



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

ANNUAL GENERAL MEETING TO BE HELD ON 23 APRIL 2024 RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS

Hutchison Port Holdings Management Pte. Limited, as trustee-manager (the “**Trustee-Manager**”) of Hutchison Port Holdings Trust (“**HPH Trust**” or the “**Trust**”), would like to thank unitholders of HPH Trust (“**Unitholders**”) for submitting their questions in advance of the Annual General Meeting of HPH Trust which will be held at Jasmine Ballroom, Level 3, Sands Expo & Convention Centre, 10 Bayfront Avenue, Singapore 018956 on Tuesday, 23 April 2024 at 11:00 a.m. (Singapore time).

The Trustee-Manager has endeavored to address all substantial and relevant questions received up to 11:00 a.m. on Tuesday, 9 April 2024 (Singapore time). Certain repetitive or similar questions are summarised and addressed together after grouping. Please refer to responses below.

Question 1

HPH Trust has been repaying at least HK\$1 billion debts annually since 2017 to reduce overall debt and increase Unitholders’ return by paying less interests. Will this debt reduction be continued in 2024? Moreover, in view of the expected decrease in interest rates, will management consider reducing annual debt reduction to return more cash to the Unitholders?

The Trustee-Manager’s Response:

HPH Trust embarked on a debt repayment programme since 2017. This programme improved HPH Trust’s gearing ratio and enhanced its financial position by lowering total borrowings from HK\$34 billion in 2016 to HK\$26 billion in 2023. Net attributable debt was reduced from HK\$27 billion in 2016 to HK\$20 billion in 2023.

As at 31 December 2023, approximately 63% of the Trust’s debts are on fixed interest rate. This also helps to reduce HPH Trust’s exposure under high interest rate environment.

Debt repayment is one of the means which increases the value of equity, and the Trust expects to continue reducing debts by at least HK\$1 billion in 2024 to manage its interest rate exposure. At the same time, HPH Trust aims to strike a good balance between debt repayment and distribution to Unitholders. Going forward, while HPH Trust will continue to closely monitor the debt profile and interest rate trend, the distribution strategy is to maintain a stable distribution per unit (“**DPU**”) during volatile market conditions but aim to grow DPU in long term.

Question 2

What is the gearing ratio and interest coverage ratio of HPH Trust and imposed by banks? Are there any targeted ratios that the Board would like to achieve?

The Trustee-Manager’s Response:

HPH Trust has been maintaining disciplined financial management, as evidenced by the HK\$1 billion annual debt repayment target since 2017.

As at 31 December 2023, the gearing ratio of HPH Trust, being the net-debt-to-equity, was 40%, which has decreased from 44% as at 31 December 2016. The interest coverage ratio for 2023, being the consolidated-EBITDA-to-net-interest, was 12.1, also improved from 10.2 in 2016.

The Board is comfortable with the existing ratios and will continue to pursue reduction in net debt level. There are currently no specific targets that it wishes to achieve.

As at 31 December 2023, HPH Trust has bank borrowings of HK\$14 billion, which are unsecured and subject to bank covenants such as interest coverage. Bank covenants are periodically reviewed by management, and in 2023, HPH Trust complied with all bank covenants with ample headroom.

Question 3

Please explain why profit after tax attributable to Unitholders in 2023 amounted to HK\$233.5 million, while total distribution to Unitholders for 2023 amounted to HK\$1.1 billion.

The Trustee-Manager's Response:

HPH Trust's distribution to Unitholders of HK\$1.1 billion in 2023 is determined by its distribution policy, which is to distribute 100% of its distributable income to its Unitholders, being the cash received by the Trust net of applicable taxes and expenses which include without limitation, operating expenses, repayment of principal amounts under any debt of HPH Trust and payment of interest or any other financing expense. HPH Trust has not changed its distribution policy since its listing in 2011.

Distribution to Unitholders focuses on free cash flow generated during the year, and is different from profit after tax which also includes non-cash items such as depreciation and amortisation.

Question 4

When will YANTIAN East Port Phase I become operational? How much further cash injection will HPH Trust be required to inject in it? Does HPH Trust need to borrow debts for funding the East Port Phase I development?

The Trustee-Manager's Response:

In June 2021, HPH Trust, through its indirect subsidiary, Hutchison Ports Yantian Limited ("HPYL"), entered into a joint venture agreement with Shenzhen Port Group Company Limited (formerly known as "Shenzhen Yantian Port Group Company Limited") to establish a 50/50 joint venture to construct, develop, operate and manage phase I of a container terminal with an approximate size of 120 hectares located in the eastern side of Yantian International Container Terminals ("YANTIAN") ("East Port Phase I"). HPH Trust holds 79.45% of the effective interest in HPYL.

Total project cost of East Port Phase I is estimated to be approximately RMB10.9 billion, of which RMB2.7 billion shall be financed by capital contribution, pro rata in accordance with the effective interests of each shareholder in the joint venture company, Yantian East Port International Container Terminals Limited 鹽田港東區國際集裝箱碼頭有限公司 ("YEPICT"). Capital contribution by HPH Trust is approximately RMB1.1 billion. This is the only capital contribution committed to-date by HPH Trust and was fully injected into YEPICT

by October 2022. HPH Trust does not need to incur additional debt to fund its share capital injection into YEPICT. Construction of the project is progressing according to plan and within costs expectation. The first berth of East Port Phase I is expected to commence operation in late 2025/early 2026.

It is expected that when completed, East Port Phase I will contribute to HPH Trust, strengthen YANTIAN's infrastructure and enhance its capabilities to serve mega-vessels, positioning YANTIAN as a premier all-round national logistics hub in China.

HPH Trust will provide further updates on East Port Phase I where appropriate in accordance with the Listing Manual of Singapore Exchange Securities Trading Limited.

Question 5

With regards to the ordinary resolution item 3 on general mandate, does HPH Trust propose to issue more units or give more units to Unitholders?

The Trustee-Manager's Response:

The resolution no. 3 for the AGM (the "**Resolution 3**") relates to granting a general mandate to the Trustee-Manager to issue additional units in HPH Trust ("**Units**"). If Resolution 3 is passed by Unitholders, it will empower the Trustee-Manager to issue Units up to 50% of the total number of issued Units on behalf of HPH Trust, of which up to 20% may be issued other than on a pro-rata basis to existing Unitholders. This authority will remain valid until the earliest of the conclusion of the next AGM, the date by which next AGM is required by law to be held, or the date on which such authority is varied or revoked by HPH Trust in general meeting.

This is a common mandate often sought by listed companies or business trusts, to give flexibility and efficiency to raise capital. The Board currently has no intention to issue any new Units in accordance with the general mandate.

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, 19 April 2024

ABOUT HPH TRUST

HPH Trust is a container port business trust listed in Singapore.

HPH Trust owns interests in world class deep-water container port assets located in two of the world's busiest container port cities by throughput – Hong Kong and Shenzhen, the People's Republic of China ("**PRC**"). Other assets in the HPH Trust portfolio include the port in Huizhou, PRC, as well as certain port ancillary services and the economic benefits of river ports complementary to the deep-water container ports operated by HPH Trust.

The investment mandate of HPH Trust is principally to invest in, develop, operate and manage deep-water container ports in the Guangdong Province, Hong Kong and Macau, one of the world's largest trading hubs by throughput.