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 26 APRIL 2022
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 our Annual General Meeting ("**AGM**") which will be held by way of electronic means on Tuesday, 26 April 2022 at 4:00 p.m. (Singapore time).

The Trustee-Manager has endeavored to address all substantial and relevant questions received until Sunday, 17 April 2022 at 4:00 p.m. (Singapore time). Certain repetitive or similar questions are summarized and addressed together after grouping. Please refer to responses below.

<u>Question 1</u>

What is the outlook of HPH Trust?

<u>The Trustee-Manager's Response:</u>

Global port congestion continues in the first quarter of 2022, resulting in unstable vessel schedules with increasing frequency of skipped vessel calls. The surge in the number of COVID-19 cases in Hong Kong since February 2022 and the Shenzhen lockdown in mid-March 2022 have also led to temporary decrease in the handling capacity of the ports of HPH Trust. The Trust has, however, recovered to normal operating capacity. Cities across mainland China have also been affected by rising COVID-19 cases, causing further stress in the already strained global supply chain.

HPH Trust also faces the challenge of rising costs as a result of high yard density, additional COVID-19 preventive measures, and the high oil price due to the Russia-Ukraine conflict. On the bright side, HPH Trust will continue to benefit from increased storage income due to supply chain disruption which will partially compensate some of the decline in volume.

In summary, business outlook of HPH Trust remains uncertain due to the evolving COVID-19 situation and the continuous global supply chain disruption.

<u>Question 2</u>

With China imposing various restrictions to contain COVID-19 infections, what is the impact to HPH Trust, and how will management mitigate such risks?

The Trustee-Manager's Response:

While COVID-19 precautionary measures help ensure a safe operating environment to maintain the port operation, they also pose operational challenges to the Trust's terminals, and the relevant costs could squeeze the operating margin of HPH Trust. For instance, the "waterjail" for barges operating between Hong Kong and Guangdong, requiring barge crew landing in China to undergo a 28-day quarantine period has led to a temporary drop in barge availability around Lunar New Year.

Despite the various challenges presented by COVID-19, HPH Trust has always responded swiftly with agility, optimised use of port facilities, and deployed additional terminal and manpower resources. Yantian International Container Terminals ("**YANTIAN**") implemented "closed-loop" management with centralised accommodation for high-risk frontline staff, which helped YANTIAN maintain normal operation throughout the second half of 2021 leading to a record-breaking annual throughput of 14.2 million TEU since its incorporation. In Hong Kong, during the fifth wave of COVID-19 this year which resulted in temporary drop in manpower availability, the Hong Kong operations of HPH Trust in Kwai Tsing ("**Kwai Tsing**") safeguarded the health of employees and contractors and minimised the impact to the handling capacity through advanced planning and swift reaction, allowing Kwai Tsing to return to normal operating capacity by late March 2022.

Besides mitigating operational and transmission risks, HPH Trust also grasps the opportunity to provide alternative route for cross-border logistics via water transport when the cross-border trucking between Hong Kong and Shenzhen was halted under the fifth wave of COVID-19 in Hong Kong. The YANTIAN-Hong Kong shuttle service started on 18 February 2022, has since expanded to include seven barge operators, with four of them running on daily basis. More than 18,000 TEU of supplies from mainland China were handled by the end of March.

Going forward, HPH Trust will continue to build on its strength, and is committed to operate the ports efficiently through manpower management and upgrades to existing infrastructure.

Question 3

What is the future business expansion plan? Where else does HPH Trust plan to leverage or monetise the opportunities in the Greater Bay Area (the "GBA")?

The Trustee-Manager's Response:

In addition to developing phase I of a container terminal with an approximate size of 120 hectares located in the eastern side of YANTIAN ("**East Port Phase I**"), HPH Trust will continue to be agile in capturing new opportunities and expanding its catchment area in the GBA through forming port alliances and developing multimodal transport and inland ports. This includes the YANTIAN-Huizhou port alliance established in 2019, and the YANTIAN-Dongguan port alliance formed in 2022. In addition, YANTIAN's intermodal service, which commenced in 1996, continues to expand and bring connectivity with hinterland areas including the GBA, such as the YANTIAN-Jiangmen intermodal service formed in 2022. Meanwhile, Kwai Tsing, being a major transshipment hub in the GBA, continues to build barge-to-vessel transshipment for hinterland cargoes.

The cross-border shuttle service between YANTIAN and Hong Kong as mentioned in the previous question also illustrates the unique role HPH Trust could play in the supply chain within the GBA. In the years ahead, Kwai Tsing will continue to serve as a major transshipment hub, and YANTIAN will continue to strengthen its position as a key national logistics hub at the GBA.

Question 4

What is the total debt level? What is HPH Trust's plan on debt repayment going forward, especially under the rising interest rate environment? What is the impact to profitability for 50 basis point increase in interest rate? What is the strategy to hedge the rising interest rate?

The Trustee-Manager's Response:

As of 31 December 2021, HPH Trust had a total debt of HK$29 billion, reduced from HK$34 billion in 2016. Moreover, over 80% of the Trust's debt has fixed interest rate. As a result, the rising Federal Funds Rate is expected to have relatively small impact to HPH Trust. To illustrate, using the debt profile on 31 December 2021, a 50 basis point change in interest rate will have 1% impact on the net profit after tax in 2021.

Going forward, the management will continue to closely monitor the debt profile and interest rate trend. The management expects to continue reducing debts by at least HK$1 billion per annum to manage debt exposure. Debt repayment is one of the means which increases the value of equity. At the same time, HPH Trust will strive to maintain sustainable distributions to unitholders.

Question 5

What is the current gearing ratio? What is the optimal level that the Board of Directors of HPH Trust (the "Board") wishes to achieve?

The Trustee-Manager's Response:

As of 31 December 2021, the gearing ratio of HPH Trust, being the net-debt-to-equity, was 38%, which has decreased significantly from 48% as of 31 December 2020. The Board is comfortable with the existing ratios and will continue to pursue reduction in net debt level.

Question 6

The unit price for HPH Trust declined a lot since 2011. What is the underlying reason behind?

The Trustee-Manager's Response:

In recent years, HPH Trust operated under a number of global challenges, such as the COVID-19 pandemic, supply chain disruptions, US-China trade conflict, and interest rate hikes. The unit price could be affected by these macroeconomic factors which are beyond management's control.

As mentioned in response to earlier questions, the Board and the management have been looking at initiatives to improve the Trust's operating profit. In 2021, profit attributable to unitholders increased more than threefold from HK$0.5 billion in 2019 to HK$1.7 billion in 2021. The unit price performance of HPH Trust also improved from the record low of US8.7 cents in March 2020, to US24.5 cents at end of March 2022. As a result, the distribution per unit ("**DPU**") declining trend was reverted since 2019, and HPH Trust distributed HK14.5 cents in 2021. This surpassed the original guidance of HK11-13 cents, achieving a yield of 8% even under the pandemic. Management will continue to explore ways to improve operating profit, which should eventually be reflected in unit price and DPU.

Question 7

Has the Board considered reducing management remuneration in line with the poor performance of HPH Trust over the years?

The Trustee-Manager's Response:

The DPU of HPH Trust increased by more than 30% over the past 3 years, from HK11 cents in 2019 to HK12 cents in 2020, and further rose to HK14.5 cents in 2021. This is in spite of the challenging business environment, especially with COVID-19 and supply chain disruption, and is achieved by the staff's collaborative and unrelenting commitment for the success of the Trust.

In line with the remuneration policy which has been disclosed in the annual report of HPH Trust, remuneration packages of key management personnel are reviewed and determined based on their performance at the end of each year. Although not mandatorily required, the Board also took the initiative to set up a Remuneration Committee 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.

With the challenges ahead, it is the Board's long-term objective to attract, retain and motivate employees with the most appropriate skill set with potential for development, to shape and drive our business going forward.

Question 8

What are the loans used for? And will the funding affect HPH Trust's short- or medium-term profitability?

The Trustee-Manager's Response:

In 2021, HPH Trust issued two US$500 million guaranteed notes due in 2026 (the "**Notes**"). Proceeds from the Notes were used to refinance certain existing indebtedness owed by the Trust. Net debt level of HPH Trust was not changed by the issuance of the Notes. The effective interest rates for the Notes are lower than the refinanced indebtedness. The Notes, with fixed coupon payments, also allowed HPH Trust to lock in a low interest rate in a rising interest rate environment.

Question 9

Is HPH Trust expected to fund future share capital injection in East Port Phase I by debt?

The Trustee-Manager's Response:

In June 2021, HPH Trust entered into a joint venture agreement with Shenzhen Yantian Port Group Company Limited to establish a joint venture to construct, develop and operate East Port Phase I. This new phase is expected to comprise of 3 automated berths, capable for handling vessels with displacements exceeding 200,000 tons. It will have an approximate size of 120 hectares with an approximately 1,470-metre quay length.

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. The share capital injection by HPH Trust was financed by internal cash, HPH Trust does not need to draw additional debt to fund its share capital injection into YEPICT.

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, 20 April 2022

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.