, oil rags, waste wood and lead acid battery If not handled properly, waste may cause environmental pollution and place a burden on landfill facilities
Corresponding actions	<ul style="list-style-type: none"> The Trust carries out various measures to optimise and reduce water use, including performing maintenance on water supply pipelines as a precaution to prevent water leakage The water treatment system in YANTIAN collected 156 tonnes of rainwater in 2021 for cleansing and irrigation Effluent is first filtered by oil interceptors and later treated by systems such as dissolved air floatation prior to discharge 	<ul style="list-style-type: none"> To mitigate environmental pollution, HPH Trust appoints qualified companies to collect its waste, including hazardous materials, to ensure they are handled properly To reduce the amount of waste going to landfill, HPH Trust adopts the 3R principles: <ul style="list-style-type: none"> Reducing – Reducing the amount of waste generated Repurposing – Repurposing materials when possible Recycling – Diverting waste from landfill through recycling

To review the effectiveness of strategies and measures in place, the Trust tracks its performance on water and waste management on a regular basis.

Environmental Performance	2021	
Water management		
Water consumption	451,023	m ³
Waste management		
Solid chemical waste		
Rags contaminated with waste oil	153,660	kg
Waste wire rope	1,642,560	kg
Scrap metal	650,450	kg
Other chemical waste		
Waste lead acid battery	6,906	kg
Waste oil	165,815	litre
Other waste		
Light bulbs and fluorescent lights	355	kg
Office paper usage	31,018	kg
Tyres	311,812	kg

Figures shown include HIT and YANTIAN, as per the reporting scope.

BIODIVERSITY

To sustain the livelihood of surrounding stakeholders and wildlife, the preservation of biodiversity and the natural environment is critical. Through active and regular environmental monitoring, HPH Trust aims to avoid and minimise any adverse environmental impacts associated with its operations and development. Initiatives already implemented by the Trust, including the reduction of GHG emissions and the improvement of air quality, help to protect the surrounding biodiversity.

As a port operator, the Trust aims to preserve the aquatic environment and stringently manages its environmental impact on the surrounding sea area. HPH Trust does not discharge wastewater into the sea and ensures that the silt produced by channel dredging is discharged into areas specifically designated by the respective government authorities. As part of its risk management, YANTIAN conducts oil spill prevention drills every year. HPH Trust aims to carefully manage its impact on the surrounding ecosystems and explore new activities to help biodiversity preservation.

GOING FORWARD

The end of 2021 witnessed the 26th United Nations Climate Change Conference of the Parties (COP26). As climate change is becoming a key concern across markets and stakeholder groups, HPH Trust continues to regard this as a key material topic now and in the future and respond by setting a target to reduce overall emissions intensity by 5% by 2026 compared with 2021 level. Moving forward, the Trust plans to progressively strengthen its approach and initiatives that relate to climate change as well as other environmental impacts through monitoring and evaluating current performance and exploring feasible solutions.

SUSTAINABILITY REPORT

RESPONSIBLE EMPLOYER

From running logistics to operating machinery, HPH Trust's daily operation depends on its workforce to perform the labour-intensive activities involved in operating ports. Therefore, it is critical to maintain a stable, committed and engaged workforce.

WHY IT MATTERS

A resilient and stable workforce underpins business success, especially in labour-intensive industries such as container ports. Although technology is playing a larger part in port practices, HPH Trust relies on skilled employees to go further together.

HOW HPH TRUST RESPONDS

The Trust offers competitive remuneration and benefits, while building a positive environment with equal opportunities for all employees to expand their capabilities. HPH Trust aims to enhance the agility and resilience of its workforce to continue to navigate future challenges.

RELATED SDGs



The Trust is dedicated to being a responsible employer by investing in its employees and creating a safe, positive and inspiring workplace for all. The Employment and Workplace Policy outlines regulatory standards relating to employment and labour practices, including the prohibition of child and forced labour. The policy helps to create an environment where the workforce is treated fairly and equally, and it also provides a solid framework to safeguard its employees and external contractor workers. Regular audits are conducted to ensure that the policies and procedures are adhered to. During 2021, there were no reported cases of non-compliance with labour laws or regulations, or violations of labour rights.

EMPLOYEE ENGAGEMENT AND WELLBEING

Following the core values of "UNITY", HPH Trust strives to create an engaging environment for all of its employees, as it believes a sense of community is pivotal to progress. With an ongoing target to strengthen interactions among employees, HPH Trust organised various activities in the reporting year, such as HIT's annual staff outing, YANTIAN's company sports day and many festive celebrations. Activities were also organised to encourage staff to care for and help the community.

The Trust places great focus on the wellbeing of its people and wants an inclusive workplace where employees can thrive and feel respected. In the reporting year, YANTIAN introduced birthday greetings and sent employees messages to enhance their sense of belonging. To promote awareness of wellbeing, HPH Trust has signed the Mental Health Workplace Charter initiated by the Department of Health, the Labour Department and the Occupational Safety and Health Council in Hong Kong. Following Charter initiatives, the Trust formulates policies and implements relevant measures to maintain a positive workplace and support employees. This includes promoting an environment where the management and staff work cohesively as a team. In 2021, HIT replaced town hall meetings with "Chill Talk", a two-way channel between the senior management and staff, to better address hot issues that matter to employees. As a result, face-to-face communication between the senior management and staff members became more interactive, in-depth and constructive.

CASE STUDY:
APPRECIATION TO STAFF

1

HIT's senior management distributed bottled herbal tea to nearly 4,000 employees and external contractor workers to show appreciation for their hard work in the hot summer. As a result, the staff were extremely impressed.



2

HIT organised a Birthday celebration on Renri (the 7th day of Zhengyue, the first month in the traditional Chinese calendar) where 2,000 staff celebrated and took part in activities. HIT's Staff Annual Outing offered a day of fun for its employees and their families.



3

YANTIAN organised a company sports day and around 400 employees took part in team bonding activities to strengthen relationships and forge bonds between staff.

KNOWLEDGE EMPOWERMENT

Long-term and sustainable goals are made possible with an empowered workforce, and HPH Trust strives to equip its people with the necessary skills and knowledge for today and the future. Investing in learning and development not only helps employees to perform their jobs to a high standard and enables the Trust to operate efficiently, but it also enables the continual career growth of employees.

While HPH Trust's trainee and apprentice programmes nurture next-generation talents, a variety of career development programmes retain and advance employees within the workforce. In order to provide unique educational and professional experiences, the Trust regularly conducts training needs analysis and meetings with department and section heads. Through staff performance evaluations, alongside training needs analysis feedback, the Trust customises and implements annual training plans based on the needs and interests of employees across business units. The Trust aims to continuously improve future training. Therefore, YANTIAN uses the Kirkpatrick model to evaluate existing training and enhance its effectiveness. The Trust provided a total of 53,664 training hours at HIT and YANTIAN in this reporting year.

Throughout the reporting year, speakers from different HIT departments led sharing sessions to help enrich employees' functional knowledge on a variety of topics. All seats were filled with above 95% attendance and feedback affirmed that the sessions were useful and insightful for employees. As the sharing sessions were well received, HIT will consider extending coverage from local to regional focus in the future by hosting cross-port sharing sessions.

SUSTAINABILITY REPORT

The Trust frequently updates online training resources to provide staff with the tools to grow professionally any time and anywhere. With the introduction of interactive competitions, HPH Trust encourages colleagues to productively apply what they have learnt. Having a proactive mindset within the management and leadership teams is essential for HPH Trust to face upcoming challenges and enhance resilience as a whole. In 2021, YANTIAN launched the Helmsman programme, a development initiative to enhance the leadership and management skills of second-tier frontline supervisors. The Trust will continue to implement the online trainer programme to enhance the development of internal trainers and, ultimately, improve the collective wisdom of HPH Trust. In the coming year, the Trust aims to bolster development programmes for managers and assistant managers based on findings from training need analysis in 2021.

To support the personal career development of employees, we conduct annual performance reviews, enabling continuous performance improvement and fostering a better organisational understanding of the needs and concerns of employees. In 2021, all eligible employees completed their performance reviews.



Average Training Hours per Employee in 2021	No. of Hours
Overall	15.7
By gender	
Male	15.5
Female	17.6
By employee category	
Senior management	37.0
Middle management	32.5
Functional areas (administration, technical, production, etc.)	14.5

Figures shown include HIT and YANTIAN, as per the reporting scope.

Learning and Development Programmes at HPH Trust

MANAGEMENT AND LEADERSHIP

- The Trust organised various leadership development training programmes focusing on people management and supervisory skills. Online and offline workshops included reinventing leadership, team empowerment, building and sustaining trust, and crucial management conversations.

PROFESSIONAL DEVELOPMENT

- HPH Trust provided training based on specific functional needs in areas such as safety awareness, technical skills, people management, project management and time management.
- In 2021, HIT arranged over 140 job rotation opportunities. These cross-functional rotations enriched and upskilled staff members as they experienced different job roles across sectors and geographical locations.
- HIT offered Examination Leave to all full-time employees.

GENERAL TRAINING

- Besides general interpersonal skills workshops, HPH Trust offered lectures and knowledge sharing sessions to provide insight on industry updates. For instance, in response to the changing world of automation and risk management, HIT held knowledge sharing sessions on “Development of Crane Automation” and “Think Risk Not Insurance”.
- The Trust strengthened compliance and company policy awareness on AFAB, anti-competition law, dawn raids, and the code of conduct.
- As COVID-19 prevailed in 2021, HPH Trust continued to support staff through an online knowledge centre and psychological counselling.

CULTIVATING YOUNG TALENT

- The Trust organised trainee and apprentice programmes for talented young people. The training covered professional practices in roles such as operations management trainee, engineer trainee, technician trainee and craft apprentice.



Transformational Leadership Workshop



Management and Leadership Training



A participant interacting with the trainer

SUSTAINABILITY REPORT

RECRUITMENT AND RETENTION

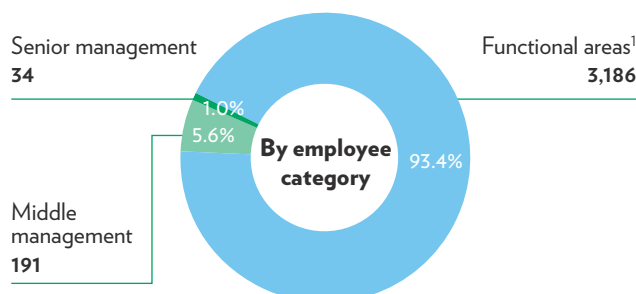
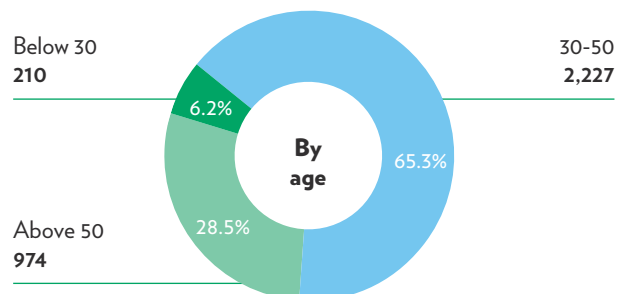
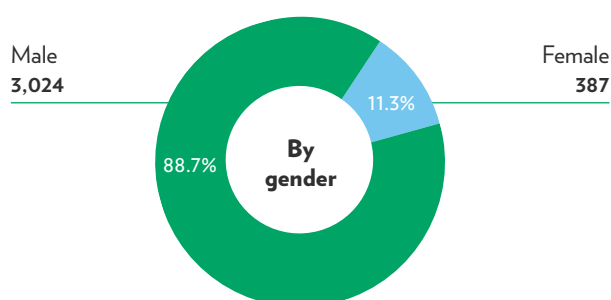
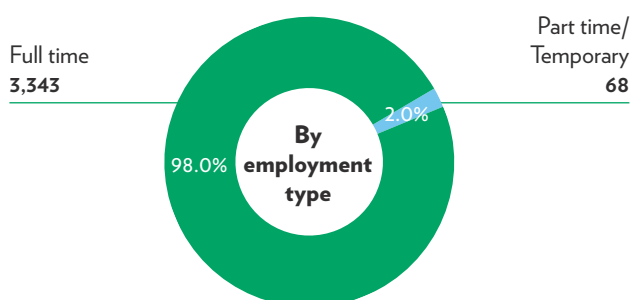
The Trust provides equal opportunities throughout the recruitment process, while delivering an effective working environment that promotes fair remuneration and benefits. As young talents are the future of HPH Trust’s long-term sustainable development, the Trust attracts potential candidates using a variety of recruitment channels, such as a staff referral programme, advertisements, student internships, apprenticeships, graduate career talks, university job fairs and collaboration with local vocational training institutes. HPH Trust plans to continue rolling out relevant programmes and initiatives to help build a strong talent pool.

With an aim to stay competitive and enhance the recruitment process for apprenticeships, the Trust joined the Workplace Learning and Assessment and the Earn and Learn Scheme of Vocational Training Council in Hong Kong in 2021. Additionally, HIT also made good use of the PORTable mobile app launched for staff and external contractor workers, by placing internal job positions onto the app. This streamlined the staff application and referral process while becoming paperless at the same time.

To build and retain a workforce where people feel valued by the company, the Trust provides a series of welfare and performance review initiatives. In the reporting year, HIT set up a taskforce to conduct benchmarking and review the existing six-day work practice for Operations and Engineering staff. YANTIAN formulated a welfare check-up plan to follow up with employees, grasp their opinions and improve arrangements for future check-ups. The Trust offers competitive remuneration packages and benefits to employees according to their category, local regulatory requirements and market practices. Appropriate fringe benefits are also provided to applicable employee groups; for example, health insurance is offered to full-time HPH Trust employees. On the other hand, HIT offers other wellbeing perks to full and part-time employees including access to the Sports Centre and different sports facilities.

Employee Profile as at 31 December 2021

Total number : 3,411



Figures shown include HIT and YANTIAN, as per reporting scope.

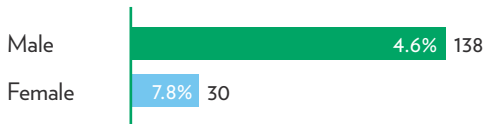
¹ Includes administration, technical, production etc.

To understand and evaluate its human resources management approach, the Trust tracks voluntary employee turnover and conducts interviews to better understand the reasons why people join and leave the Trust. In 2021, the overall new hire rate and turnover rate were 4.9%¹ and 7.2%¹, respectively.

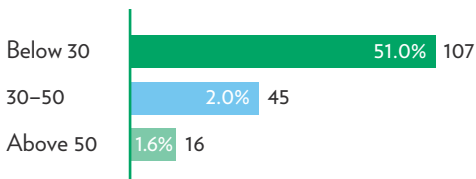
New Hires in 2021

Total number : 168
Hiring rate : 4.9%¹

By gender¹



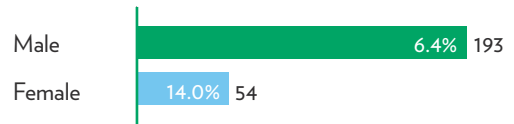
By age group¹



Turnover in 2021

Total number : 247
Turnover rate : 7.2%¹

By gender¹



By age group¹



Figures shown include HIT and YANTIAN, as per the reporting scope.

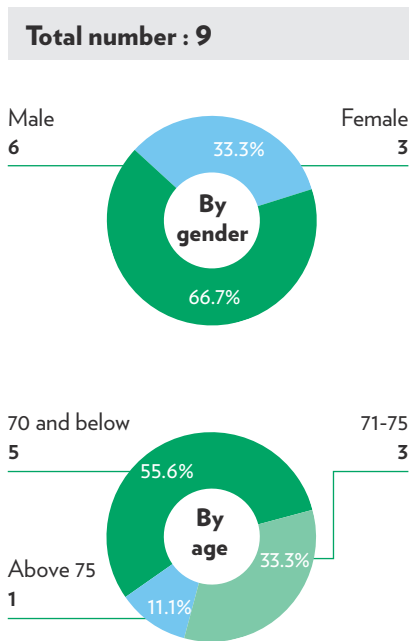
¹ The percentages presented represent the number of new hires/employee turnover in each category divided by the total number of employees in the respective categories.

SUSTAINABILITY REPORT

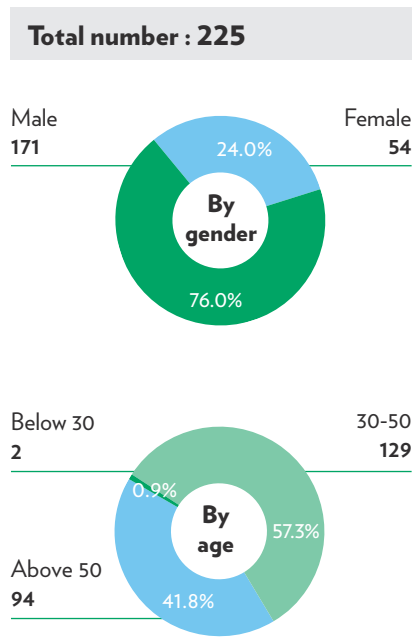
DIVERSITY AND INCLUSION

HPH Trust recognises the importance of having a diverse and inclusive workforce that drives innovation and mutual respect for sustainable business growth. The Trust aims to incorporate different perspectives into its business by recruiting a range of people, regardless of age, ethnic origin and gender, and to promote equal opportunities to all our employees. The Trust strives to provide equal opportunities. It does not tolerate any form of harassment or discrimination. This is the first year in which HPH Trust has made disclosures on this topic. Looking forward, it will closely monitor gender and age balances within the Board and the workforce to understand its diversity metrics.

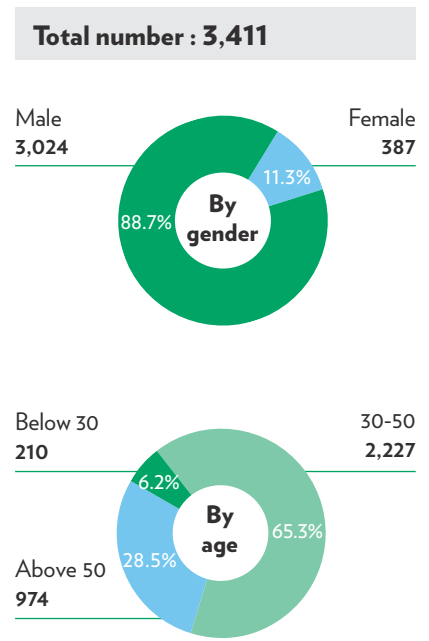
Board Diversity¹



Management Diversity



Total Workforce Diversity²



Due to the inherent nature of operation mode at port industry which requires high physical activities, most of the operational workforces are male. Despite of this traditional mode, HPH Trust strives to attract women workforce for operations in the long run through remote-controlled and automated technology. At the same time, the Trust promotes equal opportunities and diversity in management level, and approximately one fourth of the middle and senior management are female.

GOING FORWARD

HPH Trust is committed to creating an environment where people feel valued, included and safe. The Trust does this by continuously devising new wellbeing and engagement initiatives. As such, HPH Trust aims to continue its perpetual target of maintaining zero incidents of discrimination. Also, the Trust will enhance its interactive learning, career development and leadership programmes to attract new talent and provide existing staff members with the tools to grow professionally. The Trust understands it must develop its workforce in order to grow sustainably in the future.

¹ Board Diversity figures relate to the Board of Directors of the Trustee-Manager of HPH Trust.

² Total Workforce Diversity figures do not include the Board of Directors of the Trustee-Manager of HPH Trust.

SAFETY AND SECURITY

With the nature of work at container terminals, HPH Trust views safety and security as an essential component affecting all stakeholders. As workers and users at container terminals are exposed to a range of health and safety hazards daily, the Trust continues to digitalise operations to help safeguard its employees. However, the digitalisation of port practices may bring threats to customer data security. Therefore, HPH Trust integrates stringent standards, policies and procedures to mitigate both physical and virtual risks.

WHY IT MATTERS

Cyber security threats and the leakage of confidential data from the Trust, employees, customers and business partners may result in reputational damage, loss of trust from stakeholders, financial loss and fines.

On-site accidents from underlying health and safety hazards may lead to injuries and damage to the wellbeing of workers and the communities in which HPH Trust operates.

HOW HPH TRUST RESPONDS

The Trust implements safety standards and policies for all its operations. A health and safety management system not only minimises work-related accidents but enhances on-site safety awareness. The Trust has in place a series of policies and procedures to promote cyber security and protect confidential data, safeguarding HPH Trust and its stakeholders from virtual threats.

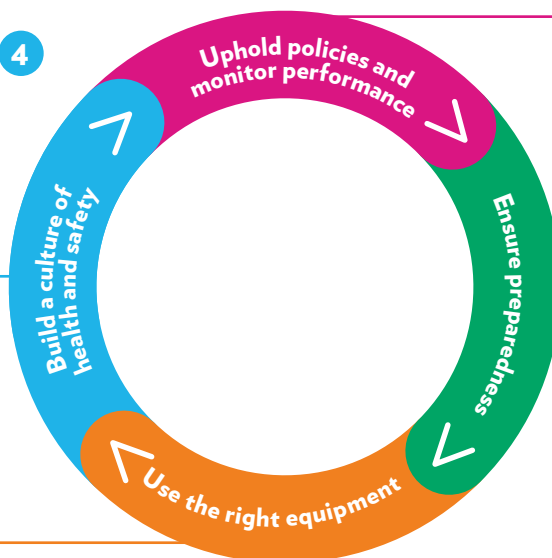
RELATED SDGs



The Trust upholds high standards for health and safety and, increasingly, data security. HIT and YANTIAN obtained ISO 27001 Information Security Management certification and conducted an annual review in 2021. The Safety and Health Policy and the Safety Management Plan set out the Trust's strategy to provide safe and healthy working conditions. The aim of the policy is to prevent work-related injuries or ill health and conduct business activities that will not compromise human safety or health. Additionally, the Trust's Incident Response Playbook aims to provide a consistent strategy and approach to recover terminal operations from an emergency or disaster.

- Organising training to raise safety awareness among employees and external contractor workers
- Providing updates on the latest safety regulations and related procedures
- Initiating communication programmes to promote operational and system safety awareness

- Procuring protective equipment
- Procuring hardware and software for data and system protection
- Training users on how to correctly use equipment



- Conducting regular inspections and audits to ensure compliance
 - Continuously reviewing IT and safety policies for necessary updates
- Please refer to health and safety performance data on page 66*

- Conducting safety and system drills to enhance preparedness and the effectiveness of emergency responses
- Reviewing emergency plans and ensuring they are well executed and communicated

SUSTAINABILITY REPORT

IT SYSTEM AND DATA SECURITY

During COVID-19, online communications have become the new norm, resulting in increasing risks for cyber security and information technology (“IT”) issues. HPH Trust focuses on protecting its IT systems and networks from potential cyberattacks and ensuring the confidentiality of all business and customer data. The Trust aims to prevent critical IT infrastructure being compromised and the loss of or unauthorised access to data.

The Trust implements policies and guidelines on systems and data security to align with best industry practice, as well as to comply with local laws and regulations. These policies and guidelines, such as the Information Security Policy, outlines the procedures that employees, partners and suppliers must follow to keep customer data secure. HPH Trust ensures effective implementation and management by providing an annual data recovery test and regular internal and external audits. The data recovery test verifies the effectiveness of the fallback procedure detailed in the Incident Response Playbook to help create resilient systems.

In addition to installing protective hardware and firewalls, and following effective data-handling and monitoring procedures, the Trust mitigates threats to its IT systems and data security. In the reporting year, HIT and YANTIAN organised cyber security drills to increase employee awareness and capabilities when responding to privacy issues and cyber security emergencies. HIT expanded cyber security to cover operational technology, such as remote-controlled cranes, with the application of the International Electrotechnical Commission (“IEC”) 62443 standard¹.

As a result of such preventive measures, there were no reported cases of unauthorised data leakage or compromised IT infrastructure in 2021.



CYBER SECURITY ENTERPRISE EXCELLENCE AWARD

As a reflection of HPH Trust’s continuous emphasis on and leadership in safeguarding information security, HIT received the Cyber Security Enterprise Excellence Award in the Cyber Security Professional Awards ceremony. Since 2015, HIT has been performing regular drill tests with the Hong Kong Police Force. This ceremony was co-organised by the Hong Kong Police Force, the Government Computer Emergency Response Team Hong Kong and the Hong Kong Computer Emergency Response Team Coordination Centre as a tribute to companies demonstrating good practices and demonstrating good practices in protecting cyber security.

OCCUPATIONAL HEALTH AND SAFETY

Keeping employees safe and healthy is critical, and the Trust aims to have zero serious injuries and accidents. On-site workers at container terminals interact with heavy machinery, heavy loads and sometimes hazardous materials each day. To achieve its safety goals in these high-risk work conditions, the Trust has established safety management systems and policies to promote a harm-free working environment for its employees and external contractor workers. In the reporting year, there were zero employee and external contractor worker fatalities at HIT. Regretfully, there was one case of fatality involving an external contractor worker at YANTIAN in 2021. After investigation, the case was found purely accidental and was unrelated to HPH Trust’s non-compliance to safety procedures and local regulations. The Trust will continue to strengthen safety management and promote safety awareness to prevent the recurrence of similar events.

In 2021, the Trust revised the Business Continuity Management System to coordinate response procedures in various emergency situations and standardised the responsibilities of various departments. HIT and YANTIAN organised drills simulating different emergency scenarios for workers to practise using equipment and respond to handling incidents. Operation teams observed staff in their responses and the overall effectiveness of the drill. In the reporting year, HIT and YANTIAN conducted 100 emergency drills for fire, gas and chemical leakage, and malfunction of heavy equipment, greatly improving the capabilities of the Trust’s personnel. Looking forward, the Trust will arrange drills with local authorities such as the Hong Kong Police Force and Fire Service Department to further enhance emergency response and preparedness.

	Overall	Employees	External Contractor Workers
Fatality rate (per 1 million working hours)	0.047	0.00	0.072
No. of fatalities as a result of work-related injury	1	0	1
Injury rate: high-consequence work-related injuries (per 1 million working hours)	0.28	0	0.43
No. of high-consequence work-related injuries	6	0	6
Injury rate: recordable work-related injuries (per 1 million working hours)	2.50	2.63	2.43
No. of recordable work-related injuries	53	19	34
Number of hours worked	21,203,544	7,227,561	13,975,983

Figures shown include HIT and YANTIAN as per reporting scope.

¹ The IEC 62443 standard secures industrial automation and control systems best practices throughout their lifecycle. The standard takes a holistic and risk-based approach to IT security, as it not only addresses technology but also work processes, countermeasures and employee practices.

Simultaneously, the Trust aims to enhance safety awareness and embed relevant procedures into daily operations at HIT and YANTIAN through a variety of initiatives.

CASE STUDY:



In 2021, over 300 employees and external contractor workers participated in the Traffic Safety Week organised by HIT to promote driving safety in terminals. HIT launched tailor-made stretching exercises for tractor drivers developed by the Hong Kong Polytechnic University to prevent occupational diseases due to long working hours. HPH Trust plans to further evolve current measures; for example, incorporating virtual reality into training to upgrade capabilities.

Safety Initiatives



Set up suggestion boxes for stakeholders to provide feedback on how to promote health and safety



Display safety information through a projector installed in the gatehouse to ensure correct delivery procedures are followed



Apply Video 360 to improve the effectiveness of safety training, such as to help employees become familiar with fire escape routes



Provide personal protection equipment



Support employees and external contractor workers to identify potential risks in operating procedures



Conduct inspections of high-risk areas safely by using a drone to enhance efficiency and capability

SAFETY RISK MANAGEMENT

To prioritise the health and safety of its workforce, the Trust implements a robust management system with rigorous oversight from management.



HPH Trust continuously reviews potential health and safety risks related to port operations and the industry to eliminate relevant impacts on its staff members, external contractor workers and terminal users. HIT obtained the ISO 45001 Occupational Health and Safety certification, demonstrating their high commitment to incorporating health and safety considerations into management approaches and preventive measures.

If an incident does occur, the Crisis Management Team is responsible for handling the situation and recovering operations as soon as possible. In 2021, a Business Continuity Management plan, which coordinates responses and recovery actions, was established with reference to ISO 22301 to further strengthen the current Crisis Management Plan. During the reporting year, there were no incidents of non-compliance concerning the health and safety impacts of products and services.

GOING FORWARD

Protecting its employees, customers, business partners and communities from both physical and virtual risks is pivotal to the future success of the Trust. Therefore, while continuing to aim at zero fatality, reducing injuries rate and no incidents of health and safety non-compliance, HPH Trust will constantly enhance and adapt its safety and security frameworks to follow best industry practices.

SUSTAINABILITY REPORT

MEMBERSHIPS AND ASSOCIATIONS

HIT

British Chamber of Commerce in Hong Kong
 Business Environment Council
 Employers' Federation of Hong Kong
 Hong Kong Container Terminal Operators Association
 Hong Kong General Chamber of Commerce
 Hong Kong Logistics Association
 Hong Kong Maritime Museum Trust
 The Sailors Home and Mission to Seafarers
 The Chartered Institute of Logistics and Transport
 The Merchant Service Club

YANTIAN

China Communications and Transportation Association
 China Port Association
 China Water Transportation Construction Association
 Guangdong Port & Harbours Association
 Industry Association, Guangdong Shenzhen Customs
 Brokers Association
 Refrigeration Logistics Special Interest Committee of
 Guangdong Logistics
 Shenzhen Association for Friendship with Foreign
 Countries
 Shenzhen Association of Enterprises with Foreign
 Investment
 Shenzhen Container Yard Association
 Shenzhen Entry & Exit Inspection and Quarantine
 Association
 Shenzhen Federation of Returned Overseas Chinese
 Shenzhen Ports Association
 Shenzhen Port Facility Security Association
 Shenzhen Publishers Association
 Shenzhen Society of Macroeconomics
 Shenzhen Cross-border E-Commerce Association
 Standardization Administration of the People's Republic of
 China (SAC)

GENERAL DISCLOSURES

GRI Standard 102: General Disclosures 2016

Disclosure	Description	Page, reference or additional comment
Organisational profile		
102-1	Name of the organisation	Hutchison Port Holdings Trust ("HPH Trust" or the "Trust")
102-2	Activities, brands, products and services	Pages 2 to 7
102-3	Location of headquarters	The place of business for the Trustee-Manager in Hong Kong is at HIT in Kwai Tsing, Hong Kong
102-4	Location of operations	Pages 2 to 7
102-5	Ownership and legal form	Pages 2 to 3
102-6	Markets served	Pages 2 to 7
102-7	Scale of the organisation	Pages 2 to 7, 62
102-8	Information on employees and other workers	Pages 51, 62 to 64
102-9	Supply chain	Page 51
102-10	Significant changes to the organisation and its supply chain	No significant change
102-11	Precautionary principle and approach	Pages 38, 77 to 100, 102 to 104
102-12	External initiatives	Page 68
102-13	Membership of associations	Page 68
Strategy		
102-14	Statement from the most senior decision-maker	Pages 10 to 11, 37
Ethics and integrity		
102-16	Values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics	Pages 36, 38
Governance		
102-18	Governance structure	Pages 37, 77 to 100, 102 to 104
Stakeholder engagement		
102-40	List of stakeholder groups	Page 43
102-41	Collective bargaining agreements	Not applicable to HIT as the Hong Kong Employment Ordinance does not provide for collective bargaining agreements. 100% of local staff at YANTIAN are covered by collective negotiation
102-42	Identifying and selecting stakeholders	Pages 43 to 44
102-43	Approach to stakeholder engagement	Pages 43 to 44
102-44	Key topics and concerns raised	Pages 43 to 46

SUSTAINABILITY REPORT

Disclosure	Description	Page, reference or additional comment
Reporting practice		
102-45	Entities included in the consolidated financial statements	Pages 107 to 168
102-46	Defining report content and topic boundaries	Pages 44 to 46
102-47	List of material topics	Pages 45 to 46
102-48	Restatements of information	There are no restatements of information
102-49	Changes in reporting	No significant changes
102-50	Reporting period	1 January to 31 December 2021
102-51	Date of most recent report	Annual Report 2020
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	ir@hphtrust.com
102-54	Claims of reporting in accordance with the GRI Standards	Page 36
102-55	GRI content index	Pages 69 to 74
102-56	External assurance	No external assurance was sought for this report

SPECIFIC DISCLOSURES

GRI Standard	Disclosure	Description	Page, reference or additional comment
RESPONSIBLE BUSINESS			
Tier 1 topic: Anti-fraud and anti-bribery			
GRI 103: Management Approach 2016			Page 47
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	Pages 47 to 48
	205-3	Confirmed incidents of corruption and actions taken	Page 48
Tier 1 topic: Customer service			
GRI 103: Management Approach 2016			Page 49
Non-GRI		Customer complaints received	Page 49
Tier 1 topic: Technology and operational efficiency			
GRI 103: Management Approach 2016			Pages 21 to 22, 48
Non-GRI		Measuring efficiency	Pages 21 to 22, 48
Non-GRI		Operational excellence awards or recognition	Pages 21 to 22, 48
Tier 2 topic: Community engagement			
GRI 103: Management Approach 2016			Page 50
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programmes	Page 50

GRI Standard	Disclosure	Description	Page, reference or additional comment
Tier 2 topic: Compliance			
GRI 103: Management Approach 2016			Page 51
GRI 307: Environmental compliance 2016	307-1	Non-compliance with environmental laws and regulations	Pages 51 to 52
GRI 419: Socioeconomic compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	Page 51
Tier 2 topic: External contractor worker management			
GRI 103: Management Approach 2016			Pages 21 to 22, 38, 51
GRI 408: Child Labour 2016	408-1	Operations and suppliers at significant risk for incidents of child labour	Pages 21 to 22, 38, 51
GRI 409: Forced or Compulsory Labour 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Pages 21 to 22, 38, 51
Tier 2 topic: Supply chain management			
GRI 103: Management Approach 2016			Pages 38, 47, 51
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	Page 51
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	Page 51
Tier 3 topic: Contingency planning			
GRI 103: Management Approach 2016			Page 51
Non-GRI		Business and operational continuity	Page 51
Tier 3 topic: Corporate governance			
GRI 103: Management Approach 2016			Pages 38, 77 to 100
Non-GRI		Corporate governance practices	Pages 38, 77 to 100

SUSTAINABILITY REPORT

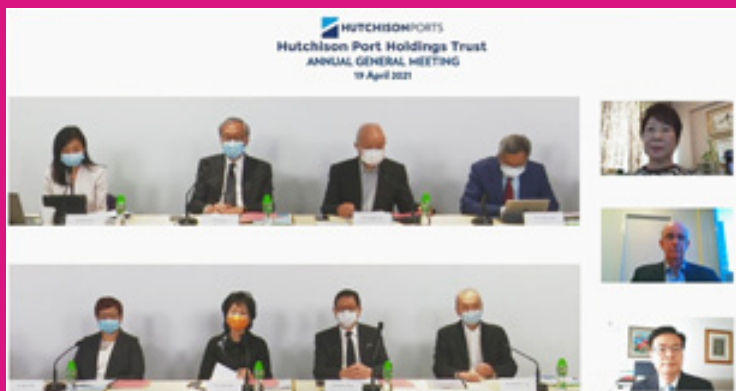
GRI Standard	Disclosure	Description	Page, reference or additional comment
ENVIRONMENT			
Tier 1 topic: Climate change			
GRI 103: Management Approach 2016			Pages 52 to 53
Non-GRI		Associated impacts and corresponding actions	Page 53
Tier 1 topic: GHG emissions			
GRI 103: Management Approach 2016			Pages 52, 54
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Page 55
	305-2	Indirect (Scope 2) GHG emissions	Page 55
	305-4	GHG emission intensity	Page 55
Tier 1 topic: Waste management			
GRI 103: Management Approach 2016			Pages 52, 56
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	Page 56
	306-2	Management of significant waste-related impacts	Page 56
	306-3	Waste generated	Page 56
Tier 1 topic: Water management			
GRI 103: Management Approach 2016			Pages 52, 56
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	Page 56
	303-2	Management of water discharge-related impacts	Page 56
	303-5	Water consumption	Page 56
Tier 2 topic: Energy consumption			
GRI 103: Management approach 2016			Pages 52, 54
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	Page 55
	302-3	Energy intensity	Page 55
Tier 3 topic: Ambient air quality			
GRI 103: Management Approach 2016			Page 54
Non-GRI		Use of clean engines and fuels	Page 54
Tier 3 topic: Biodiversity			
GRI 103: Management Approach 2016			Page 57
GRI 304: Biodiversity 2016	304-2	Significant impacts of activities, products, and services on biodiversity	Page 57

GRI Standard	Disclosure	Description	Page, reference or additional comment
RESPONSIBLE EMPLOYER			
Tier 1 topic: Employee engagement and wellbeing			
GRI 103: Management Approach 2016			Page 58
GRI 401: Employment 2016	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Page 62
Non-GRI		Engagement and wellbeing initiatives	Pages 58 to 59
Tier 1 topic: Knowledge empowerment			
GRI 103: Management Approach 2016			Pages 59 to 61
	404-1	Average hours of training per employee	Page 60
GRI 404: Training & Education 2016	404-2	Programmes for updating employee skills and transition assistance programmes	Pages 59 to 61
	404-3	Percentage of employees receiving regular performance and career development reviews	Page 60
Tier 2 topic: Diversity and inclusion			
GRI 103: Management Approach 2016			Page 64
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Page 64
Tier 2 topic: Recruitment and retention			
GRI 103: Management Approach 2016			Page 62
GRI 401: Employment 2016	401-1	New employee hires and turnover	Page 63

SUSTAINABILITY REPORT

GRI Standard	Disclosure	Description	Page, reference or additional comment
SAFETY AND SECURITY			
Tier 1 topic: IT system and data security			
GRI 103: Management Approach 2016			Pages 65 to 66
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 66
Tier 1 topic: Occupational health and safety			
GRI 103: Management Approach 2016			Pages 65 to 66
	403-1	Occupational health and safety management system	Pages 65 to 67
	403-2	Hazard identification, risk assessment, and incident investigation	Pages 66 to 67
	403-3	Occupational health services	Pages 66 to 67
GRI 403: Occupational Health & Safety 2018	403-4	Worker participation, consultation, and communication on occupational health and safety	Pages 66 to 67
	403-5	Worker training on occupational health and safety	Pages 66 to 67
	403-6	Promotion of worker health	Pages 66 to 67
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Pages 66 to 67
	403-9	Work-related injuries	Page 66
Tier 2 topic: Safety risk management			
GRI 103: Management Approach 2016			Pages 65, 67
GRI 416: Customer Health and Safety 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Page 67
Non-GRI		Emergency preparedness and response	Page 67
Non-GRI		Safety equipment provided	Page 67

INVESTOR RELATIONS



HPH Trust is committed to engaging with its investors by delivering open, accurate and up-to-date communications. This is the cornerstone of the Trust's investor relations philosophy. Notwithstanding the physical distancing measures brought by the COVID-19 pandemic, HPH Trust strives to provide unitholders, potential investors and investment communities with adequate, accurate and timely disclosures on material corporate developments.

FINANCIAL RESULTS AND CORPORATE LITERATURE

HPH Trust recognises the importance of releasing material information in a timely manner. The Investor Relations team ensures all announcements relating to financial performance and strategic corporate developments are promptly disseminated via multiple channels, including hphtrust.com and the SGX online portal, SGXNet.

HPH Trust published its 2021 annual report in April 2022. Besides posting it on SGXNet and our corporate website, hphtrust.com, the Trust also distributed it through conventional methods, such as sending a CD-ROM to all unitholders, and providing printed copies on request.

Investors and stakeholders are encouraged to refer to hphtrust.com as their first point of reference. HPH Trust regularly updates the Investor Centre section of the website. It is an online repository for a wide range of information such as news releases, SGXNet announcements, financial results, presentation materials, annual report (including sustainability report), annual general meeting materials (including notices and minutes), historical unit prices and related charts, and other relevant corporate information. Interested parties can register for email alerts, so they receive newly posted announcements. In addition, unitholders can direct their enquiries and concerns to the HPH Trust Investor Relations team via the contact methods listed on hphtrust.com, especially the dedicated investor relations email or telephone line.

The Trustee-Manager periodically organises briefings for analysts, fund managers, equity stakeholder representatives and various other investor groups. The management team holds its Annual General Meeting following the release of its full-year results. In 2021, as a result of the physical distancing measures due to COVID-19, briefings and meetings were mostly conducted via electronic means.

The Annual General Meeting held on 19 April 2021 ("AGM") was conducted via "live" audio-visual webcast and "live" audio feed. During the AGM, the management team addressed all important and

substantial questions received from unitholders prior to the meeting. Management believes that annual general meetings and other general meetings provide an excellent opportunity to interact with unitholders to share in-depth business developments and prospects. Unitholders are encouraged to join these meetings. To enhance communication and transparency, HPH Trust also timely posted the AGM materials on the corporate website, including AGM notices, CFO presentation, poll results and minutes.

CONFERENCES, BRIEFINGS AND ROADSHOWS

Nurturing and sustaining strong, long-term relationships with investors is central to the corporate strategy of HPH Trust. Members of the management team regularly participate in investor conferences, small-group and one-on-one meetings, conference calls and non-deal roadshows, to cultivate and maintain an open dialogue with global investor and financial analyst communities.

In 2021, notwithstanding the COVID-19 pandemic, the management team continued to engage with different stakeholders, and there were around 200 engagements from analysts and investors around the world in individual discussions and larger group events such as investor conferences. Most roadshows and key investor conferences were conducted online during the year, and the management team participated in events such as the UBS Virtual Asia Industrials and Infrastructure Day, the Goldman Sachs China Conference, the HSBC 5th Annual Asia Credit Conference and SGX Corporate Days.

RESEARCH COVERAGE

As part of its ongoing efforts to maintain a high level of investor engagement, the Trustee-Manager proactively engages analysts to extend its research coverage, intensifying its communications with analysts and cementing its relationships with investors. Investors can use regular research and analysts' reports to remain up to date on the Trust's operational progress and financial position.

During the financial year, five research houses covered HPH Trust, including DBS, Goldman Sachs, HSBC, OCBC and UBS.

CORPORATE INFORMATION

TRUSTEE-MANAGER

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

BOARD OF DIRECTORS

Chairman and Non-executive Director

Mr. FOK Kin Ning, Canning, BA, DFM, FCA (ANZ)

Executive Director

Mr. IP Sing Chi, BA

Non-executive Directors

Ms. Edith SHIH, BSE, MA, MA, EdM, Solicitor,

FCG (CS, CGP), HKFCG (CS, CGP) (PE)

Ms. LEE Tung Wan, Diana, BCom, ACA (ANZ)

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, FHKIOD

Dr. FONG Chi Wai, Alex, BSS, MTM, MSGF, DBA, PhD, FCILT, FHKIOD

Mr. Graeme Allan JACK, BCom, CA (ANZ), FHKICPA

Mr. WONG Kwai Lam, BA, PhD

AUDIT COMMITTEE

Mr. Graeme Allan JACK (Chairman)

Mr. CHAN Tze Leung, Robert

Mrs. SNG Sow-Mei (alias POON Sow Mei)

REMUNERATION COMMITTEE

Mr. CHAN Tze Leung, Robert (Chairman)

Mr. FOK Kin Ning, Canning

Mrs. SNG Sow-Mei (alias POON Sow Mei)

REGISTERED OFFICE

1 Harbourfront Avenue

#14-07, Keppel Bay Tower

Singapore 098632

Telephone: (65) 6536 5355

Fax: (65) 6536 1360

COMPANY SECRETARY

Ms. WONG Yoen Har

UNIT REGISTRAR AND UNIT TRANSFER OFFICE

Boardroom Corporate & Advisory Services Pte. Ltd.

1 Harbourfront Avenue

#14-07, Keppel Bay Tower

Singapore 098632

Telephone: (65) 6536 5355

Fax: (65) 6536 1360

AUDITOR

PricewaterhouseCoopers LLP

7 Straits View

Level 12, Marina One, East Tower

Singapore 018936

Telephone: (65) 6236 3388

Fax: (65) 6236 3300

Partner-in-charge: Mr. Soh Kok Leong

Date of appointment: 9 February 2021

PRINCIPAL BANKERS

DBS Bank Ltd

Bank of China Ltd

China Construction Bank Corporation

Industrial and Commercial Bank of China Ltd

Standard Chartered Bank (Hong Kong) Ltd

The Hongkong and Shanghai Banking Corporation Ltd

CORPORATE DIRECTORY

Company Registration No.: 201100749W

Website: hphtrust.com

CORPORATE GOVERNANCE REPORT

HPH Trust is a business trust constituted under the Business Trusts Actapore (“BTA”). Hutchison Port Holdings Management Pte. Limited (“Trustee-Manager”) as the trustee-manager of HPH Trust is responsible for managing the business of HPH Trust as defined in the deed of trust dated 25 February 2011 and as amended and supplemented by the first supplemental deed dated 28 April 2014 and the second supplemental deed dated 8 June 2020 (collectively, “Trust Deed”).

The Trustee-Manager strives to attain and maintain high standards of corporate governance best suited to the needs and interests of HPH Trust group of companies (“Group”) as it believes that an effective corporate governance framework is fundamental to promoting and safeguarding interests of unitholders and other stakeholders and enhancing unitholder value. Accordingly, the Trustee-Manager has adopted and applied corporate governance principles and practices that emphasise a quality Board of Directors (“Board”), effective risk management and internal control systems, 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 put in place for the financial year ended 31 December 2021 with reference to the BTA, the Business Trusts Regulations (“BTR”), the Code of Corporate Governance 2018 (“Code”) and the Listing Manual of Singapore Exchange Securities Trading Limited (“SGX-ST Listing Manual”).

HPH Trust has complied throughout the financial year ended 31 December 2021 with all the principles and provisions of the Code, where applicable. The reasons for deviations from the provisions of the Code are explained in this report.

BOARD MATTERS

The Board’s Conduct of Affairs

Principle 1

Principal duties of the Board

The Board, which is accountable to unitholders for the long-term performance of HPH Trust, is responsible for directing and guiding the strategic objectives of HPH Trust and overseeing and monitoring managerial performance. Directors are fiduciaries and are charged with the task of promoting the long term success of HPH Trust and making decisions in the best interests of HPH Trust with due regard to sustainability considerations. The Board has established a framework for the management of HPH Trust, putting in place all relevant risk management and internal control systems review assessment and reporting processes.

The Board, led by the Chairman (Non-executive), Mr. Fok Kin Ning, Canning, determines and monitors Group-wide strategies and policies, annual budgets and business plans, evaluates the performance of HPH Trust, and supervises the management of HPH Trust (“Management”). Management is responsible for the day-to-day operations of the Group under the leadership of, the Chief Executive Officer (“CEO”). During the year, Mr. Lam Hing Man, Patrick resigned from the position of CEO and was succeeded by Mr. Ivor Chow.

HPH Trust has in place, among others, an Internal Control Manual which includes a code of conduct that sets the tone for the Group in respect of ethics, values, the desired organisational culture and the proper accountability with the Group, the Finance Manual and the Legal and Regulatory Compliance Manual.

Procedures are instituted to deal with conflicts of interest issues. Except for those circumstances permitted by the constitution of the Trustee-Manager, the Trust Deed of HPH Trust and the SGX-ST Listing Manual, a Director would abstain from voting on resolutions approving any contract, transaction, arrangement in which he or she or any of his or her close associates is materially interested in and such Director is not counted for quorum determination purposes.

CORPORATE GOVERNANCE REPORT

The Board has established an Audit Committee (“AC”) with clear terms of reference to assist it in discharging its responsibilities. In addition, the Board has also established a Remuneration Committee (“RC”) in February 2021 with clear terms of reference. Details and the terms of reference for the AC and RC are described in subsequent sections of this report. Other board committees are established by the Board as and when warranted to take charge of specific tasks.

The Board meets at least four times a year at approximately quarterly intervals, with all Board and Board Committee meetings and the Annual General Meeting dates scheduled well in advance, in consultation with the Board. Among other things, the Board approves the half- yearly and full year financial results for release to Singapore Exchange Securities Trading Limited (“SGX-ST”) and material transactions requiring announcements under the SGX-ST Listing Manual and notes perceptions of the key stakeholder groups on HPH Trust. Whenever warranted, additional meetings are held. Board meetings are also supplemented by resolutions circulated to Directors for decisions as and when necessary.

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

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

In 2021, the Board held four Board meetings with 100% Director attendance. The Company Secretary and/or the Deputy Company Secretary attended all Board meetings held in 2021.

NAME OF DIRECTOR	ATTENDED / ELIGIBLE TO ATTEND
Chairman and Non-executive Director	
Mr. Fok Kin Ning, Canning	4/4
Executive Director	
Mr. Ip Sing Chi	4/4
Non-executive Directors	
Ms. Edith Shih	4/4
Ms. Tsim Sin Ling, Ruth ⁽¹⁾	4/4
Ms. Lee Tung Wan, Diana ⁽²⁾	N.A.
Independent Non-executive Directors	
Mr. Chan Tze Leung, Robert	4/4
Dr. Fong Chi Wai, Alex	4/4
Mr. Graeme Allan Jack	4/4
Mrs. Sng Sow-Mei (alias Poon Sow Mei)	4/4
Mr. Wong Kwai Lam	4/4

(1) Resigned with effect from 1 January 2022

(2) Appointed with effect from 1 January 2022

CORPORATE GOVERNANCE REPORT

The constitution of the Trustee-Manager allows directors to participate in the Board and Board Committee meeting by telephone conference or video-conference whereby all persons participating in the meeting are able to communicate as a group.

The Board does not set the maximum number of board representations which a Director may hold but confirmation is received from each Director that he or she has provided sufficient time and attention to the affairs of HPH Trust. In addition, Directors disclose to the Trustee-Manager in a timely manner their other principal commitments, such as directorships in other public listed companies and major appointments as well as update the Trustee-Manager on any subsequent changes. The Board, on the basis of the foregoing, is satisfied that the Directors have given sufficient time and attention to the affairs of the Trustee-Manager and HPH Trust.

To enable Directors to fully discharge their duties and obligations, each Director has been furnished with the Legal and Regulatory Compliance Manual, the Internal Control Manual and Finance Manual setting forth comprehensive internal guidelines on matters relating to internal control and finance.

Access to information

Management recognises the importance of complete, adequate and timely information flow to the Board. With respect to regular meetings of the Board, Directors receive written notice of the meeting generally about a month in advance and an agenda with supporting Board papers no less than three days prior to the meeting. For other meetings, Directors are given as much notice as is reasonable and practicable in the circumstances.

At every AC meeting, the Chief Financial Officer ("CFO") briefs the AC members on developments in accounting and governance standards.

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

Between scheduled meetings of the Board, Management provides to Directors, on a regular basis, financial performance reports of key operating entities of the Group and other relevant information with respect to the performance, business activities and development of the Group. Throughout the year, in addition to the Board meetings, Directors participate in the deliberation and approval of routine and operational matters of the Trustee-Manager, on behalf of HPH Trust, by way of written resolutions with supporting explanatory materials, supplemented by additional verbal and/or written information from the CEO, CFO or other executives as and when required. Details of material or notable transactions of subsidiaries and associated companies are provided to the Directors as appropriate. Whenever warranted, additional Board meetings are held.

In addition, Directors have unrestricted access to Management, the Company Secretary, Deputy Company Secretary and independent professional advisers at the expense of HPH Trust at all times whenever deemed necessary by Directors. They are at liberty to propose appropriate matters for inclusion in Board agendas.

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

Directors' induction and training

Upon appointment to the Board, Directors receive a formal letter of appointment setting out directors' duties and a comprehensive and tailored induction to the Group's businesses, strategic direction and governance practice by senior executives. A pack of orientation materials which include detailed information of the Trustee-Manager and the Group, duties as a director and/or board committee member (as the case may be) and how to discharge those duties, as well as internal governance policy of the Group are also provided to the Directors. Every new director is taken through such orientation materials at an induction session, including attending site visits.

CORPORATE GOVERNANCE REPORT

Ms. Lee Tung Wan, Diana succeeded Ms. Tsim Sin Ling, Ruth as a Non-executive Director with effect from 1 January 2022. Ms. Lee was the Deputy Chief Financial Officer of the Trustee-Manager during the period from February 2011 to April 2016; the CFO and Investor Relations Officer of the Trustee-Manager during the period from May 2016 to December 2021; and has been a director of certain major business units within the Group. Given Ms. Lee's familiarity with the Group's businesses, strategic direction and governance practices, the Board is of the view¹ that Ms. Lee is deemed to possess the requisite knowledge in the roles and responsibilities as a director of a listed issuer on the Singapore Exchange, and is not required to undertake the mandatory training prescribed by Rule 210(5)(a) of the SGX-ST Listing Manual.

The Trustee-Manager arranges and provides continuous professional development ("CPD") training such as seminars, webcasts and relevant reading materials to Directors to help them keep abreast of the current trends and issues facing the Group, including the latest changes in the commercial (including industry-specific and innovative changes), legal and regulatory environment in which the Group conducts its businesses and to refresh their knowledge and skills on the roles, functions and duties of a listed entity director. In addition, CPD may take the form of attendance at external forums or briefing sessions (including delivery of speeches) on relevant topics. CPD training of approximately 24 hours had been provided to the Directors during the year.

The Directors are required to provide the Trustee-Manager with details of the CPD training undertaken by them from time to time. Based on the details so provided, the CPD training undertaken by the Directors in 2021 is summarised as follows, representing an average of approximately 12 hours undertaken by each Director during the year:

NAME OF DIRECTOR	AREAS			
	LEGAL AND REGULATORY	CORPORATE GOVERNANCE / SUSTAINABILITY PRACTICES	FINANCIAL REPORTING / RISK MANAGEMENT	GROUP'S BUSINESSES / DIRECTORS' DUTIES
Chairman and Non-executive Director				
Mr. Fok Kin Ning, Canning	✓	✓	✓	✓
Executive Director				
Mr. Ip Sing Chi	✓	✓	✓	✓
Non-executive Directors				
Ms. Edith Shih	✓	✓	✓	✓
Ms. Tsim Sin Ling, Ruth ⁽¹⁾	✓	✓	✓	✓
Ms. Lee Tung Wan, Diana ⁽²⁾	N.A.	N.A.	N.A.	N.A.
Independent Non-executive Directors				
Mr. Chan Tze Leung, Robert	✓	✓	✓	✓
Dr. Fong Chi Wai, Alex	✓	✓	✓	✓
Mr. Graeme Allan Jack	✓	✓	✓	✓
Mrs. Sng Sow-Mei (alias Poon Sow Mei)	✓	✓	✓	✓
Mr. Wong Kwai Lam	✓	✓	✓	✓

(1) Resigned with effect from 1 January 2022

(2) Appointed with effect from 1 January 2022

The appointment and removal of the Company Secretary is subject to Board approval. During the year, Ms. Kim Yi Hwa resigned as Company Secretary of the Trustee-Manager and the Board has collectively decided on the appointment of Ms. Wong Yoen Har as the new Company Secretary.

¹ Pursuant to Practice Note 4.2 of the SGX-ST Listing Manual, the Trustee-Manager is not required to have a nominating committee. Hence, for the purpose of Rule 210(5)(a) of the SGX-ST Listing Manual, the Board, undertaking the function of a nominating committee, has formed this view.

CORPORATE GOVERNANCE REPORT

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

Board Composition and Guidance

Principle 2

As at 31 December 2021, the Board comprised nine Directors, of whom five were independent and non-executive.

On 1 January 2022, Ms. Tsim Sin Ling, Ruth retired from her position as Non-executive Director and Ms. Lee Tung Wan, Diana was appointed in her stead. Ms. Lee has extensive experience in financial and accounting matters as well as financial reporting and regulatory compliance. She has been with the Group since February 2011, overseeing legal, corporate finance, regulatory, compliance and corporate governance affairs of the Group. Ms. Lee has in-depth knowledge of the business operations of the Group. The Board considered the qualification, expertise and experience of Ms. Lee and believed that her skills and knowledge would complement the skill sets and expertise of the existing members of the Board.

Board appointment has been, and will continue to be, made based on merit and the contribution such appointment can bring to the Board to complement and expand the competencies, experience and perspectives of the Board as a whole, taking into account the following principles:

- (a) The majority of Board members should be non-executive and independent Directors;
- (b) The chairman of the Board should be a non-executive Director;
- (c) The Board should comprise Directors with a wide range of commercial and management experience, which provides an appropriate balance of diversity of skills, experience, gender and industry knowledge; and
- (d) 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.

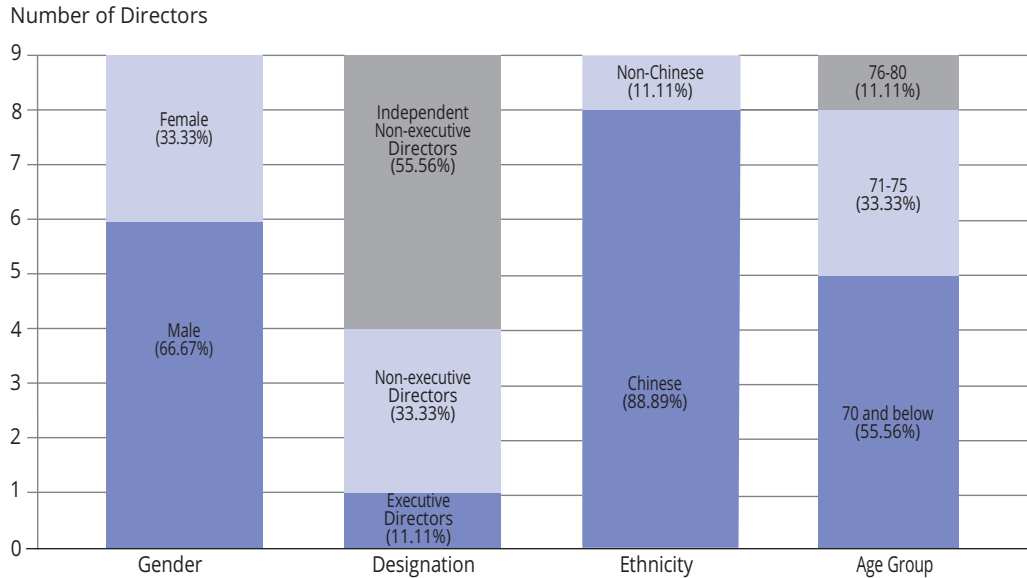
The Board considered its structure, size and composition (including the skill set, knowledge and experience) as appropriate for the current scope and nature of the Group's operations, requirement of the business and facilitates effective decision making. Throughout the year, the number of Independent Non-executive Directors on the Board fulfilled the minimum requirement of the BTA. The Directors come from diverse backgrounds with various expertise in the container terminal industry and finance, business, legal 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. The Board also takes into account gender diversity in relation to the composition of the Board. Out of the nine Directors, three are female.

The Board has adopted a Board Diversity Policy which recognises the benefits of a Board that possesses a balance of skill set, experience, expertise and diversity of perspectives appropriate for the strategies of HPH Trust. The Trustee-Manager believes that board diversity enhances decision-making capability and thus the overall effectiveness of the Board in achieving sustainable business operation and enhancing shareholder value.

The Board Diversity Policy is available on the HPH Trust's corporate website. The Board reviews and monitors from time to time the implementation of the policy to ensure its continued effectiveness.

CORPORATE GOVERNANCE REPORT

The following chart shows the diversity profile of the Board as at 31 December 2021:



Mrs. Sng Sow-Mei (alias Poon Sow Mei) is appointed as the Lead Independent Director. The Lead Independent Director provides feedback to the Chairman as appropriate should there be any issue coming to her attention from the periodic meetings among the Independent Non-executive Directors without the presence of the other Directors or Management.

Directors' Independence

The Board has assessed the independence of all the Independent Non-executive Directors having regard to the independence criteria as set out in the SGX-ST Listing Manual, the BTR and the Code. Declarations of independence were provided by the Directors.

The Board considers all of them to be independent in accordance with Rule 210(5) of the SGX-ST Listing Manual because none of them (i) have been employed by the Trustee-Manager or any of its related corporations for the current financial year or any of the past three financial years of the Trustee-Manager, (ii) have an immediate family member who is or has been in any of the past three financial years, employed by the Trustee-Manager or any of its related corporations and whose remuneration is determined by the Board.

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.

Construed within the context of the BTR, Mr. Chan Tze Leung, Robert, Dr. Fong Chi Wai, Alex, Mr. Graeme Allan Jack, Mrs. Sng Sow-Mei (alias Poon Sow Mei) and Mr. Wong Kwai Lam 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 Mr. Chan, Dr. Fong, Mr. Jack, Mrs. Sng and Mr. Wong, the Board has in its review taken the following into consideration:

CORPORATE GOVERNANCE REPORT

In the case of Mrs. Sng, notwithstanding that she is currently an independent non-executive director and chairperson of the audit committee of CK Infrastructure Holdings Limited ("CKI"), the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited ("HKEx"), 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 officer, members of the management team, board of directors or substantial shareholder(s) of CKI;
- (ii) she is not involved in the day-to-day management and operation of CKI;
- (iii) she does not own any shares in CKI;
- (iv) she exercises independent judgment as an independent non-executive director of CKI, in particular on interested person transactions and on internal audit control and management; and
- (v) CKI is in different businesses from HPH Trust.

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

In the case of Mr. Jack, notwithstanding that he is currently an independent non-executive director, chairman of the audit committee and a member of the remuneration committee and the nomination committee of HUTCHMED (China) Limited (formerly known as "Hutchison China MediTech Limited") ("HUTCHMED"), the shares of which are listed on the Main Board of HKEx and traded on the AIM, a market regulated by the London Stock Exchange, and in the form of American Depositary Shares on the NASDAQ Stock Market, the Directors noted that these roles should not interfere with his ability to exercise independent judgment in the interests of the unitholders of HPH Trust for the following reasons:

- (i) Mr. Jack does not have any relationship with the chief executive officer, members of the management team, board of directors or substantial shareholder(s) of HUTCHMED;
- (ii) he is not involved in the day-to-day management and operation of HUTCHMED;
- (iii) he does not own any shares in HUTCHMED and his wife is only a minority shareholder of HUTCHMED holding 3,000 American Depositary Shares, representing about 0.002% issued shares of HUTCHMED;
- (iv) he exercises independent judgment as an independent non-executive director of HUTCHMED, in particular on interested person transactions and on internal audit control and management; and
- (v) HUTCHMED is in different businesses from HPH Trust.

As such, given his extensive experience and qualifications, he is able to contribute as an Independent Director on the Board.

In the case of Dr. Fong, notwithstanding that he is currently an independent non-executive director, chairman of the remuneration committee and the audit committee and a member of the sustainability committee of TOM Group Limited ("TOM"), the shares of which are listed on the Main Board of HKEx; an independent non-executive director, a member of the remuneration committee and the sustainability committee of HK Electric Investments Limited; an independent non-executive director of HK Electric Investments Manager Limited (as trustee-manager of HK Electric Investments); a director of The Hongkong Electric Company, Limited (collectively, the "Companies"), the share stapled units jointly issued by HK Electric Investments Limited and HK Electric Investments are listed in Hong Kong, the Directors noted that these roles should not interfere with his ability to exercise independent judgment in the interests of the unitholders of HPH Trust for the following reasons:

- (i) Dr. Fong does not have any relationship with the chief executive officer, members of the management team, board of directors or substantial shareholder(s) of the Companies;
- (ii) he is not involved in the day-to-day management and operation of the Companies;
- (iii) he does not own any shares in the Companies;

CORPORATE GOVERNANCE REPORT

- (iv) he exercises independent judgment as an independent non-executive director/a director of the Companies, in particular on interested person transactions and on internal audit control and management; and
- (v) the Companies are in different businesses from HPH Trust.

As such, given his extensive experience and qualifications, he is able to contribute as an Independent Director on the Board.

In the case of Mr. Chan, notwithstanding that he is currently an independent non-executive director, a member of the audit committee, the nomination committee and the remuneration committee of TOM, the shares of which are listed on the Main Board of HKEx, the Directors noted that these roles should not interfere with his ability to exercise independent judgment in the interest of the unitholders of HPH Trust for the following reasons:

- (i) Mr. Chan does not have any relationship with the chief executive officer, members of the management team, board of directors or substantial shareholder(s) of TOM;
- (ii) he is not involved in the day-to-day management and operation of TOM;
- (iii) he does not own any shares in TOM;
- (iv) he exercises independent judgment as an independent non-executive director of TOM, in particular on interested person transactions and on internal audit control and management; and
- (v) TOM is in different businesses from HPH Trust.

As such, given his extensive experience and qualifications, he is able to contribute as an Independent Director on the Board.

In the case of Mr. Wong, notwithstanding that he is currently an independent non-executive director, a member of the audit committee and the remuneration committee of CK Hutchison Holdings Limited ("CKHH"), the shares of which are listed on the Main Board of HKEx, the Directors noted that these roles should not interfere with his ability to exercise independent judgment in the interest of the unitholders of HPH Trust for the following reasons:

- (i) Mr. Wong does not have any relationship with the managing director(s), members of the management team, board of directors or substantial shareholder(s) of CKHH;
- (ii) he is not involved in the day-to-day management and operation of CKHH;
- (iii) he does not own any shares in CKHH;
- (iv) he exercises independent judgment as an independent non-executive director of CKHH, in particular on interested person transactions and on internal audit control and management; and
- (v) Hutchison Port Holdings Limited ("HPH"), a member of CKHH group, has entered into a Non-Compete Agreement with the Trustee-Manager pursuant to which there is a mutual non-compete undertaking between the two entities such that HPH undertakes not to invest in, develop, operate and manage deep-water container ports in the Guangdong Province, Hong Kong and Macau, and HPH Trust undertakes 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.

As such, given his extensive experience and qualifications, he is able to contribute as an Independent Director on the Board.

Having carried out the review, the Board is satisfied that the relationships described above will not interfere with the independent judgment and ability to act with regard to the interests of all the unitholders of HPH Trust as a whole of Mrs. Sng, Mr. Jack, Dr. Fong, Mr. Chan or Mr. Wong. Accordingly, the Board has, pursuant to Regulation 12(6) of the BTR, determined that Mrs. Sng Sow-Mei (alias Poon Sow Mei), Mr. Graeme Allan Jack, Dr. Fong Chi Wai, Alex, Mr. Chan Tze Leung, Robert and Mr. Wong Kwai Lam are independent.

CORPORATE GOVERNANCE REPORT

None of the above independent non-executive directors participates nor will they participate in any discussion of the Board in relation to any transaction with a company of whom he/she is a director thereof or any matters that might give rise to a conflict of interests with such company and they shall abstain from voting on any such proposals at any meeting of the Board.

Under the letter of appointment, the Directors are required to report changes of circumstances at any time which may affect their independence.

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

Chairman and CEO

Principle 3

The role of the Chairman is separate from that of the CEO and they are not immediate family members. The Chairman is a non-executive director and is not part of the management team. Such division of responsibilities reinforces the independence and increases accountability of the Board.

The Chairman, Mr. Fok Kin Ning, Canning is responsible for providing leadership to, and overseeing the functioning of, the Board to ensure that it acts in the best interests of the Group. He is also responsible for ensuring that the Board meetings are planned and conducted effectively, including 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, the Deputy Company Secretary and Management, the Chairman seeks to ensure that all Directors are properly briefed on issues to be deliberated at Board meetings and are provided with adequate and accurate information in a timely manner.

The Chairman promotes a culture of openness and actively encourages Directors to voice their opinion and be fully engaged in the Board's affairs so as to contribute to the Board's effective functioning. The Board, under the leadership of the Chairman, has adopted good corporate governance practices and procedures and taken appropriate steps to provide effective communication and ongoing engagement with unitholders and other stakeholders, as outlined later in this report.

Mrs. Sng, the Lead Independent Director is appointed to provide leadership in situations where the Chairman has a conflict of interest. She is accessible to the unitholders of HPH Trust 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 (hphtrust.com/corporate_governance.html).

The CEO is responsible for managing the businesses of the Group, attending to the formulation and successful implementation of Group policies and assuming full accountability to the Board for all Group operations. Acting as the principal manager of the Group's businesses, the CEO attends to developing strategic operating plans that reflect the long-term objectives and priorities established by the Board and is directly responsible for overseeing and delivering the operational performance of the Group.

Working with the CFO, and the executive management team of each core business division, the CEO presents annual budgets to the Board for consideration and approval, and ensures that the Board is fully apprised of the funding requirements of the Group. With the assistance of the CFO, the CEO ensures that the funding requirements of the businesses are met and closely monitors the operating and financial performance of the businesses against plans and budgets. The CEO maintains an ongoing dialogue with the Chairman and all Directors to keep them fully informed of all major business developments and issues. In addition, he is also responsible for building and maintaining an effective executive team to support him in his role.

Board Membership

Principle 4

As at 31 December 2021, the Board comprised nine Directors, including the Chairman, one Executive Director, two Non-executive Directors and five Independent Non-executive Directors. Subsequent to the change of Non-executive Director with effect from 1 January 2022, the aforesaid number remains unchanged. Biographical details of the Directors are set out on pages 26 to 30 of the Annual Report and on HPH Trust's corporate website.

CORPORATE GOVERNANCE REPORT

Pursuant to paragraph 3.2 of Practice Note 4.2 of the SGX-ST Listing Manual, the corporate governance provision stipulated in Rule 210(5)(e) of the SGX-ST Listing Manual, which relates to the establishment of one or more committees to perform the function of, among others, a nominating committee, does not apply to HPH Trust.

No nominating committee has been established as the Trustee-Manager, and not HPH Trust, appoints all the Directors. The Trustee-Manager has considered the merits of establishing a nominating committee but is of the view that it is in the best interests of HPH Trust and the Trustee-Manager that the Board collectively reviews, determines and approves the structure, size, diversity profile and skill set of the Board as well as the appointment of any new Director, as and when appropriate. The Board is tasked with ensuring that it has a balanced composition of skills and experience appropriate for the requirements of the businesses of the Group and that appropriate individuals with relevant expertise and leadership qualities are appointed to the Board to complement the capabilities of existing Directors. In addition, the Board as a whole is also responsible for reviewing the succession plan for Directors, including the Chairman of the Board and the CEO. To this end, the Board is mindful of having an appropriately structured recruitment, selection and training programme at appropriate levels so as to identify and prepare suitable talents for Board positions. Further details of HPH Trust's Board Diversity Policy are set out in the section "Board Composition and Guidance" above.

From time to time, new Directors may be identified by the Board for appointment, if necessary, to complement and expand the competencies, experience and perspectives of the Board as a whole, taking into account the corporate strategy of the Group and benefits of various aspects of diversity, including gender, age, culture, ethnicity, educational background, professional experience and other factors that the Board may consider relevant and applicable from time to time towards achieving a diverse Board.

In the determination of suitability of a candidate, the Board will have due regard to the benefits of various aspects of diversity in accordance with the Board Diversity Policy. If the Board determines that an additional or replacement Director is required, the Trustee-Manager will deploy multiple channels for identifying suitable director candidates, including referral from Directors, unitholders, management, advisors of the Trustee-Manager and external executive search firms. Ms. Lee Tung Wan, Diana was appointed to succeed Ms. Tsim Sin Ling, Ruth as Non-executive Director of the Trustee-Manager with effect from 1 January 2022.

No alternate director is appointed to the Board.

Board Performance

Principle 5

Pursuant to paragraph 3.2 of Practice Note 4.2 of the SGX-ST Listing Manual, provision 5.1 of the Code, which relates to recommendations by a nominating committee, does not apply to HPH Trust.

Evaluation of the performance of the Board as a whole, the AC and the RC together with the Directors was conducted by evaluation questionnaires. The findings of the questionnaires were evaluated and discussed by the Directors. The objective of such evaluation is to ensure that the Board, the AC, the RC and the Directors continued to act effectively in fulfilling the duties and responsibilities expected of them. The performance criteria included amongst other, the composition, expertise, leadership and processes of the Board and its committees. The contribution and performance of Chairman and individual directors are taken into account in their re-appointment. The Directors' attendance, participation in and out of meetings, his or her special skills and contributions are taken into consideration. The Trustee-Manager believes that the effectiveness of the Directors' individual performance is best assessed by a qualitative assessment of a Director's contribution instead of focusing on the time committed to the Group. The Trustee-Manager considers that the existing practice is effective.

The Board has reviewed and is satisfied that it has met its performance objectives and each Director has contributed positively to the overall effectiveness of the Board.

CORPORATE GOVERNANCE REPORT

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6

Although pursuant to paragraph 3.2 of Practice Note 4.2 of the SGX-ST Listing Manual, provision 6.1 of the Code which relates to the establishment of a remuneration committee does not apply to HPH Trust, a RC was set up in February 2021 to oversee the design and implementation of a formal and transparent procedure for developing policies on remuneration for all Directors and key management personnel. It reviews the remuneration policy from time to time, considers all aspects of remuneration, including termination terms, to ensure they are fair, and has the power to determine the framework for the remuneration and specific remuneration packages of individual Directors and key management personnel including the CEO. The RC, where necessary, has access to independent professional advice on remuneration matters.

The RC comprises three members. It is chaired by Mr. Chan Tze Leung, Robert, an Independent Non-executive Director, with Mr. Fok Kin Ning, Canning, a Non-executive Director, and Mrs. Sng Sow-Mei (alias Poon Sow Mei), an Independent Non-executive Director, as members. The composition of the RC meets the requirements of chairmanship and independence under the Code.

The RC held one meeting in 2021 with 100% attendance.

NAME OF MEMBER	ATTENDED / ELIGIBLE TO ATTEND
Mr. Chan Tze Leung, Robert (Chairman)	1/1
Mrs. Sng Sow-Mei (alias Poon Sow Mei)	1/1
Mr. Fok Kin Ning, Canning	1/1

The responsibilities of the RC are to assist the Board in achieving its objectives of attracting, retaining and motivating employees of the highest calibre and experience needed to shape and execute strategy across the business operations.

During the year, the RC reviewed background information on market data (including economic indicators, statistics and the remuneration bulletin), the Group's business activities and human resources issues, and headcount and staff cost. It also reviewed and recommended the proposed 2022 directors' fees. The RC reviewed and approved the 2021 year end bonus and 2022 remuneration package of senior executives of the Group. No director or any of his/her associates is involved in deciding his/her own remuneration. No remuneration consultant was engaged during the year.

Level and Mix of Remuneration

Principle 7

The remuneration of key management personnel is determined with reference to their expertise and experience in the industry, the performance and profitability of the Group as well as remuneration benchmarks from other local and international companies and prevailing market conditions. The level and structure of remuneration of key management personnel also have regard to the long-term interests and risk policies of the Group and comprise both fixed and variable components for the purpose of achieving sustained performance and value creation of the Group, and to achieve its strategic objectives. The key management personnel participate in bonus arrangements which are determined in accordance with the performance of the Group and the individual's performance in order to promote the long-term success of the Group.

The remuneration of the Board is determined by the Trustee-Manager with reference to the contribution, taking into account effort, time spent and responsibilities as well as remuneration benchmarks from other listed business trusts. The Directors are remunerated directly by the Trustee-Manager, not by HPH Trust.

The remuneration of the Trustee-Manager which is paid out of HPH Trust is provided for in the Trust Deed, fees paid to the Trustee-Manager for the financial year ended 31 December 2021 are set out on page 158 of the Annual Report.

CORPORATE GOVERNANCE REPORT

Disclosure on Remuneration

Principle 8

Notwithstanding that the Directors are remunerated directly by the Trustee-Manager, and not the Trust, for the benefit of the unitholders, the table below sets out the remuneration of individual directors of the Trustee-Manager for the financial year ended 31 December 2021:

Name of Directors	Directors' fees (USD)
FOK Kin Ning, Canning ^{(i), (v) & (ix)}	63,583.56
Edith SHIH ^{(i) & (ix)}	60,000.00
IP Sing Chi ^{(ii) & (x)}	60,000.00
TSIM Sin Ling, Ruth ^{(i), (viii) & (x)}	60,000.00
LEE Tung Wan, Diana ^{(i) & (vii)}	N.A.
CHAN Tze Leung Robert ^{(i), (iii) & (vi)}	84,479.45
FONG Chi Wai, Alex ⁽ⁱ⁾	60,000.00
Graeme Allan JACK ^{(i) & (iv)}	90,000.00
SNG Sow-Mei ^{(i), (iii) & (v)}	83,583.56
WONG Kwai Lam ⁽ⁱ⁾	60,000.00
Total:	621,646.57

Note:

- (i) Non-executive director
- (ii) Executive director
- (iii) Member of Audit Committee
- (iv) Chairman of Audit Committee
- (v) Member of Remuneration Committee
- (vi) Chairman of Remuneration Committee
- (vii) appointed with effect from 1 January 2022
- (viii) resigned with effect from 1 January 2022
- (ix) such Directors' fees were paid to his/her employer, Hutchison International Limited, a subsidiary of CK Hutchison Holdings Limited
- (x) such Directors' fees were paid to his/her employer, Hutchison Ports Limited, a subsidiary of CK Hutchison Holdings Limited

The table below disclosed (a) the remuneration of the CEO and (b) in bands of S\$250,000, the remuneration of the key management personnel (other than the CEO) for the financial year ended 31 December 2021:

Key management personnel	Salary (%)	Variable (%)	Benefits (%)	Total (%)
<i>S\$750,001 to S\$1,000,000</i>				
Ms. Lee Tung Wan, Diana				
CFO and Investor Relations Officer (Ceased with effect from 1 January 2022)				
Finance and Legal Director and Company Secretary, YANTIAN (Ceased with effect from 1 January 2022)	48	47	5	100 ²
Mr. Shum Kai Shing, Lawrence				
Managing Director, YANTIAN (Appointed with effect from 25 June 2021)				
Managing Director, COSCO-HIT (Ceased with effect from 25 June 2021)	52	43	5	100 ²

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Key management personnel	Salary (%)	Variable (%)	Benefits (%)	Total (%)
<i>S\$500,001 to S\$750,000</i>				
Mr. Chow Ivor				
CEO (Appointed with effect from 25 June 2021)				
Managing Director, HIT (Appointed with effect from 25 June 2021)	43	53	4	100 ^{1&2}
Mr. Lam Hing Man, Patrick				
CEO (Resigned with effect from 25 June 2021)				
Managing Director, YANTIAN (Resigned with effect from 25 June 2021)	44	55	1	100 ^{1&2}
Mr. Lam Wai Kui, Raymond				
Chief Operating Officer of Hong Kong Seaport Alliance				
Director – Operations, HIT	57	37	6	100 ²
Dr. Su Yu Nin, Eric				
Engineering Director				
Director – Port Development & Engineering, YANTIAN	61	34	5	100 ²
<i>S\$250,001 to S\$500,000</i>				
Mr. Fung Kam Hung, Leonard				
Managing Director, HIT (Ceased with effect from 25 June 2021)	57	38	5	100 ²
Ms. Ma Xiaoli				
Managing Director, COSCO-HIT (Appointed with effect from 25 June 2021)	53	42	5	100 ²
<i>Less than S\$250,000</i>				
Mr. Chan Ngai Man, Raymond				
Director – Operations, YANTIAN (Appointed with effect from 1 September 2021)	64	32	4	100 ²
Mr. Ng Chi Kit, Jimmy				
CFO and Investor Relations Officer (Appointed with effect from 1 January 2022)	N.A.	N.A.	N.A.	N.A.

Notes:

- The total remuneration paid to Mr. Lam Hing Man, Patrick, the CEO for the period from 1 January 2021 to 24 June 2021, was S\$619,000, most of which was paid by YANTIAN to Mr. Lam Hing Man, Patrick in relation to his role as Managing Director of YANTIAN and the remainder was paid by the Trustee-Manager (out of its own account).

The total remuneration paid to Mr. Chow Ivor, the CEO for the period from 25 June 2021 to 31 December 2021, was S\$549,000, most of which was paid by HIT to Mr. Chow Ivor in relation to his role as Managing Director of HIT and the remainder was paid by the Trustee-Manager (out of its own account).
- Most of the aggregate compensation of the relevant key management personnel was paid by the relevant operating subsidiaries of the Group (i.e. YANTIAN to Mr. Lam Hing Man, Patrick in relation to his role as Managing Director of YANTIAN for the period from 1 January 2021 to 24 June 2021; Mr. Shum Kai Shing, Lawrence in relation to his role as Managing Director of YANTIAN for the period from 25 June 2021 to 31 December 2021; Ms. Lee Tung Wan, Diana in relation to her role as Finance and Legal Director and Company Secretary of YANTIAN; Mr. Chan Ngai Man, Raymond in relation to his role as Director – Operations of YANTIAN for the period from 1 September 2021 to 31 December 2021; Dr. Su Yu Nin, Eric in relation to his role as Director – Port Development & Engineering of YANTIAN; HIT to Mr. Fung Kam Hung, Leonard in relation to his role as Managing Director of HIT for the period from 1 January 2021 to 24 June 2021; Mr. Chow Ivor in relation to his role as Managing Director of HIT for the period from 25 June 2021 to 31 December 2021; Mr. Lam Wai Kui, Raymond in relation to his role as Chief Operating Officer of Hong Kong Seaport Alliance and Director – Operations of HIT; and COSCO-HIT to Mr. Shum Kai Shing, Lawrence in relation to his role as Managing Director of COSCO-HIT for the period from 1 January 2021 to 24 June 2021; Ms. Ma Xiaoli in relation to her role as Managing Director of COSCO-HIT for the period from 25 June 2021 to 31 December 2021), and the remainder of the aggregate compensation of each of the relevant key management personnel was paid by the Trustee-Manager (out of its own account). In 2021, the total remuneration paid to the above key executives (excluding the CEO) was S\$3,645,000.
- Remuneration of key management personnel are paid in Hong Kong dollar (“HK\$”) while the table above reflects the remuneration translated in Singapore dollar (“S\$”) based on the 2021 average HK\$/S\$ exchange rate. Therefore, the remuneration set out in the table above are subject to currency exchange rates fluctuations.

CORPORATE GOVERNANCE REPORT

The remuneration package of key management personnel comprised base salaries, variable bonus, long-term incentive award and benefits. Base salaries were determined based on the responsibilities of the job function and the market pay level of similar positions. The variable bonus and long-term incentive award were determined based on the Group's performance, the individual's overall work performance and achievement of the agreed performance targets. Long-term incentive awards are vested into cash over the vesting period of 3 years. Benefits mainly refer to the provisions of retirement and medical benefits which are in line with general market practice.

There is no employee of the Trustee-Manager and the Group who is a substantial shareholder of the Trustee-Manager or a substantial unitholder of the Trust, an immediate family member of a Director, the CEO or a substantial shareholder of the Trustee-Manager or a substantial unitholder of the Trust, and whose remuneration exceeded S\$100,000 during the financial year ended 31 December 2021.

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

The remuneration of the Trustee-Manager is provided for in the Trust Deed. The Trustee-Manager is entitled under the Trust Deed to management fees, acquisition fee, divestment fee and development fee based on pre-agreed mechanisms set out in the Trust Deed. Fees paid to the Trustee-Manager for the financial year ended 31 December 2021 are set out on page 158 of the Annual Report.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9

The Board has overall responsibility for the Group's systems of risk management and internal controls and, to safeguard the interests of the Group and the unitholders.

In meeting its responsibilities, the Board seeks to inculcate 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, reporting and management of risks. The Board evaluates and determines the nature and extent of the risks (including environmental, social and governance related risks) that the Trustee-Manager is willing to accept in pursuit of the Group's strategic and business objectives. It also reviews and monitors the effectiveness of the systems of risk management and internal control on an ongoing basis. The reporting and review processes include the review by the Executive Director and Board of the Group's budgets, strategic plans, detailed operational and financial reports, budgets and plans provided by management of the business operations, actual results against the budget, review by the AC of the ongoing work of the Group's internal audit and risk management functions, as well as regular business reviews by the Executive Director, CEO, CFO and the executive management team of each core business division.

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

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

Internal Control Environment and Systems

Group structures covering all subsidiaries, associated companies and joint ventures are maintained and updated on a timely and regular basis. Managing Directors or General Managers are appointed to the boards of all material operating subsidiaries and associated companies for overseeing and monitoring those companies, including attendance at board meetings, review and approval of budgets and plans, and determination of business strategies with associated risks identified and key business performance targets set. The executive management team of each core business division is accountable for the conduct and performance of each business in the division within the agreed strategies, and similarly management of each business is accountable for its conduct and performance. The CEO monitors the performance and reviews the risk profiles of the Group companies on an on-going basis.

CORPORATE GOVERNANCE REPORT

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

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

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

The Group maintains a centralised cash management system for its subsidiary operations. The Group's Finance Department oversees the Group's investment and lending activities and also evaluates and monitors financial and operational risks, and makes recommendations to Management to mitigate those risks. Treasury reports on the Group's cash and liquid investments, borrowings and movements thereof are distributed weekly.

The Group 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 specifically, material expenditures within the approved budget as well as unbudgeted expenditures are subject to approval by the Executive Director, the CEO or the CFO prior to commitment. Quarterly reports of actual versus budgeted and approved expenditures are also reviewed.

The Group also has established treasury policies covering specific aspects, such as bank account control and procedures, monitoring and compliance control for loan covenants, approval and reporting process for derivatives and hedging transactions.

In terms of formal review of the Group's internal control system, an internal control self-assessment process is in place, requiring the executive management team and senior management of each core business unit to review, evaluate and declare the effectiveness of the controls over the operations and devise action plans to address the issues, if any. These assessment results, together with the Risk Management Report described later in this report and the independent assessments by the auditors, form part of the bases on which the AC formulates its opinion on the effectiveness of the Group's risk management and internal control systems.

HPH Trust is committed to high standards of business integrity. The Group has in place an internal policy on competition law compliance, set out guidelines and conducts trainings for employees to ensure compliance with competition law in all its business dealings and conduct.

Review of Risk Management and Internal Controls Systems

The Trustee-Manager regularly reviews the business and operational activities of HPH Trust to identify areas of significant business risk, assess how the risks are being managed, as well as take appropriate measures to control and mitigate these risks. HPH Trust adopts the Enterprise Risk Management framework which is consistent with the COSO (the Committee of Sponsoring Organizations of the Treadway Commission) framework. The framework facilitates a systematic approach in identifying, assessing and managing risks within the Group, be they strategic, financial, operational or compliance nature.

Risk management is an integral part of the day-to-day operations and management of the Group and is a continuous process carried out at all levels of the Group. There are ongoing dialogues between the CEO, CFO and the Management about current and emerging risks, their plausible impact and mitigation measures. These measures include instituting additional controls and deploying appropriate insurance instruments to minimise or transfer the impact of risks to the Group's businesses. The latter also includes Directors and Officers Liability Insurance to protect Directors and officers of the Group against potential personal legal liabilities.

CORPORATE GOVERNANCE REPORT

In terms of formal risk review and reporting, the Group adopts a “top-down and bottom-up” approach, involving regular input from each core business unit as well as discussions and reviews by the Management, CEO and CFO and the Board, through the AC. More specifically, on a half-yearly basis, each core business unit is required to formally identify and assess the significant risks their business faces, whilst the CEO and CFO provide input after taking a holistic assessment of all the significant risks that the Group faces. In 2021, the Group has levelled up the assessment of material sustainability risks to ensure that the risks are being appropriately managed (please refer to the Sustainability Report section set out on pages 36 to 74 of the Annual Report for more details). Relevant risk information including key mitigation measures and plans are recorded in a risk register to facilitate the ongoing review and tracking of progress.

The composite risk register together with the risk heat map, as confirmed by the CEO and CFO, form part of the risk management report for review and approval by the AC on a half-yearly basis. The AC, on behalf of the Board, reviews the report and provides input as appropriate so as to ensure effective risk management is in place.

The Board has received assurance from (i) the CEO and the CFO that the Group’s financial records have been properly maintained and the financial statements give a true and fair view of HPH Trust’s operations and finances and (ii) the CEO and other relevant key management personnel that the internal controls (including financial, operational, compliance and information technology controls) and risk management systems in place within the Group are adequate and effective in addressing the material risks in the Group in its current business environment for the financial year ended 31 December 2021.

The Board, through the AC, has conducted a review of the adequacy and effectiveness of the Group’s internal controls (including financial, operational, compliance and information technology controls) and risk management systems for the financial year ended 31 December 2021. Based on such reviews and the work performed by the internal and external auditors, the Board, with the concurrence of the AC, is of the opinion that the Group’s risk management and internal control systems addressing material financial, operational, compliance and information technology risks are adequate and effective to meet the needs of the Group in its current business environment as at 31 December 2021. Such review covered reviews on the Group’s compliance with terms provided for in the right of first refusal agreement (“ROFR Agreement”) and the non-compete agreement (“Non-Compete Agreement”), both dated 28 February 2011 and amended by the respective amendment agreement dated 22 December 2015, entered into between HPH and the Trustee-Manager, in its capacity as the trustee-manager of HPH Trust. Details of the ROFR Agreement and Non-Compete Agreement are set out in the “Statement of Policies and Practices” section on pages 97 to 98 of the Annual Report. The Board notes that the system of risk management and internal controls established by Management provides reasonable assurance that the Group, as it strives to achieve its business objectives, will not be significantly affected by any event that can be reasonably foreseen or anticipated. However, the Board also notes that no system of risk management and internal controls can provide absolute assurance in this regard, or absolute assurance against poor judgement in decision-making, human error, losses, fraud or other irregularities.

Audit Committee

Principle 10

As at 31 December 2021, the AC comprised three Independent Non-executive Directors who possessed 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 Mrs. Sng Sow-Mei (alias Poon Sow Mei) and Mr. Chan Tze Leung, Robert as members.

The AC held four meetings in 2021 with 100% attendance. All members attended the AC meetings held in 2021.

NAME OF MEMBER	ATTENDED/ELIGIBLE TO ATTEND
Mr. Graeme Allan Jack (Chairman)	4/4
Mr. Chan Tze Leung, Robert	4/4
Mrs. Sng Sow-Mei (alias Poon Sow Mei)	4/4

In 2021, the AC performed the duties and responsibilities under its terms of reference and other duties of the Code.

CORPORATE GOVERNANCE REPORT

Acting in accordance with its terms of reference, throughout the year the AC oversees the relationship between the Trustee-Manager and its external auditor and external audit process, reviews the Group's half-yearly and full-year results and financial statements, and formal announcements relating to the Group's financial performance, oversees the Group's internal control and risk management function, monitors compliance with statutory and the SGX-ST Listing Manual requirements, reviews the scope, extent and effectiveness of the activities of the Group's internal audit function, and also oversees interested person transactions of the Group. Under its terms of reference, the AC is also required to report to the Board any inadequacies or deficiencies or matters of concern within its terms of reference and engage independent legal and other advisers and perform investigations as it determines to be necessary. The AC considers and makes recommendations to the Board on the appointment, re-appointment and removal of the external auditors, their remuneration and terms of engagement.

The AC meets with the CEO and CFO and other senior management of the Group from time to time to review the half-yearly and full-year results and financial statements, and any formal financial performance-related announcements and other financial, internal control, corporate governance and risk management matters of the Group. It receives, considers and discusses the reports and presentations of Management, the Group's internal and external auditors, PricewaterhouseCoopers LLP ("PwC"), 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 and comply with the applicable disclosure requirements of the BTA, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. It also meets at least four times a year with the Group's principal external auditor to consider their reports on the scope, strategy, progress and outcome of its independent review of the half-yearly financial information, its annual audit of the consolidated financial statements as well as to discuss other matters arising from their audit of the Group. In addition, the AC holds regular private meetings with the external auditor, the CFO and the internal auditor separately without the presence of Management. During these meetings, the following key audit matters as reported by the external auditor for the year ended 31 December 2021 were addressed as follows:

Significant Matters	How the AC reviewed these matters
Asset impairment	The AC discussed with the management on the approach, valuation methodology and key assumptions applied to the asset impairment assessment. The AC also discussed with the external auditor and took into consideration the audit procedures undertaken to address such matter.
Revenue recognition	The AC had discussion with the management on tariffs applied and the adequacy and appropriateness of the revenue provision. They also discussed with the external auditor on their work performed, including their assessment of the key controls over revenue recognition.

To assist the Board in maintaining effective risk management and internal control systems, in 2021, the AC also reviewed the process by which the Group evaluated its control environment and managed significant risks identified. It received and considered the risk management report, the composite risk register, risk heat map as well as the Management presentation on their review with respect to the effectiveness of the risk management and internal control systems of the Group.

In addition, the AC reviewed, in conjunction with the Group's Internal Audit, the 2021 work plans and resource requirements, and deliberated on the reports regarding the effectiveness of risk management and internal controls in the business operations of the Group. Further, it also considered the reports from the Legal Department on the Group's material litigation proceedings and compliance status on legal and regulatory requirements. These reviews and reports were taken into consideration by the AC when it made its recommendation to the Board for approval of the consolidated financial statements. During 2021, the AC also received periodic presentations on, and reviewed the compliance status of the Group with respect of the Code as well as other corporate governance topics including the Group's policies and practices on compliance with legal and regulatory requirements and ensured that any deviation from the Code was properly explained and disclosed in this report. The AC has adequate resources, including access to external consultants and auditors, to enable it to discharge its responsibilities properly.

The AC 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 AC is satisfied that the non-audit services provided by the external auditor will not prejudice the independence and objectivity of the external auditor.

CORPORATE GOVERNANCE REPORT

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

External Auditor Fees For FY2021	HK\$'000	% of total fees
Total Audit Fees	13,983	84%
Total Non-Audit Fees	2,676	16%
Total Fees Paid	16,659	100%

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

HPH Trust is committed to achieving and maintaining the high standards of openness, probity and accountability and has in place a Whistleblowing Policy which sets out procedures where staff of the Group and any other person may, in confidence and in good faith, make a report on misconduct or wrongdoing relating to the Trustee-Manager and its officers to the Deputy Company Secretary and General Manager of Internal Audit of the Trustee-Manager, including raising concerns about possible improprieties in matters of financial reporting or other matters. The AC is responsible for the oversight and monitoring of the investigation of whistleblowing reports made in good faith. Independent, thorough investigations and appropriate follow-up actions will be taken. The Trustee-Manager will ensure that the identity of the whistleblower is kept confidential, and will ensure protection of the whistleblower against detrimental or unfair treatment. The Whistleblowing Policy is available on HPH Trust's corporate website (hphtrust.com/corporate_governance.html).

No AC member is a former partner or director of HPH Trust's existing auditing firm or auditing corporation (a) within a period of two years commencing on the date of his/her ceasing to be a partner or director and in any case (b) for as long as he/she has any financial interest in auditing firm or auditing corporation.

Internal Audit

The Group's internal audit function is performed by the internal audit staff of the controlling unitholder and does not administratively report to the CEO.

The General Manager of the Group's internal audit function, reporting directly to the chairman of AC, provides independent assurance as to the existence and effectiveness of the risk management activities and controls in the Group's business operations worldwide. It has wide authority to access documents, records, properties and personnel of the Group. By applying risk assessment methodology and considering the dynamics of the Group's activities, internal audit devises its three-year risk-based audit plan for review by the AC. The audit plan is subject to continuous reassessment taking into account external and internal factors such as macro-economic and regulatory changes, business and operational changes, as well as audit and fraud findings which may affect the risk profile of the Group during the year.

Internal audit is responsible for assessing the Group's risk management and internal control systems, formulating an impartial opinion on the systems, and reporting its findings to the AC, the CEO, the CFO and the senior management concerned as well as following up on the issues to ensure that they are satisfactorily resolved. In addition, internal audit maintains a regular dialogue with the Group's external auditor so that the parties 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, IT, operations, business ethics, governance policy and regulatory compliance reviews, recurring and surprise audits, as well as productivity efficiency reviews.

The Internal Audit team including the Head of Internal Audit attained a combination of one or more professional qualifications in accountancy, internal audit, information systems audit, fraud examination, as well as having specialised knowledge in relevant areas like engineering. In addition, all the managerial grade staff have an average of over 20 years of experience in audit. The internal auditor carried out their audit work based on the Code of Ethics and International Standards for the Professional Practices for Internal Auditing issued by The Institute of Internal Auditors, which provide guidance for the professional conduct of internal auditing. 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, business ethics, the reviews of compliance and information technology controls as well as risk management system, recurring and surprise audits, fraud investigations and productivity efficiency reviews. During the course of their work, the internal audit function is given full access to any documents, records or personnel including access to the AC.

CORPORATE GOVERNANCE REPORT

The internal audit function is also responsible for periodic fraud analyses and independent investigations. In accordance with the Group's Code of Conduct and Anti-Fraud and Anti-Bribery Policy, each business unit follows the stated escalation procedures to report to the CFO and the General Manager of Internal Audit of the Trustee-Manager any actual or suspected fraudulent activities within one working day should the amount involved exceed the de minimis threshold as agreed between the CFO and the CEO or the head of finance of each business unit. In addition, each business unit submits a summary of fraud incidents statistics to the CFO who reports the statistics to the General Manager of Internal Audit of the Trustee-Manager on a quarterly basis. These cases, together with those escalated through the whistleblowing channels, are recorded in the Trustee-Manager's centralised fraud incidents register under the custody of the General Manager of Internal Audit of the Trustee-Manager, and are independently assessed and investigated as appropriate. The General Manager of Internal Audit of the Trustee-Manager would promptly escalate any incidents of a material nature to the Chairman of the AC for his direction. Also, a summary of the fraud incidents and relevant statistics (including results of independent investigations and actions taken) is presented to the AC on a quarterly basis.

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

The AC reviews the adequacy and effectiveness of the internal audit function annually. The review covers an assessment on the adequacy, qualifications and experience of its staff.

Based on the reporting structure, the methodology and standard used, the above-mentioned reviews and the work performed by the internal auditor, the AC is satisfied that the internal audit function is independent, effective and adequately resourced.

Legal and Regulatory

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

UNITHOLDER RIGHTS AND ENGAGEMENT

Unitholder Rights and Conduct of General Meetings

Principle 11

The Trustee-Manager treats all unitholders fairly and equitably in order to enable them to exercise unitholders' rights and have the opportunity to communicate their views on matters affecting HPH Trust. The Trustee-Manager gives unitholders a balanced and understandable assessment of the performance, position and prospects of HPH Trust.

All unitholders are entitled to attend the general meeting(s) of unitholders and are given the opportunity to participate effectively in the meeting(s). In accordance with the Trust Deed, individual or corporate unitholder (other than a unitholder who is a Relevant Intermediary with such meaning ascribed to it in the Companies Act 1967 of Singapore and apply with such modification and qualifications as may be necessary, to the units of HPH Trust) is allowed to appoint up to two proxies to attend and vote at the general meeting(s) on his or her behalf through proxy forms sent in advance. Unitholders who hold units through nominees such as custodian banks may vote through their nominee or custodian banks. Such unitholders may also, upon presentation of official letters issued by their nominees, attend the general meeting(s) as observers, subject to availability of seats. However, the Trust Deed does not allow for absentee voting at general meeting of unitholders. Since the authentication of unitholder identity information and other related security issues still remain a concern, the Trustee-Manager has decided, for the time being, not to implement voting in absentia by mail, email or fax.

CORPORATE GOVERNANCE REPORT

Each item of special business included in the notice of the general meetings is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meetings and not bundled together unless the resolutions are interdependent and form one significant proposal.

Due to the outbreak of the COVID-19, the Annual General Meeting of the unitholders of HPH Trust ("Annual General Meeting") held on 19 April 2021 was convened and held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (as amended) ("COVID-19 Order"). The 2021 Annual General Meeting was attended by all Directors and the external auditors.

Voting at all general meetings are conducted by way of poll. Voting by proxy was used for the Annual General Meeting held on 19 April 2021 pursuant to the COVID-19 Order. Unitholders are informed of the rules of the Annual General Meeting and voting procedures under the Notice of Annual General Meeting dated 29 March 2021. Detailed results of the outcome are announced after the meeting via SGXNet.

The Company Secretary prepares minutes of unitholders' meetings. The minutes of the Annual General Meeting held on 19 April 2021 are announced via SGXNet and are available on HPH Trust's corporate website (hphtrust.com/download.html).

HPH Trust's distribution policy is to distribute 100% of its Distributable Income. HPH Trust will make distributions on a semi-annual basis, with the amount calculated as at 30 June and 31 December each year for the six-month period ending on each of the said dates.

Engagement with Unitholders

Principle 12

The Group actively promotes investor relations and communication with the investment community throughout the year. An Investor Relations Policy, which is available on HPH Trust's corporate website, was adopted by the Board and is subject to regular review to ensure its effectiveness and compliance with the prevailing regulatory and other requirements. Through its CEO and CFO and the Group's Corporate Affairs function, the Group responds to requests for information and queries from the investment community including unitholders, analysts and the media through regular briefing meetings, announcements, conference calls and presentations. In addition, based on the Trust's Investor Relations Policy, unitholders may, at any time, direct questions, request for publicly available information and provide comments and suggestions to Directors or management of HPH Trust via HPH Trust's Investor Relations team, whose contact details are available from HPH Trust's corporate website.

The Board is committed to providing clear and full information on the Group to unitholders through the publication of notices, announcements, circulars, half-yearly 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 SGX-ST Listing Manual, via the SGXNet system. All announcements made on behalf of HPH Trust are also available on HPH Trust's corporate website throughout the year.

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

The Annual General Meeting and other general meetings of HPH Trust provide one of the primary forums for communication with Unitholders and for Unitholders' participation. Such meetings provide Unitholders with the opportunity to share their views and to meet the Board, and certain members of senior management. At the Annual General Meeting, HPH Trust's financial performance and business for the preceding year is presented to Unitholders, followed by a question and answer session which fosters a constructive dialogue between Unitholders, Board members and management. The Board members and senior management also engage with Unitholders before and after the Annual General Meeting and address their concerns as and when appropriate. These exchanges provide a forum for management to explain HPH Trust's strategy and financial performance.

In respect of the Annual General Meeting held on 19 April 2021, HPH Trust adopted alternative arrangements pursuant to the COVID-19 Order.

CORPORATE GOVERNANCE REPORT

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

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

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

Principle 13

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Group are served. For details, please refer to the Sustainability Report and Investor Relations section set out on pages 36 to 74 and page 75 of the Annual Report respectively. Information on the Group is also available at its corporate website (hphtrust.com).

DEALING IN SECURITIES

The Trustee-Manager has adopted its own internal compliance code to provide guidance to all officers of the Trustee-Manager with regard to dealings in units of HPH Trust ("Policies on Dealing in Securities") in compliance with Rule 1207(19) of the SGX-ST Listing Manual. Pursuant to the Policies on Dealing in Securities effective for the year 2021, the Directors and officers of the Trustee-Manager and the Group are prohibited from dealing in the Units:

- (a) in the period commencing one month before the public announcement of HPH Trust's half-year and full-year results, and expiring on the date of announcement of the relevant results; and
- (b) at any time while in possession of price sensitive information.

The Directors and officers of the Group are also expected not to deal in the units of HPH Trust on short-term considerations and to observe insider-trading laws at all times even when dealing with units of HPH Trust within the permitted trading period.

In response to specific enquiries made, all Directors have confirmed that they have complied with the relevant Policies on Dealing in Securities in their securities transactions throughout 2021. Key officers may, as requested by the Trustee-Manager, be required to confirm annually that they have complied with and are not in breach of the provisions of the relevant Policies on Dealing in Securities.

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 the 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 AC about potential projects that it is looking into on behalf of HPH Trust and the Board and the AC 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 AC and/ or the Management will have careful regard to the provisions of the Trust Deed and when in doubt seek advice from professional advisers.

CORPORATE GOVERNANCE REPORT

- (c) The Trustee-Manager is not involved in any other businesses other than managing HPH Trust. All potential conflicts, if they arise, will be identified and reviewed by the Board and the Management. 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 a port development project or a 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 a port development project or a 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 AC reviews the internal audit reports at least twice a year to ascertain that the terms of the Non-Compete Agreement and the ROFR Agreement have been complied with.
- (d) The Management identifies interested person transactions in relation to HPH Trust. The Trustee-Manager maintains a register to record all interested person transactions which are entered into by HPH Trust and the bases, including any quotations from unrelated parties obtained to support such bases, on which they are entered into. The Trustee-Manager incorporates into its internal audit plan a review of all interested person transactions entered into by HPH Trust. The AC 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 an 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 SGX-ST Listing Manual 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 2021 are disclosed in note 29(i)(f) to the financial statements, on page 159 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 SGX-ST Listing Manual.

CORPORATE GOVERNANCE REPORT

INTERESTED PERSON TRANSACTIONS

The aggregate of transactions entered into with interested persons of HPH Trust during the financial year ended 31 December 2021 pursuant to Rule 907 of the SGX-ST Listing Manual are as follows:

Name of Interested Person	Nature of Relationship	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) of the SGX-ST Listing Manual	Aggregate value of all interested person transactions conducted under unitholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) of the SGX-ST Listing Manual
		2021 HK\$'000	2021 HK\$'000
CK Hutchison Holdings Limited ("CKHH") and its subsidiaries and its associates	CKHH is the controlling unitholder of HPH Trust and controlling shareholder of the Trustee-Manager	393,258	NIL

MATERIAL CONTRACTS

There are no material contracts between HPH Trust and its subsidiaries involving the interests of the CEO, each Director or controlling unitholder¹ of HPH Trust, either still subsisting at the end of the financial year ended 31 December 2021, or if not then subsisting, entered into since the end of the previous financial year, other than, where applicable:

- (a) as disclosed on pages 305 to 330 of the IPO Prospectus²;
- (b) as disclosed in note 29 to the financial statements of the Annual Report; and
- (c) interested person transactions as listed in the Interested Person Transactions section of the Annual Report.

¹ "Controlling unitholder" refers to a person with an interest in the units of HPH Trust consisting not less than 15% of all outstanding units

² The Prospectus dated 7 March 2011 and registered with the Monetary Authority of Singapore on 7 March 2011

SUMMARY OF DISCLOSURES

Summary of Disclosures of Code of Corporate Governance 2018 (“Code”)

Rule 710 of the SGX-ST Listing Manual requires Singapore listed companies to describe their corporate governance practices with specific reference to the Code in their annual reports for financial years commencing on or after 1 January 2019. This summary of disclosures describes our corporate governance practices with specific reference to the disclosure requirements in the principles and provisions of the Code.

Board Matters	Remuneration Matters	Unitholder Rights and Engagement
<p>The Board’s Conduct of Affairs</p> <p>Principle 1</p> <p>Provision 1.1 Page 77</p> <p>Provision 1.2 Pages 79 and 80</p> <p>Provision 1.3 Page 78</p> <p>Provision 1.4 Pages 78, 87 and 92 to 94</p> <p>Provision 1.5 Pages 78, 79, 87 and 92</p> <p>Provision 1.6 Page 79</p> <p>Provision 1.7 Pages 79 and 80</p> <p>Board Composition and Guidance</p> <p>Principle 2</p> <p>Provision 2.1 Pages 82 to 85</p> <p>Provision 2.2 Pages 81 and 85</p> <p>Provision 2.3 Pages 81 and 85</p> <p>Provision 2.4 Page 81</p> <p>Provision 2.5 Page 82</p> <p>Chairman and Chief Executive Officer</p> <p>Principle 3</p> <p>Provision 3.1 Page 85</p> <p>Provision 3.2 Page 85</p> <p>Provision 3.3 Page 85</p> <p>Board Membership</p> <p>Principle 4</p> <p>Provision 4.1 Pages 85 to 86</p> <p>Provision 4.2 Pages 85 to 86</p> <p>Provision 4.3 Pages 85 to 86</p> <p>Provision 4.4 Pages 82 to 85</p> <p>Provision 4.5 Pages 26 to 30, 79 and 80</p> <p>Board Performance</p> <p>Principle 5</p> <p>Provision 5.1 Page 86</p> <p>Provision 5.2 Page 86</p>	<p>Procedures for Developing Remuneration Policies</p> <p>Principle 6</p> <p>Provision 6.1 Page 87</p> <p>Provision 6.2 Page 87</p> <p>Provision 6.3 Page 87</p> <p>Provision 6.4 Page 87</p> <p>Level and Mix of Remuneration</p> <p>Principle 7</p> <p>Provision 7.1 Page 87</p> <p>Provision 7.2 Page 87</p> <p>Provision 7.3 Pages 87 and 90</p> <p>Disclosure on Remuneration</p> <p>Principle 8</p> <p>Provision 8.1 Pages 88 to 90</p> <p>Provision 8.2 Page 90</p> <p>Provision 8.3 Pages 88 to 90</p> <p style="background-color: #1a202c; color: white; text-align: center;">Accountability and Audit</p> <p>Risk Management and Internal Controls</p> <p>Principle 9</p> <p>Provision 9.1 Page 90</p> <p>Provision 9.2 Page 92</p> <p>Audit Committee</p> <p>Principle 10</p> <p>Provision 10.1 Pages 92 to 94</p> <p>Provision 10.2 Page 92</p> <p>Provision 10.3 Page 94</p> <p>Provision 10.4 Pages 94 to 95</p> <p>Provision 10.5 Page 93</p>	<p>Unitholder Rights and Conduct of General Meetings</p> <p>Principle 11</p> <p>Provision 11.1 Pages 95 to 96</p> <p>Provision 11.2 Page 96</p> <p>Provision 11.3 Page 96</p> <p>Provision 11.4 Page 95</p> <p>Provision 11.5 Page 96</p> <p>Provision 11.6 Page 96</p> <p>Engagement with Unitholders</p> <p>Principle 12</p> <p>Provision 12.1 Pages 96 and 97</p> <p>Provision 12.2 Page 96</p> <p>Provision 12.3 Page 96</p> <p style="background-color: #1a202c; color: white; text-align: center;">Managing Stakeholders Relationships</p> <p>Engagement with Stakeholders</p> <p>Principle 13</p> <p>Provision 13.1 Pages 36 to 74, 75, and 97</p> <p>Provision 13.2 Pages 36 to 74, 75, and 97</p> <p>Provision 13.3 Pages 36 to 74, 75, and 97</p>

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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 financial statements of the Trust and its subsidiaries (collectively the “Group”) for the year ended 31 December 2021.

Directors

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

Mr. Fok Kin Ning, Canning (Chairman)
 Ms. Edith Shih
 Mr. Ip Sing Chi
 Ms. Lee Tung Wan, Diana (appointed with effect from 1 January 2022)
 Mr. Chan Tze Leung, Robert
 Dr. Fong Chi Wai, Alex
 Mr. Graeme Allan Jack
 Mrs. Sng Sow-Mei (alias Poon Sow Mei)
 Mr. Wong Kwai Lam

Ms. Tsim Sin Ling, Ruth was a director of the Trustee-Manager during the year up to her resignation which took effect from 1 January 2022.

Arrangements to enable directors to acquire units and debentures

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

Directors' interests in units or debentures

According to the register kept by the Trustee-Manager for the purposes of Sections 13 and 76 of the Business Trusts Act 2004 of Singapore, particulars of the interests of directors who held office at the end of the year or during 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 31.12.2021	At 1.1.2021	At 31.12.2021	At 1.1.2021
Number of units held by:				
Mr. Fok Kin Ning, Canning	-	-	676,000	676,000
Ms. Edith Shih	-	-	626,440	626,440
Mr. Ip Sing Chi	-	-	-	-
Ms. Tsim Sin Ling, Ruth ⁽¹⁾	-	-	-	-
Mr. Chan Tze Leung, Robert	400,000	400,000	-	-
Dr. Fong Chi Wai, Alex	-	-	-	-
Mr. Graeme Allan Jack	-	-	-	-
Mrs. Sng Sow-Mei (alias Poon Sow Mei)	-	-	1,000,000	1,000,000
Mr. Wong Kwai Lam	-	-	-	-

(1) Resigned with effect from 1 January 2022

REPORT OF THE TRUSTEE-MANAGER

Directors' interests in units or debentures (Continued)

Ms. Lee Tung Wan, Diana was appointed as a director of the Trustee-Manager with effect from 1 January 2022. Ms. Lee Tung Wan, Diana did not have any interest in units in, or debentures of, the Trust.

There were no changes in any of the above mentioned interests in the Trust between the end of the financial year and 21 January 2022.

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.

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)
Mr. Chan Tze Leung, Robert
Mrs. Sng Sow-Mei (alias Poon Sow Mei)

The existing members of the Audit Committee are independent and are non-executive directors.

The Audit Committee carried out its functions in accordance with Regulation 13(6) of the Business Trusts Regulations. 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 financial statements of the Group for the year ended 31 December 2021 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 financial statements 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.

REPORT OF THE TRUSTEE-MANAGER

Board Opinion on the Adequacy of Internal Controls

The Board, through the Audit Committee, has conducted a review of the adequacy and effectiveness of the Group's systems of internal controls (including financial, operational, compliance and information technology controls) and risk management systems for the year ended 31 December 2021, and is of the opinion that the Group's internal control and risk management systems addressing material financial, operational, compliance and information technology risks are adequate and effective to meet the needs of the Group in its current business environment as at 31 December 2021. The Board notes that the system of risk management and internal controls established by Management provides reasonable assurance that the Group, as it strives to achieve its business objectives, will not be significantly affected by any event that can be reasonably foreseen or anticipated. However, the Board also notes that no system of risk management and internal controls can provide absolute assurance in this regard, or absolute assurance against poor judgement in decision-making, human error, losses, fraud or other irregularities.

Independent auditor

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

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

Ip Sing Chi
Director

Lee Tung Wan, Diana
Director

9 February 2022

STATEMENT BY THE TRUSTEE-MANAGER

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

- (a) the financial records of the Group for the financial year have been properly maintained and the financial statements give a true and fair view of the operations and finances of the Group for the year ended 31 December 2021;
- (b) the consolidated income statement and consolidated statement of comprehensive income set out in the financial statements on pages 112 and 113 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 2021;
- (c) the statements of financial position set out on pages 114 and 115 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Trust at 31 December 2021;
- (d) the statements of changes in equity set out on pages 117 to 119 are drawn up so as to give a true and fair view of the changes in equity of the Group and of the Trust for the year ended 31 December 2021;
- (e) the consolidated statement of cash flows set out on page 116 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 2021; and
- (f) 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 2004 of Singapore, we further certify:

- (a) the fees or charges paid or payable out of the trust property of the Trust to the Trustee-Manager are in accordance with the Deed of Trust dated 25 February 2011 (as amended and supplemented by the first supplemental deed dated 28 April 2014 and the second supplemental deed dated 8 June 2020) 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 financial statements of the Group as at and for the year ended 31 December 2021 for issue.

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

Ip Sing Chi
Director

Lee Tung Wan, Diana
Director

9 February 2022

STATEMENT BY THE CHIEF EXECUTIVE OFFICER

In accordance with Section 86(3) of the Business Trusts Act 2004 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.

Ivor Chow
Chief Executive Officer

9 February 2022

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Hutchison Port Holdings Trust

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying consolidated financial statements of Hutchison Port Holdings Trust ("the Trust") and its subsidiaries ("the Group") and the statement of financial position of the Trust are properly drawn up in accordance with the provisions of the Singapore Business Trusts Act 2004 ("the Act") and Hong Kong Financial Reporting Standards ("HKFRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Trust as at 31 December 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Trust for the financial year ended on that date.

What we have audited

The financial statements of the Trust and the Group comprise:

- the consolidated income statement of the Group for the year ended 31 December 2021;
- the consolidated statement of comprehensive income of the Group for the year then ended;
- the consolidated statement of financial position of the Group as at 31 December 2021;
- the statement of financial position of the Trust as at 31 December 2021;
- the consolidated statement of cash flows of the Group for the year then ended;
- the consolidated statement of changes in equity of the Group for the year then ended;
- the statement of changes in equity of the Trust for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

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

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

Independence

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

Our Audit Approach

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

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Hutchison Port Holdings Trust

Our Audit Approach (Continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p data-bbox="113 674 547 703">Goodwill and other operating assets</p> <p data-bbox="113 730 743 786"><i>Refer to notes 3(a), 3(b), 3(c) and 14(b) to the financial statements</i></p> <p data-bbox="113 817 743 931">The Group has a significant amount of goodwill and other operating assets arising primarily from the acquisition of deep-water container ports in Shenzhen and Hong Kong in 2011.</p> <p data-bbox="113 963 743 1077">Goodwill is subject to impairment tests annually and whenever there is an indication of impairment, while other operating assets are subject to impairment tests when there is an indication of impairment.</p> <p data-bbox="113 1108 743 1249">For the purpose of the Group's impairment assessments, impairment was assessed using value-in-use models for deep-water container ports in Shenzhen and Hong Kong, which are the cash-generating units ("CGUs") of the Group.</p> <p data-bbox="113 1281 743 1422">In carrying out the impairment assessments, significant judgements are required to determine the assumptions. The most significant assumptions relate to discount rates and growth rates in revenue and cost of services rendered.</p> <p data-bbox="113 1453 743 1648">Based on the results of these impairment assessments conducted by the Group, the Group determined that there is no impairment of goodwill and other operating assets. This conclusion was based on recoverable amounts, calculated under the value-in-use models, which exceeded the carrying values of CGUs as at 31 December 2021.</p> <p data-bbox="113 1680 743 1731">The significant assumptions are disclosed in note 14(b) to the financial statements.</p>	<p data-bbox="815 674 1449 730">We have performed the following procedures to evaluate the Group's impairment assessments:</p> <ul data-bbox="815 761 1449 1193" style="list-style-type: none"> <li data-bbox="815 761 1449 817">● Assessed the appropriateness of the valuation methodology used; <li data-bbox="815 848 1449 967">● Assessed the reasonableness of key assumptions based on our knowledge of the business and industry and with the involvement of our valuation specialists; <li data-bbox="815 999 1449 1050">● Considered the potential impact of reasonably possible changes on the key assumptions; and <li data-bbox="815 1081 1449 1193">● Tested source data to supporting evidence on a sample basis, such as approved budgets and available market data and considered the reasonableness of these budgets. <p data-bbox="815 1225 1449 1305">We found the assumptions adopted in relation to these impairment assessments to be supportable and reasonable based on available evidence.</p>

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Hutchison Port Holdings Trust

Our Audit Approach (Continued)

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Revenue recognition</p> <p><i>Refer to notes 3(e) and 4 to the financial statements.</i></p> <p>Revenue from rendering of container handling services is recognised and accrued with reference to the throughput handled and the terms of agreements for such service.</p> <p>For the year ended 31 December 2021, revenue from container handling services amounting to HK\$12,734 million is recognised based on the containers handled as well as the tariff applied. The tariff applied is the rate agreed with customers or estimated by management based on the latest terms of the agreement or latest negotiation with customers and other industry considerations as appropriate.</p> <p>Due to the large variety and complexity of contractual terms, as well as ongoing negotiations with customers, significant judgements are required to estimate the tariff rate applied. If the actual rate differs from the estimated rate applied, this will have an impact on the accuracy of revenue recognised in the current year and accrued as at year end.</p>	<p>We have performed the following procedures in relation to the accuracy of net revenue recognised and accrued:</p> <ul style="list-style-type: none"> • Understood, evaluated and tested the key controls over the tariff applied in container handling services. • We selected a sample of transactions and: <ul style="list-style-type: none"> ○ Agreed the applied tariff to the respective terms in the contracts or latest correspondence with customers where the tariff has been estimated by management. ○ Agreed throughput handled, used in the calculation of tariffs, to the operating system recording throughput. ○ Tested revenue calculations and agreed the revenue recognised to the underlying accounting records. • Checked to bank advices or credit notes on a sample basis for the net settlement and reviewed aged items for any disputed amounts. <p>We found the judgement made by management in estimating tariff in the revenue recognised and accrued to be supportable and reasonable based on available evidence.</p>

Other Information

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Hutchison Port Holdings Trust

Responsibilities of Trustee-Manager for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Hutchison Port Holdings Trust

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Soh Kok Leong.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 9 February 2022

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2021

	Note	2021 HK\$'000	2020 HK\$'000
Revenue and other income	4(a)	13,244,074	10,705,840
Cost of services rendered		(4,474,689)	(3,568,543)
Staff costs		(257,204)	(256,252)
Depreciation and amortisation		(3,050,872)	(3,054,011)
Other operating income		417,901	193,165
Other operating expenses		(500,424)	(513,339)
Total operating expenses		(7,865,288)	(7,198,980)
Operating profit	5	5,378,786	3,506,860
Interest and other finance costs	6	(616,466)	(766,274)
Share of profits less losses after tax of associated companies		(81,530)	(83,470)
Share of profits less losses after tax of joint ventures		115,580	73,404
Profit before tax		4,796,370	2,730,520
Tax	7	(1,269,217)	(717,976)
Profit for the year		3,527,153	2,012,544
Allocated as: Profit attributable to non-controlling interests		(1,780,002)	(1,181,100)
Profit attributable to unitholders of HPH Trust	9	1,747,151	831,444
		HK cents	HK cents
Earnings per unit attributable to unitholders of HPH Trust	9	20.06	9.54

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	2021 HK\$'000	2020 HK\$'000
Profit for the year	3,527,153	2,012,544
Other comprehensive income/(loss):		
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit plans	240,146	143,405
Investments		
Valuation gains/(losses) taken to reserves	5,088	(60,350)
Items that may be reclassified subsequently to profit or loss:		
Cash flow hedges arising from cross currency interest rate swap contracts and interest rate swap contracts		
Fair value gains/(losses) recognised directly in reserves	253,664	(175,680)
Costs of hedging		
Changes in fair value of currency basis spread	15,783	19,309
Share of other comprehensive (loss)/income of associated companies	(604)	24,103
Share of other comprehensive income of joint ventures	1,813	2,382
Currency translation differences	139,745	352,674
Total other comprehensive income for the year	655,635	305,843
Total comprehensive income for the year	4,182,788	2,318,387
Allocated as: Attributable to non-controlling interests	(1,841,740)	(1,354,640)
Attributable to unitholders of HPH Trust	2,341,048	963,747

Note:

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	Note	2021 HK\$'000	2020 HK\$'000
ASSETS			
Non-current assets			
Fixed assets	10	21,646,925	22,838,954
Projects under development	11	654,524	478,216
Leasehold land and land use rights	12	34,579,438	35,843,729
Railway usage rights	13	10,787	11,056
Customer relationships	14(a)	4,833,360	5,167,566
Goodwill	14(b)	11,270,044	11,270,044
Associated companies	15	957,537	1,032,598
Joint ventures	16	3,018,035	2,593,147
Other non-current assets	17	509,667	428,144
Pension assets	23	303,782	85,714
Deferred tax assets	18	11,978	19,329
		<u>77,796,077</u>	<u>79,768,497</u>
Current assets			
Cash and bank balances	19	11,048,007	7,766,588
Trade and other receivables	20	4,033,078	3,033,587
Inventories		86,564	99,347
		<u>15,167,649</u>	<u>10,899,522</u>
Current liabilities			
Trade and other payables	21	6,713,045	5,517,651
Bank and other debts	22	7,190,345	3,990,570
Current tax liabilities		421,976	278,640
		<u>14,325,366</u>	<u>9,786,861</u>
Net current assets		<u>842,283</u>	<u>1,112,661</u>
Total assets less current liabilities		<u>78,638,360</u>	<u>80,881,158</u>
Non-current liabilities			
Bank and other debts	22	21,729,962	25,328,173
Deferred tax liabilities	18	9,268,299	9,535,985
Other non-current liabilities	24	240,976	413,065
		<u>31,239,237</u>	<u>35,277,223</u>
Net assets		<u>47,399,123</u>	<u>45,603,935</u>
EQUITY			
Units in issue	25	68,553,839	68,553,839
Reserves		(41,447,029)	(42,551,797)
Net assets attributable to unitholders of HPH Trust		<u>27,106,810</u>	<u>26,002,042</u>
Non-controlling interests		<u>20,292,313</u>	<u>19,601,893</u>
Total equity		<u>47,399,123</u>	<u>45,603,935</u>

STATEMENT OF FINANCIAL POSITION OF HUTCHISON PORT HOLDINGS TRUST

At 31 December 2021

	Note	2021 HK\$'000	2020 HK\$'000
ASSETS			
Non-current asset			
Investment in a subsidiary company	26	22,969,782	24,246,758
Current assets			
Cash and bank balances	19	4,868	3,674
Trade and other receivables	20	1,080	1,159
		5,948	4,833
Current liability			
Trade and other payables	21	23,353	22,260
Net current liabilities			
		(17,405)	(17,427)
Total assets less current liabilities			
		22,952,377	24,229,331
EQUITY			
Units in issue	25	68,553,839	68,553,839
Reserves		(45,601,462)	(44,324,508)
Total equity			
		22,952,377	24,229,331

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Note	2021 HK\$'000	2020 HK\$'000
Operating activities			
Cash generated from operations	27(a)	8,624,092	6,608,816
Interest and other finance costs paid		(500,516)	(738,356)
Tax paid		(1,388,674)	(1,285,691)
Net cash from operating activities		6,734,902	4,584,769
Investing activities			
Investment in a joint venture		(422,659)	-
Loan to an associated company		(408,300)	(99,900)
Purchase of fixed assets and projects under development		(232,267)	(463,652)
Proceeds on disposal of fixed assets		13,482	24,890
Dividends received from investments		28,854	33,492
Dividends received from associated companies and joint ventures		147,223	142,765
Interest received		58,983	84,883
Repayment of loans by an associated company and a joint venture		276,650	1,600
Restricted deposit released		-	42,000
Net cash used in investing activities		(538,034)	(233,922)
Financing activities			
New borrowings		7,800,000	3,870,750
Repayment of borrowings		(8,182,000)	(5,159,270)
Upfront debt transaction costs and facilities fees of borrowings		(64,414)	-
Principal elements of lease payments		(12,747)	(12,697)
Repayment of loan to non-controlling interests		(10,476)	-
Payment to acquire additional interest in a subsidiary company		-	(9,800)
Distributions to unitholders of HPH Trust		(1,236,976)	(810,132)
Dividends to non-controlling interests		(1,208,836)	(1,461,276)
Net cash used in financing activities		(2,915,449)	(3,582,425)
Net changes in cash and cash equivalents		3,281,419	768,422
Cash and cash equivalents at beginning of the year		7,766,588	6,998,166
Cash and cash equivalents at end of the year	19	11,048,007	7,766,588

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Units in issue	Exchange and other reserves	Revaluation reserve	Hedging reserve	Costs of hedging reserve	Pension reserve	Accumulated losses	Attributable to unitholders	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Group										
At 1 January 2021	68,553,839	(9,390)	(303,452)	(278,472)	(19,052)	356,512	(42,297,943)	26,002,042	19,601,893	45,603,935
Profit for the year	-	-	-	-	-	-	1,747,151	1,747,151	1,780,002	3,527,153
Other comprehensive income/(loss):										
Remeasurement of defined benefit plans	-	-	-	-	-	240,146	-	240,146	-	240,146
Investments:										
Valuation gains taken to reserves	-	-	5,088	-	-	-	-	5,088	-	5,088
Cash flow hedges arising from cross currency interest rate swap contracts and interest rate swap contracts:										
Fair value gains recognised directly in reserves	-	-	-	253,664	-	-	-	253,664	-	253,664
Costs of hedging:										
Changes in fair value of currency basis spread	-	-	-	-	15,783	-	-	15,783	-	15,783
Share of other comprehensive loss of associated companies	-	(1,975)	-	-	-	-	-	(1,975)	1,371	(604)
Share of other comprehensive income of joint ventures	-	910	903	-	-	-	-	1,813	-	1,813
Currency translation differences	-	79,378	-	-	-	-	-	79,378	60,367	139,745
Total other comprehensive income	-	78,313	5,991	253,664	15,783	240,146	-	593,897	61,738	655,635
Total comprehensive income	-	78,313	5,991	253,664	15,783	240,146	1,747,151	2,341,048	1,841,740	4,182,788
Transactions with owners:										
Relating to purchase of non-controlling interests	-	696	-	-	-	-	-	696	54,226	54,922
Distributions	-	-	-	-	-	-	(1,236,976)	(1,236,976)	-	(1,236,976)
Dividends	-	-	-	-	-	-	-	-	(1,205,546)	(1,205,546)
At 31 December 2021	68,553,839	69,619	(297,461)	(24,808)	(3,269)	596,658	(41,787,768)	27,106,810	20,292,313	47,399,123

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Units in issue HK\$'000	Exchange and other reserves HK\$'000	Revaluation reserve HK\$'000	Hedging reserve HK\$'000	Costs of hedging reserve HK\$'000	Pension reserve HK\$'000	Accumulated losses HK\$'000	Attributable to unitholders HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
Group										
At 1 January 2020	68,553,839	(212,690)	(243,102)	(102,792)	(38,361)	213,107	(42,319,083)	25,850,918	19,712,405	45,563,323
Profit for the year	-	-	-	-	-	-	831,444	831,444	1,181,100	2,012,544
Other comprehensive income/(loss):										
Remeasurement of defined benefit plans	-	-	-	-	-	143,405	-	143,405	-	143,405
Investments:										
Valuation losses taken to reserves	-	-	(60,350)	-	-	-	-	(60,350)	-	(60,350)
Cash flow hedges arising from cross currency interest rate swap contracts and interest rate swap contracts:										
Fair value losses recognised directly in reserves	-	-	-	(175,680)	-	-	-	(175,680)	-	(175,680)
Costs of hedging:										
Changes in fair value of currency basis spread	-	-	-	-	19,309	-	-	19,309	-	19,309
Share of other comprehensive income of associated companies	-	17,804	-	-	-	-	-	17,804	6,299	24,103
Share of other comprehensive income of joint ventures	-	2,382	-	-	-	-	-	2,382	-	2,382
Currency translation differences	-	185,433	-	-	-	-	-	185,433	167,241	352,674
Total other comprehensive income	-	205,619	(60,350)	(175,680)	19,309	143,405	-	132,303	173,540	305,843
Total comprehensive income	-	205,619	(60,350)	(175,680)	19,309	143,405	831,444	963,747	1,354,640	2,318,387
Transferred to/(from) reserve	-	172	-	-	-	-	(172)	-	-	-
Transactions with owners:										
Relating to purchase of non-controlling interests	-	(2,491)	-	-	-	-	-	(2,491)	4,747	2,256
Distributions	-	-	-	-	-	-	(810,132)	(810,132)	-	(810,132)
Dividends	-	-	-	-	-	-	-	-	(1,469,899)	(1,469,899)
At 31 December 2020	68,553,839	(9,390)	(303,452)	(278,472)	(19,052)	356,512	(42,297,943)	26,002,042	19,601,893	45,603,935

STATEMENT OF CHANGES IN EQUITY OF HUTCHISON PORT HOLDINGS TRUST

For the year ended 31 December 2021

	Units in issue HK\$'000	Accumulated losses HK\$'000	Attributable to unitholders HK\$'000
Trust			
At 1 January 2021	68,553,839	(44,324,508)	24,229,331
Loss and total comprehensive loss for the year	-	(39,978)	(39,978)
Transactions with owners:			
Distributions	-	(1,236,976)	(1,236,976)
At 31 December 2021	68,553,839	(45,601,462)	22,952,377
At 1 January 2020	68,553,839	(43,477,293)	25,076,546
Loss and total comprehensive loss for the year	-	(37,083)	(37,083)
Transactions with owners:			
Distributions	-	(810,132)	(810,132)
At 31 December 2020	68,553,839	(44,324,508)	24,229,331

NOTES TO THE FINANCIAL STATEMENTS

1 General information

Hutchison Port Holdings Trust (“Trust” or “HPH Trust”) is a business trust constituted by a deed of trust dated 25 February 2011 (as amended) (the “Trust Deed”) and registered with the Monetary Authority of Singapore. HPH Trust is principally regulated by the Business Trusts Act 2004 of Singapore and Securities and Futures Act 2001 of Singapore. Under the Trust Deed, Hutchison Port Holdings Management Pte. Limited (the “Trustee-Manager”), has declared that it will hold all its assets (including businesses) acquired on trust for the unitholders as the Trustee-Manager of HPH Trust. The registered address of the Trustee-Manager is at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623. HPH Trust was listed on the Main Board of Singapore Exchange Securities Trading Limited (the “SGX-ST”) on 18 March 2011.

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

2 Basis of preparation and significant accounting policies

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

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

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

Adoption of standards and amendments to existing standards

The Group has adopted all of the new and revised standards and amendments issued by the HKICPA that are relevant to the Group’s operations and mandatory for annual period beginning 1 January 2021. The effect of the adoption of these new and revised standards and amendments was not material to the Group’s results or financial position.

The Interest Rate Benchmark Reform amendments to HKFRSs were issued by HKICPA in two phases. The Phase 1 amendments deal with pre-replacement issues (issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark). The Phase 1 amendments provide temporary exceptions to specific hedge accounting requirements, to avoid entities having to discontinue hedging relationships solely due to the uncertainty arising from the reform of interest rate benchmarks. These amendments apply to annual reporting periods beginning on or after 1 January 2020, and were addressed in Amendments to HKFRS 7, HKFRS 9 and HKAS 39 “Interest Rate Benchmark Reform”, which the Group adopted in 2020.

The Phase 2 amendments address issues that might affect financial reporting during the reform of interest rate benchmarks, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate (replacement issues). The Phase 2 amendments are effective for annual periods beginning on or after 1 January 2021 and are to be applied retrospectively. Restatement of prior periods is not required.

NOTES TO THE FINANCIAL STATEMENTS

2 Basis of preparation and significant accounting policies (Continued)Adoption of standards and amendments to existing standards (Continued)

The Interest Rate Benchmark Reform – Phase 2 amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform of interest rate benchmarks, to be treated as changes to a floating rate, equivalent to a movement in a market rate of interest.
- Permit changes required by reform of interest rate benchmarks to be made to hedge designation and hedge documentation without the hedging relationship being discontinued.
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an alternative nearly risk-free interest rate instrument is designated as a hedge of a risk component.

The Phase 2 amendments had no impact on the Group's financial statements. The Group intends to use the practical expedients in future periods if they become applicable.

Early adoption of amendments to existing standards

The Group has early adopted Amendments to HKFRS 16 Leases on COVID-19 related rent concessions for the annual period beginning 1 January 2021. The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to COVID-19 related rent concessions that reduce lease payments due on or before 30 June 2022. The amendment does not affect lessors. The effect of the early adoption of this amendment was not material to the Group's results or financial position.

Standards and amendments which are not yet effective

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

Amendments to HKFRS 3 (Revised) ⁽¹⁾	Business Combinations and Business Combinations (Basis for Conclusions)
Amendments to HKAS 16 ⁽¹⁾	Property, Plant and Equipment
Amendments to HKAS 37 ⁽¹⁾	Provisions, Contingent Liabilities and Contingent Assets
Annual Improvements to HKFRSs 2018-2020 Cycle ⁽¹⁾	Improvements to HKFRSs
Amendments to HKAS 1 ⁽²⁾	Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current – Deferral of Effective Date
Amendments to HKAS 1 (Revised) ⁽²⁾	Presentation of Financial Statements
Amendments to HKFRS Practice Statement 2 ⁽²⁾	Making Materiality Judgements
Amendments to HKAS 8 ⁽²⁾	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to HKAS 12 ⁽²⁾	Income Taxes
Amendments to HKFRS 10 and HKAS 28 ⁽³⁾	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

(1) Effective for annual periods beginning 1 January 2022

(2) Effective for annual periods beginning 1 January 2023

(3) New effective date to be determined

NOTES TO THE FINANCIAL STATEMENTS

2 Basis of preparation and significant accounting policies (Continued)

Standards and amendments which are not yet effective (Continued)

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

(a) Basis of consolidation

The consolidated financial statements of the Group for the year ended 31 December 2021 include all its direct and indirect subsidiary companies and also incorporate the interest in associated companies, joint operations and joint ventures on the basis set out in Notes 2(c) and 2(d) below. Results of subsidiary companies, associated companies and joint ventures acquired or disposed of during the year are included as from their effective dates of acquisition to 31 December 2021 or up to the dates of disposal as the case may be. The acquisition of subsidiary companies is accounted for using the acquisition method.

(b) Subsidiary companies

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

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

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

(c) Associated companies

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

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

NOTES TO THE FINANCIAL STATEMENTS

2 Basis of preparation and significant accounting policies (Continued)**(d) Joint arrangements**

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

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

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

(e) Fixed assets

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

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

Container handling equipment	10 - 30 years
Barges	15 years
Motor vehicles	5 years
Computer equipment	5 years
Other fixed assets	5 - 25 years

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

(f) Projects under development

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

(g) Leasehold land and land use rights

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

(h) Customer relationships

Customer relationships, which are acquired in a business combination, are recognised at fair value at the acquisition date. Customer relationships are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the customer relationships, ranging from approximately 23 to 33 years.

NOTES TO THE FINANCIAL STATEMENTS

2 Basis of preparation and significant accounting policies (Continued)

(i) Goodwill

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

Goodwill is subject to impairment test annually and when there are indications that the carrying value may not be recoverable. If the cost of acquisition is less than the fair value of the Group's share of the net identifiable assets of the acquired company, the difference is recognised directly in the income statement.

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

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

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

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

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

(j) Railway usage rights

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

(k) Current and deferred tax

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

2 Basis of preparation and significant accounting policies (Continued)**(l) Investments**

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

(m) Financial assets at amortised cost

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

(n) Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement based on lifetime ECL.

(o) Inventories

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

(p) Cash and cash equivalents

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

(q) Borrowings and borrowing costs

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

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

(r) Trade and other payables

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

NOTES TO THE FINANCIAL STATEMENTS

2 Basis of preparation and significant accounting policies (Continued)

(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

Impairment of financial assets

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

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

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

Impairment of other assets

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

(u) Derivative financial instruments and hedging activities

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

2 Basis of preparation and significant accounting policies (Continued)

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

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

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

(v) Pension plans

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

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

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

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

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

(w) Foreign exchange

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

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

NOTES TO THE FINANCIAL STATEMENTS

2 Basis of preparation and significant accounting policies (Continued)

(w) Foreign exchange (Continued)

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

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

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

All other exchange differences are recognised in the income statement.

(x) Distributions to the Trust's unitholders

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

(y) Leases

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

(i) Assets leased to the Group

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

NOTES TO THE FINANCIAL STATEMENTS

2 Basis of preparation and significant accounting policies (Continued)

(y) Leases (Continued)

(i) Assets leased to the Group (Continued)

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

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

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

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

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

(ii) Assets leased out by the Group

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

(z) Revenue and other income recognition

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

2 Basis of preparation and significant accounting policies (Continued)

(z) Revenue and other income recognition (Continued)

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

Revenue is recognised over time:

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

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

(aa) Government Grant

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

3 Critical accounting estimates and judgements

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

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

(a) Long lived assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

3 Critical accounting estimates and judgements (Continued)**(a) Long lived assets (Continued)**

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

(b) Goodwill

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

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

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

(c) Customer relationships

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

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

NOTES TO THE FINANCIAL STATEMENTS

3 Critical accounting estimates and judgements (Continued)

(d) Depreciation

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

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

(e) Accrual of net revenue

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

(f) Pension 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 HKAS 19 (2011), Employee Benefits. Under this method, the cost of providing pensions is charged to consolidated income statement so as to spread the regular cost over the future service lives of employees in accordance with the advice of the actuaries who carry out a valuation of the plans. The pension assets/obligations are measured at the present values of the estimated future cash outflows using interest rates determined by reference to market yields at the end of the reporting period based on high quality corporate bonds with currencies and terms similar to the estimated terms of benefit obligations.

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

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

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

(g) Tax

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

NOTES TO THE FINANCIAL STATEMENTS

3 Critical accounting estimates and judgements (Continued)**(g) Tax (Continued)**

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

4 Revenue and other income and segment information**(a) Revenue and other income**

	2021	2020
	HK\$'000	HK\$'000
Revenue		
Rendering of port and related services	12,734,118	10,416,924
Rendering of transportation and logistics solutions	402,551	169,654
Management and service fee income	35,107	35,537
System development and support fees	7,002	6,831
Others	1,619	1,255
	<u>13,180,397</u>	<u>10,630,201</u>
Other income		
Interest income	63,677	75,639
	<u>13,244,074</u>	<u>10,705,840</u>

(b) Segment information

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

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

NOTES TO THE FINANCIAL STATEMENTS

4 Revenue and other income and segment information (Continued)**(b) Segment information (Continued)**

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

	Revenue and other income		Non-current assets	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	3,715,152	3,266,758	21,213,393	21,941,598
Mainland China	9,528,922	7,439,082	56,582,684	57,826,899
	<u>13,244,074</u>	<u>10,705,840</u>	<u>77,796,077</u>	<u>79,768,497</u>

5 Operating profit

Operating profit is stated after crediting and charging the following:

	2021	2020
	HK\$'000	HK\$'000
<u>Crediting</u>		
Dividend income from River Ports Economic Benefits (Note 17)	25,462	30,640
Net gain on disposal of fixed assets	10,493	15,556
Wage, salary and other subsidies (Note)	418	85,533
Net exchange gain	<u>17,697</u>	<u>-</u>
<u>Charging</u>		
Auditor's remuneration		
- audit services	13,983	13,672
- non-audit services	2,676	1,025
Amortisation		
- leasehold land and land use rights	1,294,106	1,291,938
- railway usage rights	542	507
- customer relationships	334,206	334,205
Depreciation of fixed assets	1,410,335	1,415,340
Depreciation of right-of-use assets within fixed assets	11,683	12,021
Short-term lease costs for		
- office premises and port facilities	64,413	66,456
Staff costs (including amount charged within cost of services rendered)		
- Wages, salaries and other benefits	1,359,949	1,276,564
- Pension costs	128,429	70,740
Net exchange loss	<u>-</u>	<u>1,593</u>

Note:

Mainly benefits received from government under COVID-19 related employment support scheme recognised in other operating income for the year ended 31 December 2020.

NOTES TO THE FINANCIAL STATEMENTS

6 Interest and other finance costs

	2021	2020
	HK\$'000	HK\$'000
Bank loans and overdrafts	275,488	478,528
Guaranteed notes	288,590	237,794
Loans from non-controlling interests	3,139	3,105
Lease liabilities	989	1,561
Other finance costs	48,260	45,286
Fair value gain on interest rate swaps	-	(3,647)
Less: fair value adjustment to bank and other debts under fair value hedge	-	3,647
	616,466	766,274

7 Tax

	2021	2020
	HK\$'000	HK\$'000
Current tax	1,529,039	1,094,385
Deferred tax (Note 18)	(259,822)	(376,409)
	1,269,217	717,976

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:

	2021	2020
	HK\$'000	HK\$'000
Profit before tax excluding share of profits less losses after tax of joint ventures and associated companies	4,762,320	2,740,586
Tax calculated at weighted average tax rate of 25.6% (2020: 26.8%)	1,217,811	733,854
Tax exemption in China	(170,860)	(169,214)
Income not subject to tax	(8,281)	(25,010)
Expenses not deductible for tax purposes	93,561	93,007
Withholding tax on unremitted earnings	155,674	112,182
Utilisation of previously unrecognised tax losses	(4,403)	(2)
Overprovision in prior year	(14,430)	(32,587)
Tax losses not recognised	37	4,057
Others	108	1,689
Total tax	1,269,217	717,976

NOTES TO THE FINANCIAL STATEMENTS

8 Distributions

	2021 HK\$'000	2020 HK\$'000
For the period from 1 July 2019 to 31 December 2019		
Distribution of 5.00 HK cents per unit	-	435,555
For the period from 1 January 2020 to 30 June 2020		
Distribution of 4.30 HK cents per unit	-	374,577
For the period from 1 July 2020 to 31 December 2020		
Distribution of 7.70 HK cents per unit	670,755	-
For the period from 1 January 2021 to 30 June 2021		
Distribution of 6.50 HK cents per unit	566,221	-
	<u>1,236,976</u>	<u>810,132</u>

On 9 February 2022, the Board of Directors of the Trustee-Manager approved the distribution of 8.00 HK cents per unit for the financial result from 1 July 2021 to 31 December 2021 (2020: 7.70 HK cents per unit) amounting to HK\$696.9 million (2020: HK\$670.7 million) and payable on 25 March 2022. This distribution is not reflected in these financial statements and will be recognised in equity in the financial year ending 31 December 2022.

9 Earnings per unit

The calculation of earnings per unit is based on profit attributable to unitholders of HPH Trust of HK\$1,747,151,000 for the year ended 31 December 2021 (2020: HK\$831,444,000) and on 8,711,101,022 units in issue (2020: 8,711,101,022 units in issue).

Diluted earnings per unit is the same as the basic earnings per unit for the years ended 31 December 2021 and 2020.

NOTES TO THE FINANCIAL STATEMENTS

10 Fixed assets

Group	Properties HK\$'000	Container handling equipment HK\$'000	Barges HK\$'000	Other fixed assets HK\$'000	Total HK\$'000
2021					
Opening net book amount	15,616,352	6,743,300	2,503	476,799	22,838,954
Additions	962	11,299	-	-	12,261
Transfer from projects under development (Note 11)	17,533	111,160	-	21,308	150,001
Depreciation	(627,390)	(720,927)	(592)	(73,109)	(1,422,018)
Disposals	(162)	(5,658)	(813)	-	(6,633)
Currency translation differences	57,936	13,028	-	3,396	74,360
Closing net book amount	15,065,231	6,152,202	1,098	428,394	21,646,925
At 31 December 2021					
Cost	21,338,353	13,328,113	9,484	1,070,764	35,746,714
Accumulated depreciation	(6,273,122)	(7,175,911)	(8,386)	(642,370)	(14,099,789)
Net book amount	15,065,231	6,152,202	1,098	428,394	21,646,925
2020					
Opening net book amount	16,027,154	7,243,590	13,006	505,784	23,789,534
Additions	5,013	806	-	2,087	7,906
Transfer from projects under development (Note 11)	60,202	181,937	-	42,867	285,006
Depreciation	(625,491)	(717,786)	(2,519)	(81,565)	(1,427,361)
Disposals	(529)	(598)	(7,984)	(223)	(9,334)
Currency translation differences	150,003	35,351	-	7,849	193,203
Closing net book amount	15,616,352	6,743,300	2,503	476,799	22,838,954
At 31 December 2020					
Cost	21,251,873	13,279,433	10,608	1,065,111	35,607,025
Accumulated depreciation	(5,635,521)	(6,536,133)	(8,105)	(588,312)	(12,768,071)
Net book amount	15,616,352	6,743,300	2,503	476,799	22,838,954

Note:

The Group has the right to control the use of certain assets included in properties, container handling equipment and other fixed assets for a period of time through lease arrangements. Lease arrangements with terms of 2 months to 2.5 years are negotiated on an individual basis and contain a wide range of terms and conditions. During the year ended 31 December 2021, additions to the right-of-use assets under other fixed assets were nil (2020: HK\$1,067,000) and disposals to the right-of-use assets under container handling equipment due to termination of lease terms were HK\$3,275,000 (2020: nil).

NOTES TO THE FINANCIAL STATEMENTS

10 Fixed assets (Continued)

Note: (Continued)

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

	2021 HK\$'000	2020 HK\$'000
Properties	14,912	22,582
Container handling equipment	-	3,195
Other fixed assets	126	912
	<u>15,038</u>	<u>26,689</u>

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

	2021 HK\$'000	2020 HK\$'000
Properties	10,890	10,232
Container handling equipment	-	1,217
Other fixed assets	793	572
	<u>11,683</u>	<u>12,021</u>

11 Projects under development

Group	2021 HK\$'000	2020 HK\$'000
At beginning of the year	478,216	648,058
Additions	324,582	109,418
Transfer to fixed assets (Note 10)	(150,001)	(285,006)
Currency translation differences	1,727	5,746
At end of the year	<u>654,524</u>	<u>478,216</u>

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

12 Leasehold land and land use rights

Group	2021 HK\$'000	2020 HK\$'000
Net book value		
At beginning of the year	35,843,729	37,046,989
Amortisation	(1,294,106)	(1,291,938)
Currency translation differences	29,815	88,678
At end of the year	<u>34,579,438</u>	<u>35,843,729</u>
Cost	48,357,185	48,319,007
Accumulated amortisation	(13,777,747)	(12,475,278)
	<u>34,579,438</u>	<u>35,843,729</u>

The net book value of land use rights, which are accounted for as right-of-use assets, was HK\$7,194,832,000 at 31 December 2021 (2020: HK\$7,477,950,000). The corresponding amortisation charge for the year was HK\$283,118,000 (2020: HK\$283,028,000).

NOTES TO THE FINANCIAL STATEMENTS

13 Railway usage rights

Group	2021	2020
	HK\$'000	HK\$'000
Net book value		
At beginning of the year	11,056	10,813
Amortisation	(542)	(507)
Currency translation differences	273	750
At end of the year	<u>10,787</u>	<u>11,056</u>
Cost	16,966	16,357
Accumulated amortisation	(6,179)	(5,301)
	<u>10,787</u>	<u>11,056</u>

14 Intangible assets**(a) Customer relationships**

Group	2021	2020
	HK\$'000	HK\$'000
Net book value		
At beginning of the year	5,167,566	5,501,771
Amortisation	(334,206)	(334,205)
At end of the year	<u>4,833,360</u>	<u>5,167,566</u>
Cost	8,440,000	8,440,000
Accumulated amortisation	(3,606,640)	(3,272,434)
	<u>4,833,360</u>	<u>5,167,566</u>

(b) Goodwill

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

Group	2021	2020
	HK\$'000	HK\$'000
Hong Kong	-	-
Mainland China	11,270,044	11,270,044
	<u>11,270,044</u>	<u>11,270,044</u>
Net book value		
At beginning of the year	11,270,044	11,270,044
Impairment of goodwill (accumulated: HK\$30.4 billion)	-	-
At end of the year	<u>11,270,044</u>	<u>11,270,044</u>

NOTES TO THE FINANCIAL STATEMENTS

14 Intangible assets (Continued)**(b) Goodwill (Continued)**

As in the prior year, management performed an impairment assessment based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a 5-year period and a further outlook for 5 years, which is considered appropriate in view of the long-term nature of the terminal business. Management determined that no further impairment of goodwill is required in 2021. The impairment methodology assumed terminal values and discount rates of 2%-3% (2020: 2%-3%) and 8%-10% (2020: 8%-10%) per annum, respectively. Terminal values are determined by considering both internal and external factors relating to the port operation and discount rates reflect specific risks relating to the relevant business.

The assumptions regarding the growth rates in revenue and cost of services rendered used in the current year's assessment of the Mainland China CGU were comparable to last year. For illustration purposes, a hypothetical 0.5% decrease in the revenue growth rate, a 0.5% increase in costs of services rendered and a 0.5% increase in the discount rate, with all other variables and assumptions held constant, would decrease the recoverable amount of the Hong Kong CGU, by HK\$2.2 billion, HK\$1.1 billion and HK\$1.5 billion respectively and of the Mainland China CGU, by HK\$2.3 billion, HK\$0.8 billion and HK\$2.4 billion, respectively.

Actual results in the future may differ materially from the sensitivity analysis due to developments in the global markets and changes in economic conditions which may cause fluctuations in growth and market interest rates to vary and therefore it is important to note that the hypothetical amounts so generated do not represent a projection of likely future events and profits or losses.

15 Associated companies

Group	2021 HK\$'000	2020 HK\$'000
Share of net assets	310,937	425,698
Loan to an associated company	646,600	606,900
	957,537	1,032,598

A 5-year loan of RMB530,000,000, approximate to HK\$646,600,000 (2020: RMB510,000,000, approximate to HK\$606,900,000) provided to an associated company is unsecured, interest bearing at a fixed rate of 4.0% per annum and repayable in August 2023. The carrying amount of the loan to an associated company approximates its fair value.

NOTES TO THE FINANCIAL STATEMENTS

15 Associated companies (Continued)

Details of the principal associated companies at 31 December 2021 and 2020 are as follows:

Name	Place of establishment	Principal activities	Effective interest held
Shenzhen Yantian Tugboat Company Ltd.	China	Provision of tugboat services in China	23.84%
Huizhou International Container Terminals Limited ⁽¹⁾	China	Development and operation of a container terminal	41.31%

(1) Audited by PricewaterhouseCoopers network firms

There is no associated company as at 31 December 2021, which in the opinion of the directors of the Trustee-Manager, is individually material to the Group.

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

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

	2021	2020
	HK\$'000	HK\$'000
Profits less losses after tax	(81,530)	(83,470)
Other comprehensive (loss)/income	(604)	24,103
Total comprehensive loss	<u>(82,134)</u>	<u>(59,367)</u>

16 Joint ventures

Group	2021	2020
	HK\$'000	HK\$'000
Share of net assets	3,825,835	3,398,797
Loans to joint ventures	122,200	124,350
Less: accumulated impairment	(930,000)	(930,000)
	<u>3,018,035</u>	<u>2,593,147</u>

Note:

A loan of HK\$120,000,000 (2020: HK\$120,000,000) provided to a joint venture is interest bearing at Hong Kong Interbank Offered Rate ("HIBOR") plus 2.1% per annum. Another loan provided to a joint venture of HK\$2,200,000 (2020: HK\$4,350,000) is interest free. Both of the loans provided to joint ventures are unsecured and not expected to be repayable within one year. The carrying amounts of the loans to joint ventures approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS

16 Joint ventures (Continued)

Details of principal joint ventures at 31 December 2021 and 2020 are as follows:

Name	Place of incorporation/ establishment	Principal activities	Effective interest held
COSCO-HIT Terminals (Hong Kong) Limited ⁽¹⁾	Hong Kong	Development and operation of a container terminal	50.00%
Asia Container Terminals Limited ⁽¹⁾	Hong Kong	Development and operation of a container terminal	40.00%
Beijing Leading Edge Container Services Company Limited	China	Provision of logistics services	50.00%
Mercury Sky Group Limited ⁽²⁾	British Virgin Islands	Investment holding	50.00%
Shenzhen Leading Edge Port Services Co. Ltd. ⁽¹⁾	China	Provision of port agency services	49.00%
Yantian East Port International Container Terminals Limited ("YEPICT") ⁽³⁾	China	Development and operation of a container terminal	39.73%
Yantian Port International Information Company Limited	China	Provision of electronic port community system	28.21%

(1) Audited by PricewaterhouseCoopers network firms

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

(3) Newly established during the year ended 31 December 2021

There is no joint venture as at 31 December 2021, which in the opinion of the directors of the Trustee-Manager, is individually material to the Group.

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

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

	2021	2020
	HK\$'000	HK\$'000
Profits less losses after tax	115,580	73,404
Other comprehensive income	1,813	2,382
Total comprehensive income	<u>117,393</u>	<u>75,786</u>

NOTES TO THE FINANCIAL STATEMENTS

17 Other non-current assets

Group	2021	2020
	HK\$'000	HK\$'000
Investments		
Listed equity security	39,151	32,063
River Ports Economic Benefits (Note)	283,000	285,000
Prepayment for fixed assets	45,759	37,236
Other receivables and prepayments	56,190	73,845
Derivative financial instruments		
Interest rate swaps under cash flow hedges	85,567	-
	<u>509,667</u>	<u>428,144</u>

Note:

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

18 Deferred tax

Group	2021	2020
	HK\$'000	HK\$'000
Deferred tax assets	(11,978)	(19,329)
Deferred tax liabilities	9,268,299	9,535,985
Net deferred tax liabilities	<u>9,256,321</u>	<u>9,516,656</u>

NOTES TO THE FINANCIAL STATEMENTS

18 Deferred tax (Continued)

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

	Unused tax losses HK\$'000	Accelerated depreciation allowances HK\$'000	Fair value adjustments arising from acquisitions HK\$'000	Withholding tax on unremitted earnings HK\$'000	Others HK\$'000	Total HK\$'000
2021						
At 1 January 2021	(19,449)	547,006	8,652,669	343,323	(6,893)	9,516,656
Tax charged/(credited) to income statement	7,108	(27,250)	(358,493)	117,577	1,236	(259,822)
Other temporary differences	(12)	(26)	-	(469)	(6)	(513)
At 31 December 2021	(12,353)	519,730	8,294,176	460,431	(5,663)	9,256,321
2020						
At 1 January 2020	(29,616)	579,921	9,012,692	337,037	(6,872)	9,893,162
Tax charged/(credited) to income statement	10,181	(32,874)	(360,023)	6,286	21	(376,409)
Other temporary differences	(14)	(41)	-	-	(42)	(97)
At 31 December 2020	(19,449)	547,006	8,652,669	343,323	(6,893)	9,516,656

Notes:

- (a) The deferred tax assets and liabilities are offset when there is a legally enforceable right to set off and when the deferred taxes relate to the same fiscal authority.
- (b) Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through the future taxable profit is probable. The Group has unrecognised tax losses of HK\$115,381,000 at 31 December 2021 (31 December 2020: HK\$135,329,000) to carry forward against future taxable income. Of these, HK\$90,532,000 can be carried forward indefinitely (31 December 2020: HK\$104,103,000). The remaining HK\$24,849,000 (31 December 2020: HK\$31,226,000) expires in the following years:

	2021 HK\$'000	2020 HK\$'000
In the first year	223	-
In the second year	3,017	4,878
In the third year	11,364	5,267
In the fourth year	10,197	10,318
In the fifth year	48	10,763
	24,849	31,226

- (c) Deferred tax liabilities are calculated in full on temporary differences under the liabilities method using the tax rate of the countries in which the Group operated. The temporary differences are for accelerated depreciation allowances, fair value adjustments arising from acquisitions and withholding taxes arising from unremitted earnings.
- (d) Deferred tax assets and liabilities are expected to be recovered or settled mostly after more than twelve months.

NOTES TO THE FINANCIAL STATEMENTS

19 Cash and bank balances

Group	2021	2020
	HK\$'000	HK\$'000
Cash and cash equivalents		
Cash at bank and on hand	1,620,219	1,441,119
Short-term bank deposits	9,427,788	6,325,469
Cash and bank balances	<u>11,048,007</u>	<u>7,766,588</u>

Trust	2021	2020
	HK\$'000	HK\$'000
Cash and cash equivalents		
Cash at bank and on hand	<u>4,868</u>	<u>3,674</u>

Cash and bank balances are denominated in the following currencies:

Group	2021	2020
	Percentage	Percentage
Hong Kong dollar	43%	56%
Renminbi	10%	14%
United States dollar	47%	30%
	<u>100%</u>	<u>100%</u>

Trust	2021	2020
	Percentage	Percentage
Hong Kong dollar	76%	46%
United States dollar	3%	7%
Singapore dollar	21%	47%
	<u>100%</u>	<u>100%</u>

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

20 Trade and other receivables

Group	2021	2020
	HK\$'000	HK\$'000
Trade receivables (Note a)	3,464,903	2,623,127
Less: loss allowance provision	(50,786)	(51,043)
	<u>3,414,117</u>	<u>2,572,084</u>
Other receivables and prepayments	341,978	278,422
Amount due from an associated company (Note b)	17,955	26,863
Amounts due from joint ventures (Note b)	147,218	156,218
Loan to an associated company (Note c)	109,800	-
Derivative financial instruments		
Cross currency interest rate swaps under cash flow hedge	2,010	-
	<u>4,033,078</u>	<u>3,033,587</u>

NOTES TO THE FINANCIAL STATEMENTS

20 Trade and other receivables (Continued)

Trust	2021 HK\$'000	2020 HK\$'000
Other receivables and prepayments	366	389
Amounts due from subsidiary companies (Note b)	714	770
	1,080	1,159

Trade and other receivables are denominated in the following currencies:

Group	2021 Percentage	2020 Percentage
Hong Kong dollar	48%	46%
Renminbi	41%	39%
United States dollar	11%	15%
	100%	100%

Trust	2021 Percentage	2020 Percentage
Singapore dollar	100%	100%

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

Notes:

- (a) At 1 January 2020, trade receivables of the Group amounted to HK\$2,585,212,000.
- (b) The amounts due from a related company, an associated company and joint ventures of the Group; and amounts due from subsidiary companies of the Trust are unsecured, interest free and have no fixed terms of repayment.
- (c) The loan to an associated company is unsecured, interest bearing at a fixed rate of 2.3% per annum and repayable in one year.
- (d) At 31 December 2021, trade receivables of the Group amounting to HK\$50,786,000 (2020: HK\$51,043,000) were impaired and provided for. The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables.

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

	2021 HK\$'000	2020 HK\$'000
At beginning of the year	51,043	51,261
Additions	650	-
Write back	(251)	(234)
Written off	(563)	-
Currency translation differences	(93)	16
At end of the year	50,786	51,043

NOTES TO THE FINANCIAL STATEMENTS

20 Trade and other receivables (Continued)

Notes: (Continued)

(d) (Continued)

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

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

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

21 Trade and other payables

Group	2021 HK\$'000	2020 HK\$'000
Trade payables, other payables and accruals	6,403,773	5,131,248
Loans from non-controlling interests (Note a)	115,756	148,936
Lease liabilities	12,100	14,294
Derivative financial instruments		
Interest rate swaps under cash flow hedge (Note 24)	-	23,817
Amounts due to related companies (Note b)	100,958	109,407
Amounts due to associated companies (Note b)	2,898	2,908
Amounts due to joint ventures (Note b)	77,560	87,041
	6,713,045	5,517,651

Trust	2021 HK\$'000	2020 HK\$'000
Trade payables, other payables and accruals	5,642	5,956
Amounts due to:		
- a related company (Note b)	16,477	12,320
- subsidiary companies (Note b)	1,234	3,984
	23,353	22,260

Trade and other payables are denominated in the following currencies:

Group	2021 Percentage	2020 Percentage
Hong Kong dollar	83%	65%
Renminbi	15%	33%
United States dollar	2%	2%
	100%	100%

NOTES TO THE FINANCIAL STATEMENTS

21 Trade and other payables (Continued)

Trust	2021 Percentage	2020 Percentage
Hong Kong dollar	5%	18%
United States dollar	71%	55%
Singapore dollar	24%	27%
	100%	100%

At 31 December 2021, the carrying amounts of trade and other payables of the Group and of the Trust approximate their fair values.

Notes:

- (a) The loans from non-controlling interests of the Group are unsecured, interest free except for the amount of RMB70,000,000, approximate to HK\$85,400,000 (2020: approximate to HK\$83,300,000) which bears interest at fixed rate of 2.0% per annum and repayable in one year. As at 31 December 2020, another loan of HK\$30,380,000 which bear interest at Hong Kong Dollar Prime Rate, and have no fixed terms of repayment was settled during the year ended 31 December 2021.
- (b) Amounts due to related companies, associated companies and joint ventures of the Group; and amounts due to a related company and subsidiary companies of the Trust are unsecured, interest free and have no fixed terms of repayment.

22 Bank and other debts

Group	Current portion HK\$'000	Non-current portion HK\$'000	Total HK\$'000
Unsecured bank loans	3,298,000	10,140,000	13,438,000
Guaranteed notes	3,900,000	11,700,000	15,600,000
Total principal amount of bank and other debts	7,198,000	21,840,000	29,038,000
Unamortised loan facilities fees and discounts related to debts	(7,655)	(110,038)	(117,693)
At 31 December 2021	7,190,345	21,729,962	28,920,307
Unsecured bank loans	3,992,000	17,628,000	21,620,000
Guaranteed notes	–	7,800,000	7,800,000
Total principal amount of bank and other debts	3,992,000	25,428,000	29,420,000
Unamortised loan facilities fees and discounts related to debts	(1,430)	(99,827)	(101,257)
At 31 December 2020	3,990,570	25,328,173	29,318,743

The carrying amounts of bank loans of the Group approximate their fair values as the bank loans bear floating interest rates and are repriced within one month at the prevailing market interest rates. The loans will be fully repayable from September 2022 to September 2026 (2020: repayable from March 2021 to March 2025).

NOTES TO THE FINANCIAL STATEMENTS

22 Bank and other debts (Continued)

In September 2017, the Group issued a 5-year US\$500 million 2.75% guaranteed note due 2022. Cross currency interest rate swaps are utilised by the Group in the management of its foreign currency exposures. The Group's policy is not to utilise derivative financial instruments for trading or speculative purposes. The Group has entered into cross currency interest rate swap agreements with banks to swap the fixed interest rate United States dollar guaranteed notes to fixed interest rate Hong Kong dollar debts.

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

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

The effective interest rate of the Group's bank and other debts at 31 December 2021 is 2.3% per annum (2020: 2.0% per annum).

Bank and other debts are denominated in the following currencies:

Group	2021 Percentage	2020 Percentage
Hong Kong dollar	11%	15%
United States dollar	89%	85%
	100%	100%

23 Pension assets

Group	2021 HK\$'000	2020 HK\$'000
Defined benefit plans		
Pension assets	303,782	85,714

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 2021 and 31 December 2020 using the projected unit credit method to account for the pension accounting costs in accordance with HKAS 19 (2011) "Employee Benefits".

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

	2021 Percentage	2020 Percentage
Discount rate	1.20-1.50%	0.30-0.60%
Future salary increases	3.50%	3.50%
Interest credited on plan accounts	5.00-6.00%	5.00-6.00%

NOTES TO THE FINANCIAL STATEMENTS

23 Pension assets (Continued)**(a) Defined benefit plans (Continued)**

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

	2021 HK\$'000	2020 HK\$'000
Fair value of plan assets	1,699,440	1,599,377
Present value of defined benefit obligations	(1,395,658)	(1,513,663)
Net defined benefit assets	<u>303,782</u>	<u>85,714</u>

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

	Defined benefits obligations HK\$'000	Fair value of plan assets HK\$'000	Net defined benefit (liabilities)/ assets HK\$'000
2021			
At 1 January	(1,513,663)	1,599,377	85,714
Net (charge)/credit to the income statement			
Current service cost	(52,446)	(383)	(52,829)
Interest (cost)/income	(5,744)	5,579	(165)
	<u>(58,190)</u>	<u>5,196</u>	<u>(52,994)</u>
Net credit to other comprehensive income			
Remeasurements gain:			
Actuarial gain arising from:			
Experience adjustment	5,473	-	5,473
Financial assumptions	77,582	-	77,582
Demographic assumption	121	-	121
Return on plan assets excluding interest income	-	156,970	156,970
	<u>83,176</u>	<u>156,970</u>	<u>240,146</u>
Other			
Contributions paid by the employer	-	30,916	30,916
Contributions paid by the employee	(6,711)	6,711	-
Benefits paid	98,565	(98,565)	-
Net transfer	1,165	(1,165)	-
At 31 December	<u>(1,395,658)</u>	<u>1,699,440</u>	<u>303,782</u>

NOTES TO THE FINANCIAL STATEMENTS

23 Pension assets (Continued)**(a) Defined benefit plans (Continued)**

	Defined benefits obligations HK\$'000	Fair value of plan assets HK\$'000	Net defined benefit (liabilities)/ assets HK\$'000
2020			
At 1 January	(1,447,445)	1,405,698	(41,747)
Net (charge)/credit to the income statement			
Current service (cost)/recharge	(50,533)	363	(50,170)
Interest (cost)/income	(21,058)	20,756	(302)
	(71,591)	21,119	(50,472)
Net (charge)/credit to other comprehensive income			
Remeasurements (loss)/gain:			
Actuarial (loss)/gain arising from:			
Experience adjustment	723	-	723
Financial assumptions	(93,751)	-	(93,751)
Demographic assumption	152	-	152
Return on plan assets excluding interest income	-	236,823	236,823
	(92,876)	236,823	143,947
Other			
Contributions paid by the employer	-	33,986	33,986
Contributions paid by the employee	(7,345)	7,345	-
Benefits paid	98,823	(98,823)	-
Net transfer	6,771	(6,771)	-
At 31 December	(1,513,663)	1,599,377	85,714

NOTES TO THE FINANCIAL STATEMENTS

23 Pension assets (Continued)**(a) Defined benefit plans (Continued)**

Fair value of the plan assets is analysed as follows:

	2021	2020
	Percentage	Percentage
Equity Instruments		
Conglomerates and manufacturing	2%	2%
Consumer markets	2%	2%
Energy and utilities	1%	1%
Financial institutions and units trust	55%	52%
Health and care	3%	3%
Insurance	1%	1%
Real estate	0%	1%
Information technology	7%	7%
Others	1%	2%
	72%	71%
Debt instruments		
Government (other than US)	5%	7%
Financial institutions	4%	7%
US Treasury	5%	4%
Others	8%	7%
	22%	25%
Cash and others	6%	4%
	100%	100%

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

	2021	2020
	Percentage	Percentage
Aaa/AAA	17%	17%
Aa1/AA+	15%	15%
Aa2/AA	6%	6%
Aa3/AA-	8%	8%
A1/A+	14%	14%
A2/A	9%	9%
A3/A-	9%	9%
Baa1/BBB+	9%	9%
Baa2/BBB	3%	3%
Other lower grade	2%	2%
No investment grade	8%	8%
	100%	100%

NOTES TO THE FINANCIAL STATEMENTS

23 Pension assets (Continued)**(a) Defined benefit plans (Continued)**

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

Contributions to fund the obligations are based upon the recommendations of independent qualified actuaries for each of the pension plans of the Group to fully fund the relevant schemes on an ongoing basis. The realisation of the deficit is contingent upon the realisation of the actuarial assumptions made which is dependent upon a number of factors including the market performance of plan assets. Funding requirements of the major defined benefit plans of the Group are detailed below.

The Group operates two principal pension plans in Hong Kong. One plan, which has been closed to new entrants since 1994, provides pension benefits based on the greater of the aggregate of the employee and employer vested contributions plus a minimum interest thereon of 6% per annum, and pension benefits derived by a formula based on the final salary and years of service. An independent actuarial valuation, undertaken for funding purposes under the provision of Hong Kong's Occupational Retirement Schemes Ordinance ("ORSO"), at 30 June 2019 reported a funding level of 134% 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 5% per annum, salary increases of 4% per annum and interest credited to balances of 6% per annum. The valuation was prepared by Tian Keat Aun, a Fellow of The Institute and Faculty of Actuaries, and William Chow, a Fellow of the Society of Actuaries, of Towers Watson Hong Kong Limited. The second plan provides benefits equal to the employer vested contributions plus a minimum interest thereon of 5% per annum. As at 31 December 2021, vested benefits under this plan are fully funded in accordance with the ORSO funding requirements. During the year ended 31 December 2021, forfeited contributions totalling HK\$981,000 (2020: HK\$859,000) were used to reduce the level of contributions of the year ended 31 December 2021 and no forfeited contribution was available at 31 December 2021 (2020: nil) to reduce future year's contributions.

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

	Change in assumption	Impact on defined benefit obligation	
		Increase in assumption	Decrease in assumption
Discount rate	0.25%	Decrease by 1.5%	Increase by 1.5%
Salary increase	0.25%	Increase by 0.2%	Decrease by 0.2%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous year.

The Group expects to make contributions of HK\$32,000,000 (2020: HK\$34,360,000) to the defined benefit plans during the next year.

The weighted average duration of the defined benefit obligation is 6.0 years as at 31 December 2021 (2020: 6.6 years).

(b) Defined contribution plans

The Group's cost in respect of defined contribution plans for the year amounted to HK\$75,435,000 (2020: HK\$20,268,000).

NOTES TO THE FINANCIAL STATEMENTS

24 Other non-current liabilities

Group	2021	2020
	HK\$'000	HK\$'000
Derivative financial instruments:		
Cash flow hedges		
Cross currency interest rate swaps	115,654	256,930
Interest rate swaps	-	40,594
Less: current portion of interest rate swaps (Note 21)	-	(23,817)
Non-current portion of derivative financial instruments	115,654	273,707
Lease liabilities	5,859	15,783
Others	119,463	123,575
	240,976	413,065

25 Units in issue

Group and Trust	Number of	HK\$'000
	units	
At 1 January 2020, 31 December 2020 and 31 December 2021	8,711,101,022	68,553,839

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

26 Investment in a subsidiary company

Trust	2021	2020
	HK\$'000	HK\$'000
Investment cost	10,000	10,000
Capital contribution	47,171,833	48,448,809
Less: accumulated impairment	(24,212,051)	(24,212,051)
	22,969,782	24,246,758

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

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

NOTES TO THE FINANCIAL STATEMENTS

27 Notes to consolidated statement of cash flows**(a) Reconciliation of operating profit to cash generated from operations is as follows:**

	2021 HK\$'000	2020 HK\$'000
Operating profit	5,378,786	3,506,860
Depreciation and amortisation	3,050,872	3,054,011
Net gain on disposal of fixed assets	(10,493)	(15,556)
Dividend income	(28,854)	(33,492)
Interest income	(63,677)	(75,639)
Operating profit before working capital changes	8,326,634	6,436,184
Decrease in inventories	12,784	3,038
Increase in trade and other receivables	(882,476)	(10,158)
Movement in balances with associated companies and joint ventures	8,417	16,409
Increase in trade and other payables	1,136,655	147,399
Increase in pension assets	22,078	15,944
Cash generated from operations	8,624,092	6,608,816

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

	Dividend payable to non-controlling interests HK\$'000	Bank loans repayable not exceeding 1 year HK\$'000	Bank loans repayable more than 1 year HK\$'000	Guaranteed notes HK\$'000	Cross currency interest rate swaps contract and interest rate swap contracts held to hedge against foreign currency risks and fair value risks of Guaranteed notes and Bank loans HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
At 1 January 2021	-	3,990,570	17,563,628	7,764,545	297,524	30,077	29,646,344
Cash flows (Note)	(1,208,836)	(3,992,000)	(4,190,000)	7,735,586	-	(12,747)	(1,667,997)
Foreign exchange adjustments	3,290	-	-	-	-	-	3,290
Transfer between categories	-	3,294,669	(3,294,669)	-	-	-	-
Dividends to non-controlling interests	1,205,546	-	-	-	-	-	1,205,546
Decrease in lease liabilities	-	-	-	-	-	(360)	(360)
Other non-cash movements	-	1,430	28,495	18,053	(269,447)	989	(220,480)
At 31 December 2021	-	3,294,669	10,107,454	15,518,184	28,077	17,959	28,966,343

Note: The total cash outflow for the leases in 2021 was HK\$67,479,000.

NOTES TO THE FINANCIAL STATEMENTS

27 Notes to consolidated statement of cash flows (Continued)

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

	Dividend payable to non-controlling interests HK\$'000	Bank loans repayable not exceeding 1 year HK\$'000	Bank loans repayable more than 1 year HK\$'000	Guaranteed notes HK\$'000	Cross currency interest rate swaps contract and interest rate swap contracts held to hedge against foreign currency risks and fair value risks of Guaranteed notes and Bank loans HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
At 1 January 2020	-	202,545	18,708,669	11,645,134	144,801	40,722	30,741,871
Cash flows (Note)	(1,461,276)	(202,560)	2,814,040	(3,900,000)	-	(12,697)	(2,762,493)
Foreign exchange adjustments	(8,623)	15	405	-	-	-	(8,203)
Fair value adjustments	-	-	-	3,647	-	-	3,647
Transfer between categories	-	3,986,050	(3,986,050)	-	-	-	-
Dividends to non-controlling interests	1,469,899	-	-	-	-	-	1,469,899
Increase in lease liabilities	-	-	-	-	-	491	491
Other non-cash movements	-	4,520	26,564	15,764	152,723	1,561	201,132
At 31 December 2020	-	3,990,570	17,563,628	7,764,545	297,524	30,077	29,646,344

Note: The total cash outflow for the leases in 2020 was HK\$60,260,000.

28 Commitments

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

	2021 HK\$'000	2020 HK\$'000
Fixed assets and projects under development Contracted but not provided for	45,883	37,113
Capital contribution to a joint venture	1,241,198	-

NOTES TO THE FINANCIAL STATEMENTS

28 Commitments (Continued)

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

	2021 HK\$'000	2020 HK\$'000
Contracted but not provided for	42,365	5,670

(c) The Group leases various offices premises and port facilities under non-cancellable leases expiring within two months to eleven months (2020: two months to eleven months). The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

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

	2021 HK\$'000	2020 HK\$'000
Within one year	1,669	357

(d) At 31 December 2021, the Group has leased certain office premises and port facilities to third parties under non-cancellable operating leases. Aggregate minimum lease receivables are as follows:

	2021 HK\$'000	2020 HK\$'000
Within one year	104,841	69,973
Between one and two years	102,554	65,646
Between two and three years	101,079	65,793
Between three to four years	52,286	59,277
Between four to five years	18,268	12,400
	379,028	273,089

NOTES TO THE FINANCIAL STATEMENTS

29 Related parties transactions

Significant transactions between the Group and related parties during the year that are carried out in the normal course of business are disclosed below. Outstanding balances with associated companies, joint ventures and group companies are disclosed in Notes 15, 16, 20 and 21.

(i) Income from and expenses to related parties

	2021 HK\$'000	2020 HK\$'000
Income:		
Container handling fees received from joint ventures, an associated company and related companies (Note a)	11,554	26,012
Management, service and support fee received from related companies (Note b)	43,029	43,080
Transportation management services fee income from related companies (Note c)	182,376	38,105
Interest income from a joint venture and an associated company (Note d)	28,804	25,239
Expenses:		
Container handling charges paid to joint ventures and related companies (Note e)	11,956	12,256
Lease rentals on premises and port facilities paid to a joint venture, an associated company and related companies (Note e)	10,211	16,451
Trustee-Manager management fees (Note f)		
- Base fee	25,060	24,593
- Development fee	3,552	-
- Acquisition fee	72	270
Global support services fees to a related company (Note g)	150,362	147,560
Information technology ("IT") support and maintenance service fees paid to a joint venture and related companies (Note h)	46,712	44,781

Notes:

- (a) Container handling fees received from joint ventures, an associated company and related companies were charged at terms pursuant to the relevant agreements.
- (b) Management, service and support fee received from related companies were charged at terms mutually agreed.
- (c) Revenue from related companies for the provision of transportation management services was charged at prices and terms mutually agreed.
- (d) A loan of HK\$120,000,000 provided to a joint venture is interest bearing at HIBOR plus 2.1% per annum (2020: HIBOR plus 2.1% per annum). Another loans of RMB530,000,000, approximate to HK\$646,600,000 (2020: RMB510,000,000, approximate to HK\$606,900,000) and RMB90,000,000, approximate to HK\$109,800,000 (2020: nil) provided to an associated company are unsecured and interest bearing at a fixed rate of 4.0% and 2.3% per annum, respectively.
- (e) Container handling charges and lease rentals paid to joint ventures, an associated company and related companies were charged at terms pursuant to relevant agreements.

NOTES TO THE FINANCIAL STATEMENTS

29 Related parties transactions (Continued)

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

Notes: (Continued)

(f) The Trustee-Manager's management fees were charged in accordance with the Trust Deed.

The base fee was charged at a fixed fee of US\$2,500,000 (equivalent to HK\$19,500,000) per annum which is subject to increase each year from 2012 by such percentage representing the percentage increase in the Hong Kong Composite Consumer Price Index. The base fee for the year ended 31 December 2021 is payable in cash. As the December 2021 figure for the Hong Kong Composite Consumer Price Index is yet to be published as at the date of preparation of these financial statements, the adjustment to the base fee, if required, will be accounted for in the subsequent financial year.

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

- (1) where the total project costs incurred in the development project is less than US\$500 million, the Trustee-Manager is entitled to receive a fee of 2.5% of the total project costs incurred (pro-rated to HPH Trust's 39.73% effective interest in the subject development project); and
- (2) where the total project costs incurred in the development project is US\$500 million or more, the Trustee-Manager is entitled to receive a fee of US\$12.5 million plus 1.5% of the total project costs incurred which exceeds US\$500 million (pro-rated to HPH Trust's 39.73% effective interest in the subject development project).

For the year ended 31 December 2021, the project costs incurred from the commencement of the project to 31 December 2021 was less than US\$500 million, the development fee was calculated based on the 2.5% of the project costs incurred for the aforesaid period.

Acquisition fees relate to the acquisition of equity interest of 49.0% in SupplyLINE Logistics Limited and 9.7287% in Hutchison Inland Container Depots Limited by the subsidiaries of HPH Trust in 2021 and 2020, respectively. They were charged in accordance with the Trust Deed where the Sponsor (as defined in the Trust Deed) does not have direct or indirect interests of more than 50.0% in the investments acquired. It was calculated based on 1.0% of the Enterprise Value (as defined in the Trust Deed) of the subject investments.

- (g) Global support services fees in respect of administration services, and licence for certain intellectual property rights were charged at prices and terms mutually agreed.
- (h) IT support and maintenance services fees in respect of the support and maintenance of IT systems paid to a joint venture and related companies were charged at prices and terms mutually agreed.

(ii) Other transactions with related parties

The Group acquired fixed assets from a related company which were charged at prices and terms mutually agreed as below:

	2021 HK\$'000	2020 HK\$'000
Purchases of fixed assets from a related company	-	7,238

NOTES TO THE FINANCIAL STATEMENTS

29 Related parties transactions (Continued)

(iii) Key management compensation

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

	2021 HK\$'000	2020 HK\$'000
Salaries and employee benefits	29,094	28,946

30 Financial risk and capital management**(a) Cash management and funding**

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

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

(b) Capital management

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

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

The Group has complied with all externally imposed capital requirements which include a leverage ratio.

At 31 December 2021, total equity amounted to HK\$47,399,123,000 (2020: HK\$45,603,935,000), and consolidated net debt, which represents cash less bank and other debts, of the Group was HK\$17,989,993,000 (2020: HK\$21,653,412,000).

(c) Credit exposure

The Group's holdings of cash and cash equivalents, cross currency interest rate swaps contracts and interest rate swaps contracts with financial institutions expose the Group to counterparty credit risk. The Group controls its credit risk to non-performance by its counterparties through regular review and monitoring of their credit ratings.

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

The ECL on trade receivables is calculated using a provision matrix where a provision rate applies based on its historical observed default rates, as adjusted by forward-looking information. On that basis, no material additional ECL was recognised as at 31 December 2021 and 2020.

NOTES TO THE FINANCIAL STATEMENTS

30 Financial risk and capital management (Continued)**(d) Interest rate exposure**

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

The impact of a hypothetical 5 basis points increase in market interest rate at the end of the reporting period would reduce the Group's profit and unitholders' equity by HK\$4,924,000 (2020: HK\$8,487,000).

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

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

	2021	2020
	HK\$'000	HK\$'000
Carrying amount (liabilities)	(30,087)	(285,550)
Notional amount (Note)	7,800,000	11,700,000
Maturity date	March 2023 to March 2025	March 2021 to March 2025
Hedge ratio	1:1	1:1
Change in fair value of outstanding hedging instruments since 1 January	5,348	150,553
Change in value of hedged item used to determine hedge effectiveness	(5,348)	(150,553)
Pay average interest rate	2.15%	2.62%
Receive average interest rate	0.84%	0.94%

Note:

The contractual notional amount of interest rate swaps held for hedging which is based on LIBOR is HK\$7,800,000,000 (2020: HK\$11,700,000,000).

NOTES TO THE FINANCIAL STATEMENTS

30 Financial risk and capital management (Continued)**(e) Foreign currency exposure**

The Group has entered into cross currency interest rate swap contracts to hedge its foreign currency exposure in respect of bank borrowings denominated in United States dollars with principal amount equivalent to HK\$7,800 million (2020: HK\$7,800 million) to HK dollar borrowings.

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

	2021	2020
	HK\$'000	HK\$'000
Carrying amount (liabilities)	(113,644)	(256,930)
Notional amount	7,800,000	7,800,000
Maturity date	September 2022 to March 2023	September 2022 to March 2023
Hedge ratio	1:1	1:1
Change in fair value of outstanding hedging instruments since 1 January	5,494	(53,431)
Change in value of hedged item used to determine hedge effectiveness	(5,494)	53,431
Average exchange rate	HK\$7.83/US\$1	HK\$7.83/US\$1

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

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

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

	Hypothetical increase/ (decrease) in profit	
	2021	2020
	HK\$'000	HK\$'000
Renminbi	64,134	11,477
Singapore dollar	(212)	(192)
Others	5	15
	63,927	11,300

NOTES TO THE FINANCIAL STATEMENTS

30 Financial risk and capital management (Continued)**(f) Liquidity exposure**

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

Group	Contractual maturities				
	Carrying amounts HK\$'000	Total undiscounted cash flows HK\$'000	Within 1 year HK\$'000	Within 2 to 5 years HK\$'000	After 5 years HK\$'000
2021					
Trade and other payables	6,713,045	6,724,228	6,724,228	-	-
Bank and other debts	28,920,307	29,038,000	7,198,000	21,840,000	-
Other non-current liabilities	121,513	144,346	91,394	52,952	-
	35,754,865	35,906,574	14,013,622	21,892,952	-
2020					
Trade and other payables	5,517,651	5,517,651	5,517,651	-	-
Bank and other debts	29,318,743	29,420,000	3,992,000	25,428,000	-
Other non-current liabilities	289,490	197,395	128,437	68,958	-
	35,125,884	35,135,046	9,638,088	25,496,958	-

The table for the Group above excludes interest accruing and payable on certain of these liabilities which is estimated to be HK\$538,741,000 (2020: HK\$516,531,000) in "within 1 year" maturity band, HK\$819,601,000 (2020: HK\$765,902,000) 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.

Trust	Contractual maturities			
	Carrying amounts HK\$'000	Total undiscounted cash flows HK\$'000	Within 1 year HK\$'000	Within 2 to 5 years HK\$'000
2021				
Trade and other payables	23,353	23,353	23,353	-
2020				
Trade and other payables	22,260	22,260	22,260	-

NOTES TO THE FINANCIAL STATEMENTS

30 Financial risk and capital management (Continued)**(g) Financial instruments by category**

The following table shows the classification category and carrying amount as at 31 December 2021 and 31 December 2020 under HKFRS 9 for the Group's financial assets and financial liabilities:

	Note	Classification	2021 HK\$'000	2020 HK\$'000
Financial assets				
Listed equity security	17	FVOCI	39,151	32,063
River Ports Economic Benefits	17	FVOCI	283,000	285,000
Interest rate swaps	17	Fair value-hedges	85,567	-
Cross currency interest rate swaps	20	Fair value-hedges	2,010	-
Cash and cash equivalents	19	Amortised cost	11,048,007	7,766,588
Trade and other receivables	20	Amortised cost	4,031,068	3,033,587
			<u>15,488,803</u>	<u>11,117,238</u>
	Note	Classification	2021 HK\$'000	2020 HK\$'000
Financial liabilities				
Bank and other debts	22	Amortised cost	28,920,307	29,318,743
Trade and other payables	21	Amortised cost	6,700,945	5,479,540
Lease liabilities	21,24	Amortised cost	17,959	30,077
Cross currency interest rate swaps	24	Fair value-hedges	115,654	256,930
Interest rate swaps	24	Fair value-hedges	-	40,594
			<u>35,754,865</u>	<u>35,125,884</u>
Representing :				
Financial assets measured at				
FVOCI			322,151	317,063
Amortised cost			15,079,075	10,800,175
Fair value-hedges			87,577	-
Financial liabilities measured at				
Amortised cost			35,639,211	34,828,360
Fair value-hedges			115,654	297,524

NOTES TO THE FINANCIAL STATEMENTS

30 Financial risk and capital management (Continued)**(h) Fair value estimation**

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

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

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

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

	Note	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 31 December 2021					
Listed equity security	17	39,151	-	-	39,151
River Ports Economic Benefits	17	-	-	283,000	283,000
Cash flow hedges					
Interest rate swaps	17	-	85,567	-	85,567
Cross currency interest rate swaps	20	-	2,010	-	2,010
Cross currency interest rate swaps	24	-	(115,654)	-	(115,654)
		39,151	(28,077)	283,000	294,074
	Note	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 31 December 2020					
Listed equity security	17	32,063	-	-	32,063
River Ports Economic Benefits	17	-	-	285,000	285,000
Cash flow hedges					
Cross currency interest rate swaps	24	-	(256,930)	-	(256,930)
Interest rate swaps	24	-	(40,594)	-	(40,594)
		32,063	(297,524)	285,000	19,539

The fair value of the cross currency interest rate swaps and interest rate swaps included in level 2 category above are estimated using the present value of the estimated future cash flows based on observable yield curves. The fair value of financial instruments that are not traded in active market (level 3) is determined by discounted cash flow analysis with reference to inputs such as dividend stream.

Changing unobservable inputs used in Level 3 valuation to reasonable alternative assumptions would not have significant impact on the Group's profit or loss.

During the years ended 31 December 2021 and 2020, there were no transfers between the Level 1, Level 2 and Level 3 fair value measurements.

At 31 December 2021, the fair value of bank and other debts (Note 22) was HK\$29,059.4 million (31 December 2020: HK\$29,611.2 million). The carrying amounts of the remaining financial assets and financial liabilities approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS

31 List of subsidiary companies of the Group

(a) Details of principal subsidiary companies of the Group at 31 December 2021 and 2020 are as follows:

Name	Place of incorporation/ establishment	Principal activities	Particulars of issued share capital/registered capital	Effective interest held	
				2021	2020
HPHT Limited ⁽¹⁾	Hong Kong	Investment holding	HK\$10,000,000	100%	100%
Giantfield Resources Limited ⁽²⁾	British Virgin Islands	Investment holding	2 ordinary shares of US\$1 each	100%	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%	100%
Pearl Spirit Limited ⁽²⁾	British Virgin Islands	Investment holding	1 ordinary share of US\$1	100%	100%
Hongkong International Terminals Limited ⁽¹⁾	Hong Kong	Development and operation of container terminals	HK\$20	100%	100%
Yantian International Container Terminals Limited ⁽¹⁾	China	Development and operation of container terminals	HK\$2,400,000,000	56.41%	56.41%
Yantian International Container Terminals (Phase III) Limited ⁽¹⁾	China	Development and operation of container terminals	HK\$6,056,960,000	51.64%	51.64%
Shenzhen Pingyan Multimodal Company Limited ⁽¹⁾	China	Provision of various transportation services	RMB150,000,000	51.64%	51.64%
Shenzhen Yantian West Port Terminals Limited ⁽¹⁾	China	Development and operation of container terminals	RMB2,343,300,000	51.64%	51.64%
Hutchison Ports Yantian Limited ⁽¹⁾	Hong Kong	Investment holding	HK\$10,000,000	79.45%	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%	94.88%
Sigma Enterprises Limited ⁽¹⁾	British Virgin Islands	Investment holding	2,005 "A" shares of US\$1 each 8,424 "B" shares of US\$1 each	79.45%	79.45%
Hutchison Ports Yantian Investments Limited ⁽²⁾	British Virgin Islands	Investment holding	200 ordinary shares of US\$1 each	100%	100%

NOTES TO THE FINANCIAL STATEMENTS

31 List of subsidiary companies of the Group (Continued)

- (a) Details of principal subsidiary companies of the Group at 31 December 2021 and 2020 are as follows:
(Continued)

Name	Place of incorporation/ establishment	Principal activities	Particulars of issued share capital/registered capital	Effective interest held 2021	2020
Birrong Limited ⁽²⁾	British Virgin Islands	Investment holding	10,000 ordinary shares of US\$1 each	100%	100%
Hutchison Shenzhen East Investments Limited ⁽²⁾	British Virgin Islands	Investment holding	1 ordinary share of US\$1	100%	100%

(1) Audited by PricewaterhouseCoopers network firms

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

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.

(b) Material non-controlling interests

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

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

Summarised statement of financial position

	2021 HK\$'000	2020 HK\$'000
Non-current assets	60,681,858	62,140,996
Current assets	8,988,284	6,337,514
Total assets	<u>69,670,142</u>	<u>68,478,510</u>
Non-current liabilities	6,467,223	7,032,383
Current liabilities	4,366,386	3,419,464
Total liabilities	<u>10,833,609</u>	<u>10,451,847</u>

Summarised income statement

	2021 HK\$'000	2020 HK\$'000
Revenue and other income	<u>9,249,513</u>	<u>7,217,320</u>
Net profit for the year	<u>3,938,984</u>	<u>2,676,749</u>

NOTES TO THE FINANCIAL STATEMENTS

31 List of subsidiary companies of the Group (Continued)**(b)** Material non-controlling interests (Continued)

Summarised statement of cash flows

	2021	2020
	HK\$'000	HK\$'000
Net change in cash and cash equivalents	3,008,205	(526,870)
Dividends paid to non-controlling interests	1,208,836	1,461,276

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

32 Approval of the financial statements

The financial statements set out on pages 112 to 168 were approved by the Board of Directors of the Trustee-Manager for issue on 9 February 2022.

STATISTICS OF UNITHOLDINGS

As at 7 March 2022

There were 8,711,101,022 units (voting rights: 1 vote per unit) in issue as at 7 March 2022. There is only one class of units in HPH Trust. There were no treasury units held by HPH Trust.

DISTRIBUTION OF UNITHOLDINGS

SIZE OF UNITHOLDINGS	NO. OF UNITHOLDERS	%	NO. OF UNITS	%
1 - 99	14	0.04	389	0.00
100 - 1,000	2,971	9.16	2,834,488	0.03
1,001 - 10,000	16,850	51.93	85,054,599	0.98
10,001 - 1,000,000	12,472	38.44	812,181,152	9.32
1,000,001 AND ABOVE	140	0.43	7,811,030,394	89.67
TOTAL	32,447	100.00	8,711,101,022	100.00

SUBSTANTIAL UNITHOLDERS

Based on Register of Substantial Unitholders as at 7 March 2022

Unitholders	Direct interest		Deemed interest	
	No. of Units	%	No. of Units	%
1. CK Hutchison Holdings Limited ⁽¹⁾	-	-	2,619,246,222	30.07
2. Hutchison Port Group Holdings Limited	2,406,227,022	27.62	-	-
3. CK Hutchison Global Investments Limited ⁽²⁾	-	-	2,406,227,022	27.62
4. PortCapital Limited	905,364,000	10.39	-	-
5. PSA International Pte Ltd ⁽³⁾	315,764,400	3.62	905,364,000	10.39
6. Temasek Holdings (Private) Limited ⁽⁴⁾	-	-	1,221,272,773	14.02

Notes:

- (1) CK Hutchison Holdings Limited ("CKHH"), through its wholly-owned subsidiary, CK Hutchison Global Investments Limited ("CKHGI"), is deemed to have the interest held by Hutchison Port Group Holdings Limited ("HPGH") in HPH Trust. CKHH, through its wholly-owned subsidiary, Cheung Kong (Holdings) Limited ("Cheung Kong"), has a deemed interest in 2.45% of the units in HPH Trust held by Cheung Kong's subsidiaries.
- (2) CKHGI, being the immediate holding company of HPGH, is deemed to have the same interest in HPH Trust as HPGH.
- (3) 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.
- (4) 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 Temasek's various other subsidiaries and associated companies.

STATISTICS OF UNITHOLDINGS

As at 7 March 2022

TWENTY LARGEST UNITHOLDERS

NO.	NAME	NO. OF UNITS	%
1	HUTCHISON PORT GROUP HOLDINGS LIMITED	2,406,227,022	27.62
2	CITIBANK NOMINEES SINGAPORE PTE LTD	1,513,126,015	17.37
3	PORTCAPITAL LIMITED	905,364,000	10.39
4	DBS NOMINEES (PRIVATE) LIMITED	735,558,280	8.44
5	RAFFLES NOMINEES (PTE.) LIMITED	492,963,017	5.66
6	PSA INTERNATIONAL PTE LTD	330,814,600	3.80
7	HSBC (SINGAPORE) NOMINEES PTE LTD	250,662,272	2.88
8	DBSN SERVICES PTE. LTD.	236,377,603	2.71
9	BNP PARIBAS NOMINEES SINGAPORE PTE. LTD.	230,000,849	2.64
10	OCBC SECURITIES PRIVATE LIMITED	71,356,021	0.82
11	DB NOMINEES (SINGAPORE) PTE LTD	53,758,773	0.62
12	PHILLIP SECURITIES PTE LTD	44,538,844	0.51
13	BPSS NOMINEES SINGAPORE (PTE.) LTD.	43,758,391	0.50
14	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	40,095,426	0.46
15	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	37,844,700	0.43
16	UOB KAY HIAN PRIVATE LIMITED	37,101,249	0.43
17	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	23,720,840	0.27
18	ESTATE OF NG AH PEE @ NG TENG FONG, DECEASED	15,185,000	0.17
19	ABN AMRO CLEARING BANK N.V.	12,728,051	0.15
20	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	12,481,300	0.14
TOTAL		7,493,662,253	86.01

FREE FLOAT

Based on the information made available to the Trustee-Manager, as at 7 March 2022, approximately 55.88% of the 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

	Total volume (‘000)	Highest Price		Lowest Price	
		(US\$)	(S\$)	(US\$)	(S\$)
Unit performance in 2021	2,476,731	0.260	0.340	0.190	0.255

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 convened and held by way of electronic means on Tuesday, 26 April 2022 at 11:00 a.m. (Singapore time) 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 financial statements of HPH Trust for the year ended 31 December 2021 together with the Independent Auditor's Report thereon. **(Ordinary 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. **(Ordinary Resolution 2)**

SPECIAL BUSINESS:

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

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

That pursuant to Clause 6.1.1 of the deed of trust dated 25 February 2011, the first supplemental deed dated 28 April 2014 and the second supplemental deed dated 8 June 2020 (collectively, "**Trust Deed**"), Section 36 of the Business Trusts Act 2004 of Singapore ("**BTA**"), and Rule 806 of the Listing Manual of Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Trustee-Manager, on behalf of HPH Trust, be authorised and empowered to:

- (a)
 - (i) issue Units, whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units, at any time and upon such terms and conditions whether for cash or otherwise and for such purposes and to such persons as the Trustee-Manager may in its absolute discretion deem fit; and
- (b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue Units pursuant to any Instrument made or granted by the Trustee-Manager while this Resolution was in force,

provided that:

- (1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued pursuant to the Instruments, made or granted pursuant to this Resolution) shall not exceed fifty per centum (50.0%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued other than on a pro-rata basis to existing Unitholders shall not exceed twenty per centum (20.0%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below);

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)

- (2) (subject to such calculation as may be prescribed by SGX-ST) for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (1) above, the percentage of issued Units shall be based on the number of issued Units (excluding treasury Units, if any) at the time of the passing of this Resolution, after adjusting for:
- (a) new Units arising from the conversion or exercise of the Instruments which are issued and outstanding or subsisting at the time of the passing of this Resolution; and
 - (b) any subsequent bonus issue, consolidation or subdivision of Units;
- (3) in exercising the authority conferred by this Resolution, the Trustee-Manager shall comply with the provisions of the Listing Manual of SGX-ST for the time being in force (unless such compliance has been waived by SGX-ST), the Trust Deed and the BTA; and
- (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.

(Ordinary Resolution 3)

By Order of the Board
Hutchison Port Holdings Management Pte. Limited
(Incorporated in the Republic of Singapore with limited liability)
(as Trustee-Manager of Hutchison Port Holdings Trust)
(Company Registration No.: 201100749W)

WONG YOEN HAR

Company Secretary
Singapore, 4 April 2022

Explanatory Note:

Ordinary Resolution 3

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

For determining the aggregate number of Units that may be issued, the percentage of issued Units will be calculated based on the issued Units at the time the Ordinary Resolution 3 in item 3 above is passed, after adjusting for any new Units arising from the conversion or exercise of the Instruments which are issued and outstanding or subsisting at the time the Ordinary Resolution 3 is passed, and 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)

Notes:

Pre-register and participate in the Annual General Meeting via “live” audio-visual webcast or “live” audio feed

1. The Annual General Meeting of HPH Trust (the “**Meeting**”) is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. This Notice may be accessed by electronic means via publication on SGXNet and HPH Trust’s website at <https://www.hphtrust.com/agm.html>.

To keep physical interactions and COVID-19 transmission risk to a minimum, there will not be any physical meeting. Unitholders will not be able to attend the Meeting in person. All Unitholders will be able to watch the proceedings of the Meeting through a “live” audio-visual webcast via their smartphone, tablet or computer, or listen to these proceedings through a “live” audio feed via telephone. In order to do so, Unitholders who wish to watch the “live” audio-visual webcast or listen to the “live” audio feed must pre-register during the period from 11:00 a.m. on 4 April 2022 to 11:00 a.m. on 24 April 2022, at this link: <https://smartagm.sg/hphtagm2022> (“**Pre-registration Website**”). Upon authentication of their status as Unitholders, authenticated Unitholders will receive email instructions on how to access the “live” audio-visual webcast and “live” audio feed of the proceedings of the Meeting by 25 April 2022. Authenticated Unitholders who do not receive an email by 11:00 a.m. on 25 April 2022, should contact the Unit Registrar at HPHTAGM2022@boardroomlimited.com or at +65 6536 5355.

Unitholders may view the “live” audio-visual webcast or listen to the “live” audio feed of the Meeting proceedings in accordance with the email instructions. The “live” audio-visual webcast and the “live” audio feed will be opened for Unitholders to log in approximately 15 minutes prior to the commencement of the Meeting and the “live” audio-visual webcast can be accessed from any location with access to the internet with a smartphone, tablet or computer.

2. The only way for Unitholders to exercise their voting rights at the Meeting is via proxy voting (see below). A Unitholder will not be able to vote through the “live” audio-visual webcast nor “live” audio feed and voting is only through the submission of a proxy form appointing the Chairman of the Meeting as proxy.

Voting by proxy

3. Due to the current COVID-19 situation in Singapore, a Unitholder (whether individual or corporate) entitled to attend and vote at the Meeting who wishes to exercise his/her/its voting rights at the Meeting must appoint the Chairman of the Meeting as his/her/its proxy. A Unitholder (whether individual or corporate) must give specific instructions as to voting or abstentions from voting in respect of a resolution in the instrument appointing a proxy, failing which the Chairman of the Meeting as proxy for that resolution will be treated as invalid. The Chairman of the Meeting, as proxy, need not be a Unitholder.
4. The accompanying proxy form for the Meeting may be accessed at HPH Trust’s website at <https://www.hphtrust.com/agm.html> or on the SGX website at <https://www.sgx.com/securities/company-announcements> and is also made available with this Notice of the Meeting.
5. The instrument appointing the Chairman of the Meeting as proxy must be deposited at the registered office of Hutchison Port Holdings Management Pte. Limited, the Trustee-Manager of HPH Trust at 1 Harbourfront Avenue, #14-07, Keppel Bay Tower, Singapore 098632 or sent by email to HPHTAGM2022@boardroomlimited.com not less than forty-eight (48) hours before the time appointed for holding the Meeting.

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)

Investors who hold their Units through relevant intermediaries as defined in Section 181 of the Companies Act 1967 of Singapore (other than SRS investors) and who wish to exercise their votes by appointing the Chairman of the Meeting as proxy should approach their respective relevant intermediaries as soon as possible in order for the necessary arrangements to be made for their votes to be submitted. SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective SRS Approved Banks to submit their voting instructions by 5:00 p.m. on 14 April 2022 in order to allow sufficient time for their respective SRS Approved Banks to in turn submit a proxy form to appoint the Chairman of the Meeting to vote on their behalf by 11:00 a.m. on 24 April 2022. For the avoidance of doubt, for persons who hold Units through relevant intermediaries (including SRS investors), the proxy form is not valid for use and shall be ineffective for all intents and purposes.

A Unitholder who wishes to submit an instrument of proxy must **complete and sign the proxy form**, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation, Unitholders are strongly encouraged to submit completed proxy forms electronically via email.

Submission of questions prior to the Meeting

6. Unitholders may also submit questions related to the resolutions to be tabled for approval at the Meeting and these questions will be addressed prior to or during the Meeting. All questions must be submitted via any of the following channels:
 - a. via the Pre-registration Website at this link: <https://smartagm.sg/hphtagm2022>;
 - b. by email to agm_enquiry@hphtrust.com; or
 - c. by post to Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07, Keppel Bay Tower, Singapore 098632.

Unitholders are reminded to provide their full names, CDP securities account number (if any), email address and contact number when submitting their questions. Unitholders shall submit questions related to the resolutions to be tabled at the Meeting by 11:00 a.m. on 12 April 2022.

In view of the current COVID-19 situation, Unitholders are strongly encouraged to submit questions electronically via the Pre-registration Website or email.

7. HPH Trust will publish the responses to substantial and relevant questions received on or before 11:00 a.m. on 12 April 2022 via SGXNet and HPH Trust's website at <https://www.hphtrust.com/agm.html> by 20 April 2022. Substantial and relevant questions, or any subsequent clarification sought or follow-up questions received after 11:00 a.m. on 12 April 2022 may be addressed at the Meeting.
8. Only substantial and relevant questions relating to the resolutions to be tabled for approval at the Meeting received prior to the Meeting (as may be determined by HPH Trust in its sole discretion) will be addressed. Where substantially similar questions are received, the Trustee-Manager will consolidate such questions and consequently, not all questions may be individually addressed.

Access to all documents relating to the business of the Meeting

9. All documents and information relating to the business of the Meeting (including the Annual Report, this Notice of the Meeting and the instrument appointing a proxy) have been published on SGXNet and HPH Trust's website at <https://www.hphtrust.com/agm.html>.

NOTICE OF ANNUAL GENERAL MEETING

HUTCHISON PORT HOLDINGS TRUST

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Key dates/Deadlines

10. In summary, the key dates/deadlines which Unitholders should take note of are set out in the table below:

KEY DATES (SINGAPORE TIME)	ACTIONS
11:00 a.m. on 4 April 2022	Unitholders may begin to: <ul style="list-style-type: none"> • pre-register at the Pre-registration Website to view the “live” audio-visual webcast or to listen to the “live” audio feed of the Meeting proceedings; and/or • submit questions related to the resolutions to be tabled at the Meeting via the Pre-registration Website or by email at agm_enquiry@hphtrust.com or by post to Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07, Keppel Bay Tower, Singapore 098632.
11:00 a.m. on 12 April 2022	Deadline for Unitholders to submit questions related to the resolutions to be tabled at the Meeting via the Pre-registration Website or by email at agm_enquiry@hphtrust.com or by post to Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07, Keppel Bay Tower, Singapore 098632. Substantial and relevant questions received after 11:00 a.m. on 12 April 2022 may be addressed at the Meeting.
5:00 p.m. on 14 April 2022	Deadline for persons who hold their Units through relevant intermediaries as defined in Section 181 of the Companies Act 1967 of Singapore (including SRS investors) and who wish to exercise their votes by appointing the Chairman of the Meeting as proxy to approach their respective relevant intermediaries (including their respective SRS Approved Banks) to submit their voting instructions.
20 April 2022	HPH Trust to publish the responses to substantial and relevant questions received on or before 11:00 a.m. on 12 April 2022 via SGXNet and HPH Trust’s website at https://www.hphtrust.com/agm.html .
11:00 a.m. on 24 April 2022	Deadline for: <ul style="list-style-type: none"> • Unitholders to pre-register at the Pre-registration Website to view the “live” audio-visual webcast or to listen to the “live” audio feed of the Meeting proceedings; and • proxy forms to be received by the Trustee-Manager for the Meeting.
25 April 2022	Authenticated Unitholders will receive email instructions on how to access the “live” audio-visual webcast and “live” audio feed of the proceedings of the Meeting (the “ Confirmation Email ”). Unitholders who do not receive a Confirmation Email by 11:00 a.m. on 25 April 2022 but have registered by the 24 April 2022 deadline should contact the Unit Registrar at HPHTAGM2022@boardroomlimited.com or at +65 6536 5355.

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)

KEY DATES (SINGAPORE TIME)	ACTIONS
11:00 a.m. on 26 April 2022	<p>To access the “live” audio-visual webcast or “live” audio feed of the proceedings of the Meeting, please follow the instructions in the Confirmation Email.</p> <p>The “live” audio-visual webcast and the “live” audio feed will be opened for log in approximately 15 minutes prior to the commencement of the Meeting.</p>

Personal data privacy:

By submitting an instrument appointing the Chairman of the Meeting as proxy to attend, speak and vote at the Meeting and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder’s personal data by HPH Trust, the Trustee-Manager (or its agents) for the purpose of the processing and administration of the appointment of the Chairman of the Meeting as proxy (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for HPH Trust, the Trustee-Manager (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines, and recording and transmitting images and voice recordings when broadcasting the proceedings of the Meeting through a “live” audio-visual webcast or “live” audio feed (collectively, the “**Purposes**”), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder’s proxy(ies) and/or representative(s), and in the case of a Unitholder which is a relevant intermediary, where that Unitholder discloses the personal data of person(s) who holds Units through the Unitholder as a relevant intermediary, to HPH Trust, the Trustee-Manager (or its agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) and/or person(s) for the collection, use and disclosure by HPH Trust, the Trustee-Manager (or its agents) of the personal data of such proxy(ies) and/or representative(s) and/or person(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify HPH Trust, the Trustee-Manager in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder’s breach of warranty.

HUTCHISON PORT HOLDINGS TRUST

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

HUTCHISON PORT HOLDINGS MANAGEMENT PTE. LIMITED

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

PROXY FORM

The Annual General Meeting is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. This Form has been made available on SGXNet and Hutchison Port Holdings Trust's website and may be accessed at this link: <https://www.hphtrust.com/agm.html>.

(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

the Chairman of the Annual General Meeting as my/our proxy to attend and to vote for me/us on my/our behalf at the Annual General Meeting of the unitholders of HPH Trust ("**Meeting**") to be convened and held by way of electronic means on Tuesday, 26 April 2022 at 11:00 a.m. (Singapore time) and at any adjournment thereof. I/We direct the Chairman of the Meeting to vote for or against or abstain from voting on the resolutions proposed at the Meeting as indicated hereunder.

(Unitholders of HPH Trust ("**Unitholders**") should specifically indicate in this Proxy Form how they wish to vote for or against or abstain from voting on the resolutions to be tabled at the Meeting, failing which the Chairman of the Meeting as proxy for that resolution will be treated as invalid.)

No.	Resolutions relating to:	No. of Votes For**	No. of Votes Against**	No. of Votes Abstain**
1	Adoption of the Report of the Trustee-Manager, Statement by the Trustee-Manager and the audited financial statements of HPH Trust for the year ended 31 December 2021 together with the Independent 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*			

* Please refer to the Notice of Annual General Meeting of HPH Trust dated 4 April 2022 for the full text of the resolution.

** If you wish to exercise all your votes "For" or "Against" or "Abstain", please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate. If you mark the "Abstain" box for a particular resolution, you are directing your proxy not to vote on that resolution.

Dated this _____ day of _____ 2022

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

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



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

1. Please insert the total number of units in Hutchison Port Holdings Trust (“**HPH Trust**”, and units in HPH Trust, “**Units**”) held by you. If you have Units entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 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 shall be deemed to relate to all the Units held by you.
2. The Meeting is being convened and will be held by electronic means. Please refer to the Notice of the Meeting dated 4 April 2022 for details of the alternative arrangements relating to attendance at the Meeting via electronic means (including arrangements by which the Meeting can be electronically accessed via “live” audio-visual webcast or “live” audio-only stream), submission of questions in advance of the Meeting, addressing of substantial and relevant questions prior to and/or at the Meeting and voting by appointing the Chairman of the Meeting as proxy. The Notice of the Meeting can be accessed at HPH Trust’s website at <https://www.hphtrust.com/aggm.html>, and on the SGX website at <https://www.sgx.com/securities/company-announcements>.
3. Due to the current COVID-19 situation in Singapore, Unitholders will not be able to physically attend the Meeting. A Unitholder will not be able to vote through the “live” audio-visual webcast nor “live” audio-only stream and voting is only through the submission of a proxy form. If a Unitholder (whether individual or corporate) wishes to exercise his/her/its voting rights at the Meeting, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the Meeting. The Chairman of the Meeting, as proxy, need not be a Unitholder. A Unitholder (whether individual or corporate) must give specific instructions as to voting or abstentions from voting, in respect of a resolution in the instrument appointing a proxy, failing which the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
4. The instrument appointing the Chairman of the Meeting as proxy must be submitted either by post and deposited at the registered office of Hutchison Port Holdings Management Pte. Limited, the trustee-manager of HPH Trust (“**Trustee-Manager**”) at 1 Harbourfront Avenue, #14-07, Keppel Bay Tower, Singapore 098632 or by email to HPHTAGM2022@boardroomlimited.com, not less than forty-eight (48) hours before the time appointed for holding the Meeting.

Investors who hold their Units through relevant intermediaries as defined in Section 181 of the Companies Act 1967 of Singapore (other than SRS investors) and who wish to exercise their votes by appointing the Chairman of the Meeting as proxy should approach their respective relevant intermediaries as soon as possible in order for the necessary arrangements to be made for their votes to be submitted. SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective SRS Approved Banks to submit their voting instructions by 5:00 p.m. on 14 April 2022 in order to allow sufficient time for their respective SRS Approved Banks to in turn submit a proxy form to appoint the Chairman of the Meeting to vote on their behalf by 11:00 a.m. on 24 April 2022. For the avoidance of doubt, for persons who hold Units through relevant intermediaries (including SRS investors), the proxy form is not valid for use and shall be ineffective for all intents and purposes.

A Unitholder who wishes to submit an instrument of proxy must **complete and sign the proxy form**, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation, Unitholders are encouraged to submit completed proxy forms electronically via email.

5. The instrument appointing the Chairman of the Meeting as proxy, if submitted by post, must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy 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 the Chairman of the Meeting as proxy 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.
6. Where an instrument appointing the Chairman of the Meeting as proxy is submitted by email, it must be authorised in the following manner, failing which the instrument may be treated as invalid:
 - (a) by way of the affixation of an electronic signature by the appointor or his/her duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation; or
 - (b) by way of the appointor or his/her duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation signing the instrument under hand and submitting a scanned copy of the signed instrument by email.

Personal Data Privacy:

By submitting an instrument appointing the Chairman of the Meeting as proxy, the Unitholder accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 4 April 2022.

General:

The Trustee-Manager shall be entitled to reject the instrument appointing the Chairman of the Meeting as proxy 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 the Chairman of the Meeting as proxy. In addition, in the case of Units entered in the Depository Register, the Trustee-Manager may reject any instrument appointing the Chairman of the Meeting as proxy lodged if the Unitholder, being the appointor, is not shown to have Units entered against his name in the Depository Register as at forty-eight (48) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Trustee-Manager.

A	
AC or Audit Committee	Audit Committee of the Trustee-Manager
ACRA Code	Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities
ACT	Asia Container Terminals
AFAB	Anti-fraud and anti-bribery
AFLAS	Asian Freight, Logistics and Supply Chain Awards
AGM	Annual General Meeting
APS	Asia Port Services Limited
B	
Board	Board of Directors
BTA	Business Trusts Act 2004 of Singapore
BTR	Business Trusts Regulations
C	
Capital Contribution	Pursuant to an investment agreement entered between HPH Trust and a wholly-owned subsidiary, HPHT Limited, dated 4 August 2011, HPH Trust made capital contributions of HK\$67,280,000,000 to HPHT Limited
CBP 3.0	Enhanced Common Barge Platform
CDCC	Contagious Disease Control Commission
Cenovus Energy	Cenovus Energy Inc.
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGI	The Chartered Governance Institute
CGU	Cash-generating units
CKHH	CK Hutchison Holdings Limited
CKI	CK Infrastructure Holdings Limited
Code	The Code of Corporate Governance 2018
COSCO-HIT	COSCO-HIT Terminals
COSCO SHIPPING Ports	COSCO SHIPPING Ports Limited
COSO	Committee of Sponsoring Organizations of the Treadway Commission
CPD	Continuous professional development
D	
DPU	Distribution per unit

GLOSSARY

E	
eBCN	Electronic Booking Confirmation Notice
ECL	Expected credit loss
ERM	Enterprise Risk Management
eRO	Electronic Release Order
eRTGC(s)	Electric rubber-tyred gantry crane(s)
F	
FVOCI	Fair value through other comprehensive income
G	
GBA	Greater Bay Area (comprises the two Special Administrative Regions of Hong Kong and Macau, and the nine municipalities of Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen and Zhaoqing in Guangdong Province)
Group	HPH Trust group of companies / HPH Trust and its subsidiaries
GHG	Greenhouse gas
GRI	Global Reporting Initiative
H	
HIBOR	Hong Kong Interbank Offered Rate
HICT	Huizhou International Container Terminals
HIT	Hongkong International Terminals
HKAS	Hong Kong Accounting Standards
HKCGI	The Hong Kong Chartered Governance Institute
HKEx	The Stock Exchange of Hong Kong Limited
HKFRS(s)	Hong Kong Financial Reporting Standard(s)
HKICPA	The Hong Kong Institute of Certified Public Accountants
HKSPA	Hong Kong Seaport Alliance
HPH	Hutchison Port Holdings Limited
HPH Trust	Hutchison Port Holdings Trust
Hutchison Logistics	HPH E.Commerce Limited
HUTCHMED	HUTCHMED (China) Limited
I	
IEC	International Electrotechnical Commission
IFRS	International Financial Reporting Standards
ISAs	International Standards on Auditing
ISO	International Organization for Standardization
IT	Information technology

J	
Jiangmen Terminal	Jiangmen International Container Terminals
K	
Kwai Tsing Terminals	HIT, COSCO-HIT and ACT
L	
LNG	Liquefied natural gas
M	
Management	The management of HPH Trust
N	
Nanhai Terminal	Nanhai International Container Terminals
NPAT	Net profit after tax
O	
ORSO	Occupational Retirement Schemes Ordinance
P	
PwC	PricewaterhouseCoopers LLP
Q	
QC(s)	Quay crane(s)
R	
RC	Remuneration Committee of the Trustee-Manager
River Ports	Jiangmen Terminal and Nanhai Terminal
RMGC(s)	Rail-mounted gantry crane(s)
ROFR Agreement	Right of first refusal agreement
RTGC(s)	Rubber-tyred gantry crane(s)
S	
SDG(s)	Sustainable Development Goal(s)
SGX	Singapore Exchange
SGX-ST	Singapore Exchange Securities Trading Limited
SGX-ST Listing Manual	The Listing Manual of Singapore Exchange Securities Trading Limited
SHICD	Shenzhen Hutchison Inland Container Depots Co., Limited

GLOSSARY

T	
TEU(s)	Twenty-foot equivalent unit(s)
TOM	TOM Group Limited
Trust	Hutchison Port Holdings Trust
Trust Deed	The deed of trust dated 25 February 2011 and as amended and supplemented by the first supplemental deed dated 28 April 2014 and the second supplemental deed dated 8 June 2020
Trustee-Manager	Hutchison Port Holdings Management Pte. Limited
Y	
Yantian	Yantian district in Shenzhen
YANTIAN	Yantian International Container Terminals



HUTCHISON PORT HOLDINGS TRUST

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