

# CROSSING NEW WAVES



# CONTENTS

Corporate Milestones	004
Trust Profile	008
Corporate Structure	009
Portfolio Overview	010
Key Events	016
Letter to Unitholders	020
Board of Directors	022
Senior Management	028
Financial Review	032
Operational Review	034
Environmental, Social and Governance Report	038
Investor Relations	050
Corporate Information	051
Corporate Governance Report	052
Financial Contents	070
Statistics of Unitholdings	132
Notice of Annual General Meeting	134
Proxy Form	137



**A MEMBER OF THE  
WORLD'S LEADING  
PORT NETWORK  
OF CK HUTCHISON  
HOLDINGS LIMITED**

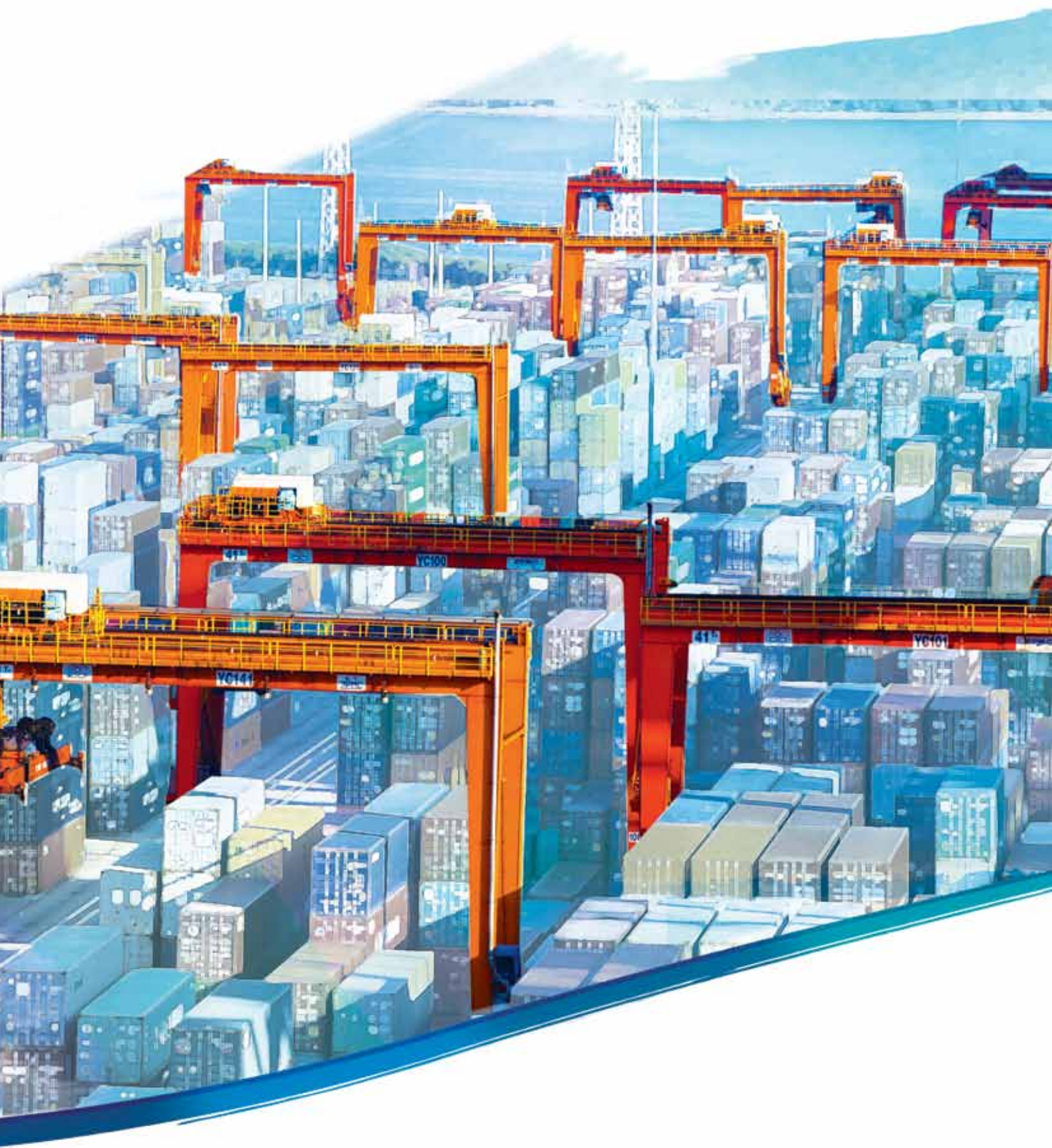




# OPERATING FROM A POSITION OF STRENGTH

Our unrivalled operational excellence, strategic partnerships and global network ensure that we remain well placed to deliver on changing industrial trends, capitalise on global opportunities, and continue operating from a position of strength that has been built on hard work, innovation and foresight.





# CORPORATE MILESTONES



## JANUARY

### YANTIAN BERTH SAILS THROUGH OFFICIAL ON-SITE INSPECTION

Yantian's first berth at West Port Phase II passes an official on-site inspection and assessment conducted by the Port Office of Guangdong Province, affirming the effectiveness of the port's rigorous operating and safety standards.



### ACT COMMENCES OPERATIONS OF NEW HYBRID RUBBER-TYRED GANTRY CRANES

The addition of 10 new hybrid rubber-tyred gantry cranes ("RTGCs") increases ACT's fleet of hybrid RTGCs to 30. These RTGCs can be powered by either electricity or diesel and contain smaller engines, which reduce diesel consumption by 45%.

## FEBRUARY

### CMA CGM *BENJAMIN FRANKLIN* MAKES INAUGURAL CALL AT YANTIAN

Measuring 399 metres long and 54 metres wide, and with a capacity of 18,000 twenty-foot equivalent units ("TEU"), the *Benjamin Franklin* is the largest vessel in CMA CGM's fleet. It is the first mega-vessel deployed in the shipping line's US service and operates as part of CMA CGM's Pearl River Express service.



## MARCH



### HIT TAKES DELIVERY OF NEW SUPER POST-PANAMAX QUAY CRANES AND BARGE QUAY CRANES

HIT purchases two Super Post-Panamax ("SPP") quay cranes ("QCs"), which boast greater lifting height, outreach and efficiency than the existing QC models. These cranes also offer advanced lifting capacity of 70 tonnes and twin-lifting capabilities, which allow for future remote operation and automation. HIT currently has a fleet of four SPP QCs in operation.



In March, HIT also commissions two barge quay cranes ("BQCs"), replacing jib cranes at its barge wharf and increasing the number of BQCs at the terminal to four. HIT is the only terminal operator with four BQCs in South China.

APRIL



### YANTIAN AWARDED 13TH TIEN-YOW JEME CIVIL ENGINEERING PRIZE

Yantian receives the 13th Tien-Yow Jeme Civil Engineering Prize, the top honour for civil engineering and construction in China, for its Phase III Expansion project.

Established by the China Civil Engineering Society and the Beijing Tien-Yow Jeme Foundation for Development of Science and Technology in Civil Engineering, the prize awards civil engineering projects with distinction in innovation and outstanding achievements in technological application.

Yantian's award-winning project has a total of seven deep-water berths, with depth alongside of 17.6 metres and a quay length of three kilometres. It is equipped with 35 SPP QCs, including 21 dual-hoist ones. The project is designed for servicing mega-vessels around the clock, making Yantian the only terminal in South China that is capable of accommodating several 200,000-tonne mega-vessels simultaneously.



### YANTIAN A BIG WINNER OF CHINA PORTS AND HARBORS ASSOCIATION AWARDS

Yantian wins prestigious awards:

- Annual throughput in excess of 12 million TEU
- Intermodal volume in excess of 160,000 TEU
- Low electricity and fuel consumption per TEU
- Single-vessel productivity in excess of 100 containers per hour
- International transshipment volume in excess of 1.5 million TEU
- Transshipment volume in excess of 1.8 million TEU



### YANTIAN RECEIVES THREE QUAY CRANES

Yantian takes delivery of three QCs for its Phase II project. The cranes have a truss structure, which enhances their ability to withstand wind load caused by typhoons. This delivery increases Yantian's number of QCs to 81.



## CORPORATE MILESTONES

### JUNE



#### YANTIAN BECOMES FIRST TERMINAL IN MAINLAND CHINA TO RECEIVE CAPABILITY MATURITY MODEL INTEGRATION MATURITY LEVEL 3

The achievement of the Capability Maturity Model Integration (“CMMI”) Maturity Level 3 rating demonstrates Yantian’s ongoing efforts in process improvement as well as infrastructure and operation optimisation. A highly regarded achievement in the IT industry, the award is testament to the high-quality work delivered by Yantian staff in software development, project management and information services.

### JULY



#### ACT AND COSCO-HIT BOOST USE OF ELECTRIC AND HYBRID RUBBER-TYRED GANTRY CRANES

ACT and COSCO-HIT implement a new yard strategy to expand the deployment of electric and hybrid RTGCs. A key element of their environmental management programme, the new yard strategy allows for an increase in utilisation rate, from 60% to 95%, and a 15% reduction in carbon emissions.



#### YANTIAN WINS PRESTIGIOUS AWARD AT SEATRADE MARITIME AWARDS ASIA 2016

The decision by Seatrade Maritime Awards Asia to honour Yantian as the sole winner in the Ports & Terminals category is testament to the Trust’s focus on fortifying its strengths and delivering value to its stakeholders. The award recognises Yantian for its initiatives in service excellence and strong customer focus, application of cutting-edge terminal facilities and equipment, and green initiatives that protect the environment.





DECEMBER



### HIT, COSCO-HIT AND ACT SIGN CO-MANAGEMENT AGREEMENT

The Trust and COSCO SHIPPING Ports Limited ("COSCO SHIPPING Ports") announce that HIT, COSCO-HIT and ACT enter into an agreement for the co-management and operation of 16 berths across Terminals 4, 6, 7, 8 and 9 in Hong Kong. With operations handled under one management team, this arrangement allows for the most effective use of facilities and resources, thereby improving the Trust's overall competitiveness.

### ACQUISITION OF EQUITY INTERESTS IN HUIZHOU INTERNATIONAL CONTAINER TERMINALS

Yantian acquires interests in Huizhou International Container Terminals in Guangdong. Following the acquisition, the Trust owns an effective interest of 41.3% in the terminal.

## OTHER MILESTONES

### HIT WINS ACCOLADES AT HONG KONG STAR BRAND AWARD 2016

The Hong Kong Small and Medium Enterprises Association awards HIT the Enterprise Award and the Innovation and Technology Award at the Hong Kong Star Brand Award 2016. The awards recognise HIT's excellence in terminal services, innovation and technology, sustainable development and corporate social responsibility.



### HIT RECEIVES RECOGNITION FROM CARBONCARE® ACTION LABEL 2016

HIT's new Internal Tractor Deployment System ("nITDS") earns its CarbonCare® Action Label 2016 for reducing carbon dioxide emissions. In contrast to the old model of tractor deployment, nITDS uses an intelligent rule-based engine that facilitates mandatory condition-checking and prioritises movements. The engine also optimises rule execution, which improves performance with every tractor assignment. Reduced tractor turnaround time is effective in reducing carbon dioxide emissions.



# TRUST PROFILE



## HPH TRUST

Hutchison Port Holdings Trust (“HPH Trust” or “Trust”) is the world’s first publicly traded container port business trust. It was listed on the Main Board of the Singapore Exchange (“SGX”) in March 2011, and in early 2012 became the first entity to launch dual-currency trading for its units. The Trust was admitted into the Straits Times Index (“STI”) on 3 April 2013, and is one of the top 30 companies on the SGX Main Board.

The Trust’s mandate is principally to invest in, develop, operate and manage deep-water container ports in China’s Guangdong Province, Hong Kong and Macau (collectively known as the Pearl River Delta).

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 China. Together, these market-leading, best-in-class deep-water container ports operate 36 berths across 647 hectares of land. In 2016, they delivered a combined throughput of approximately 22.5 million TEU.

The Trust’s core port operations are supported by complementary river port facilities and ancillary services, which provide customers with seamless supply chain solutions for imports and exports. HPH Trust holds economic benefits in two river ports in China (“River Ports Economic Benefits”): Jiangmen International Container Terminals Limited (“Jiangmen Terminal”) and Nanhai International Container Terminals Limited (“Nanhai Terminal”). Collectively, they are known as the “River Ports”. HPH Trust also operates ancillary services via Asia Port Services Limited (“APS”), operator of one of the largest fleets of dedicated barges in Hong Kong; 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.

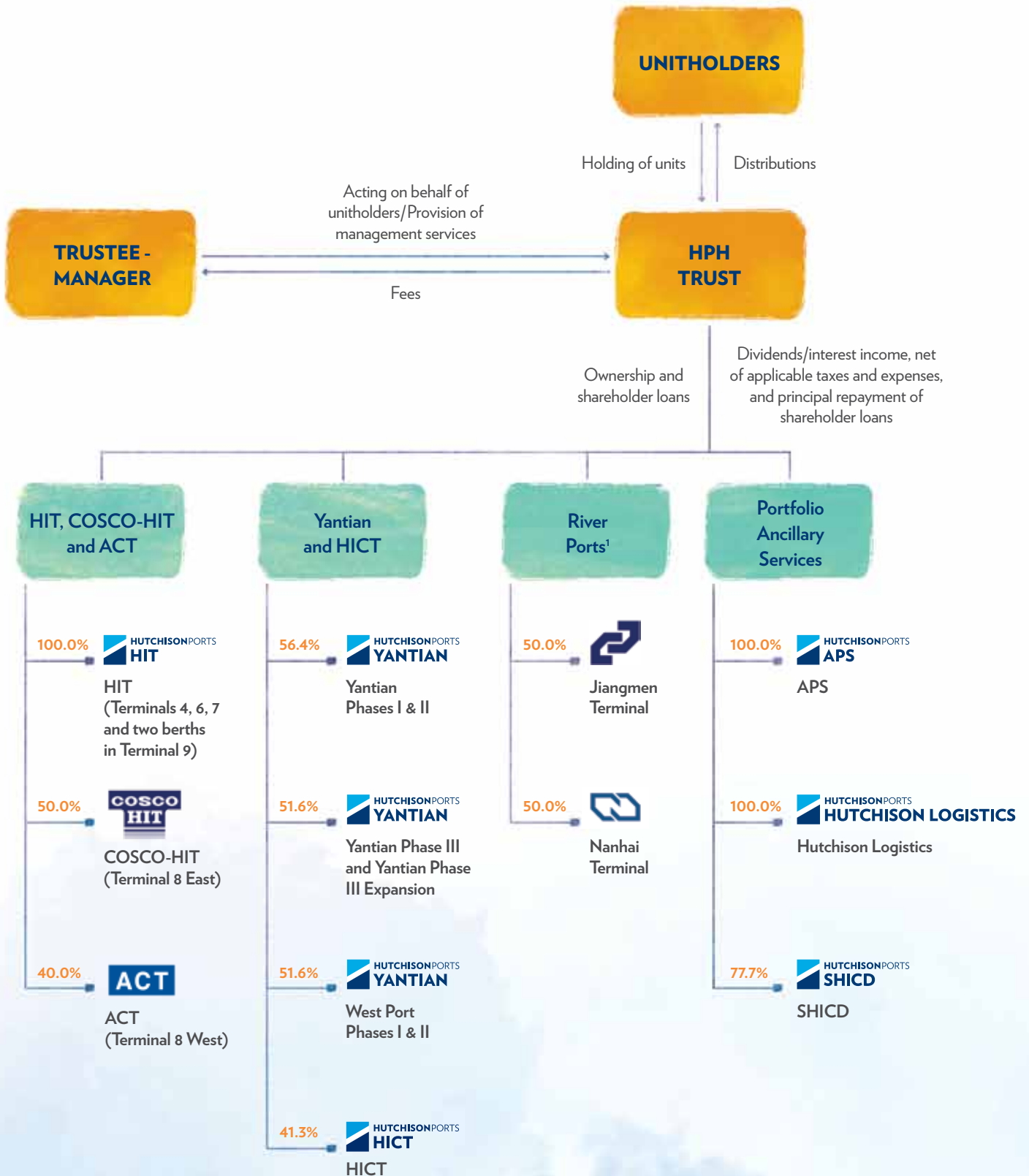
## THE TRUSTEE-MANAGER

The Trust is managed by Hutchison Port Holdings Management Pte. Limited (“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 key objective of the Trustee-Manager is to provide unitholders with stable and regular distributions, and long-term growth in distributions per unit (“DPU”).

The Board of Directors of the Trustee-Manager consists of individuals with a broad range of commercial experience and expertise in the port industry.

<sup>1</sup> The River Ports Economic Benefits represent the economic interests and benefits of the River Ports – including all dividends and any other distributions or other monies payable to Hutchison Port Holdings Limited (“HPH”) or any of its subsidiaries in its capacity as a shareholder of the relevant holding company of the River Ports arising from the profits attributable to the business of the River Ports and all sale or disposal proceeds derived from such businesses, assets, rights and/or liabilities constituting any part of the business of the River Ports as agreed with HPH and any of its subsidiaries.

# CORPORATE STRUCTURE



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

## PORTFOLIO OVERVIEW

**“Committed to staying competitive, the Trust has stepped up its terminal productivity plans, with the ongoing berth expansion project at Yantian that will augment its mega-vessel handling capacity. Furthermore, both Yantian and HIT have invested in different types of quay cranes for handling various types of vessels, allowing for an overall reduction in turnaround time. The Trust will continue to optimise its facilities and achieve higher productivity levels while ensuring minimal environmental impact.”**

As one of the leading natural deep-water terminal operators in South China, HPH Trust operates best-in-class container terminal facilities that span 36 berths and 647 hectares of land in Hong Kong and China. Its market-leading container terminal assets comprise HIT, COSCO-HIT and ACT in Hong Kong; and Yantian and HICT in China. Delivering a combined throughput of 22.5 million TEUs in 2016, these port facilities offer robust and well-established global connectivity and superior container handling capabilities.

These core operations are complemented by two river ports, in Jiangmen and Nanhai, and a comprehensive range of ancillary services that provide customers with seamless logistics and supply chain solutions. These include warehousing, feeder services, trucking, freight handling, cargo depots, container storage and repair, as well as transport networks covering road, rail, sea and air.

With optimised design and layout, advanced terminal infrastructure and facilities, and complementary service offerings; HPH Trust's port assets are well-prepared to offer world-class container handling capabilities to mega-vessels. These assets also allow the Trust to deliver operational and service excellence, underpinned by a proprietary, award-winning terminal management system, nGen. The system automates key planning functions and resource deployment, which helps to improve productivity and deliver significant operational efficiencies by streamlining terminal operations.

The Trust continually looks for ways to build on its strong fundamentals and drive ever-increasing value for its customers. In 2016, HIT extended BOXplus Building Operations Excellence, its efficiency enhancement project for sea-going vessels, to include





barge operations. It aimed to address the increasing demand for barge services, which accounts for around 25% of HIT's annual throughput. Through continuous efforts in efficiency enhancements, HIT has enjoyed significant productivity gains and improved its service delivery, further strengthening its status as the leading transshipment hub in South China.

Committed to staying competitive, the Trust has stepped up its terminal productivity plans, with the ongoing berth expansion project at Yantian that will augment its mega-vessel handling capacity. Furthermore, both Yantian and HIT have invested in different types of quay cranes for handling various types of vessels, allowing for an overall reduction in turnaround time. The Trust will continue to optimise its facilities and achieve higher productivity levels while ensuring minimal environmental impact.

During the year, both Yantian and HIT were recognised for their excellence in business operations. Yantian was the sole winner of the distinguished Ports & Terminals Award at the Seatrade Maritime Awards Asia 2016 and HIT received the Enterprise Award and the Innovation and Technology Award at the Hong Kong Star Brand Award 2016. The prestigious accolades reaffirmed the Trust's position as a leading terminal operator for innovation, best-in-class service and sustainable development.

### Throughput of HPH Trust's assets (1995–2016) (thousand TEU)



**Note:**

The published statistics from the Hong Kong Marine Department ("HKMD") for the total of local and transshipment throughput incorporate liftings to or from ocean-going vessels and containers received from or delivered to ports located within the river trade zone (as defined by the HKMD) by water-borne traffic, i.e. traffic to and from the Pearl River Delta via barges. The HKMD published statistics are not directly comparable to throughput figures of HIT, COSCO-HIT and ACT<sup>2</sup> shown in the above chart. From 2009 onwards, the HIT, COSCO-HIT and ACT<sup>2</sup> figures included volumes in relation to lighterwork and the water-borne traffic so as to make the figures more comparable to statistics used by the industry.

<sup>1</sup> Included throughput volume of ACT from 7 March 2013, the date of acquisition

<sup>2</sup> From 7 March 2013, the date of acquisition

# PORTFOLIO OVERVIEW

## KWAI TSING, HONG KONG



### A HIT

- 12 container berths across Terminals 4, 6, 7 and 9 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

### 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, CHINA



### A Yantian Phases I & II

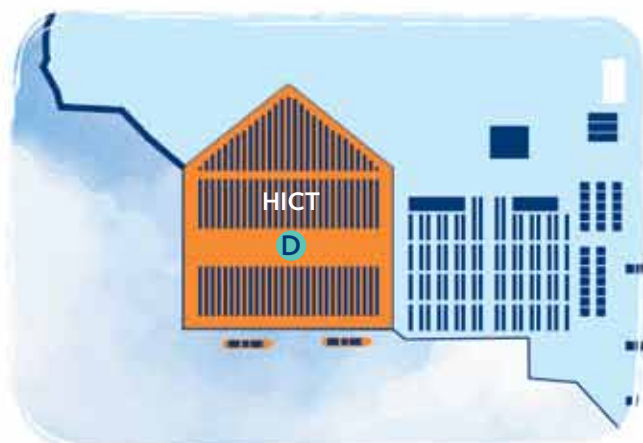
- Effective interests: 56.4%
- 5 container berths with a combined land area of 130 hectares

### B Yantian Phase III and Yantian Phase III Expansion

- Effective interests: 51.6%
- 11 container berths with a combined land area of 226 hectares. Yantian Phase III Expansion South Berth was completed and commenced operation in May 2016

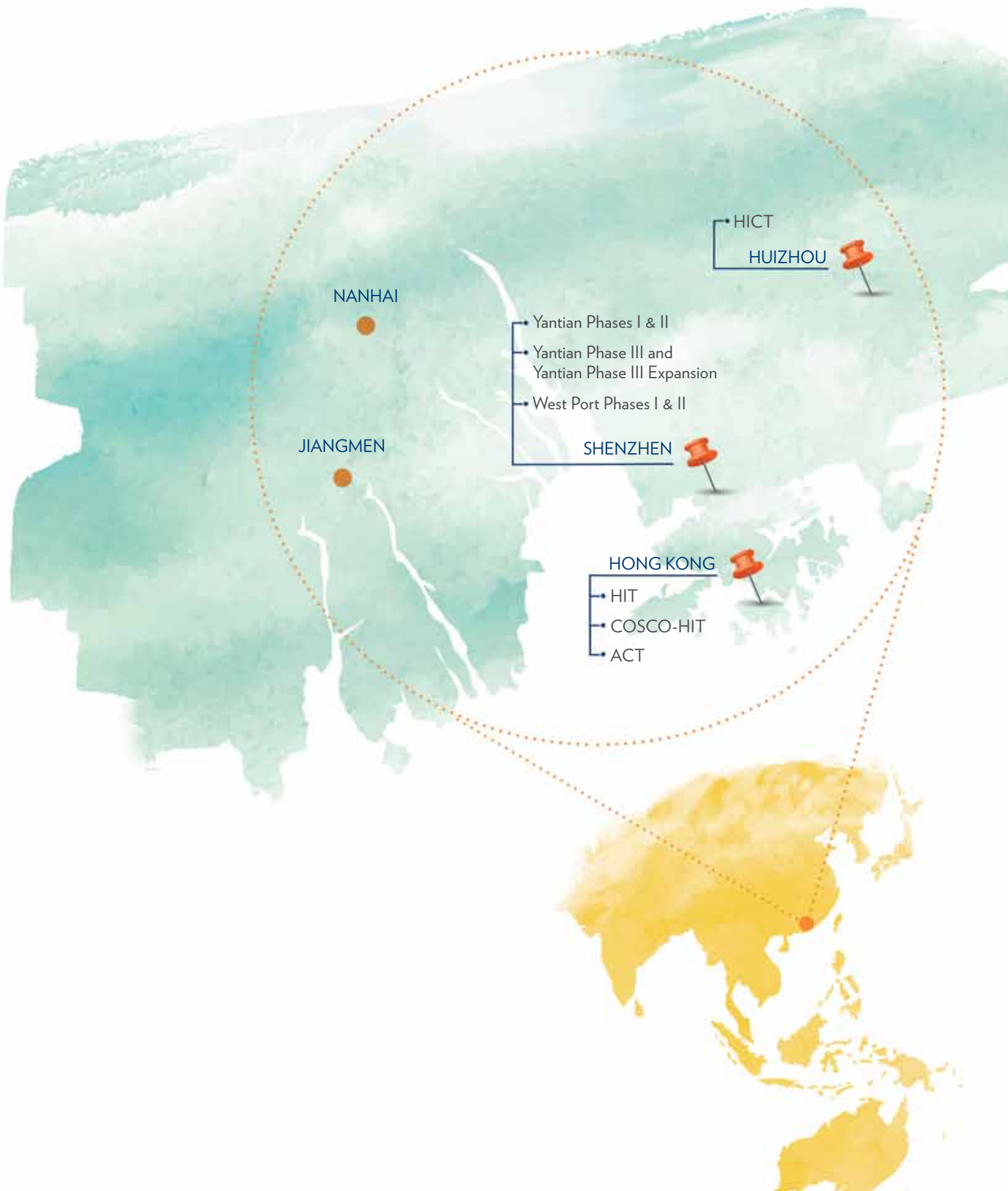
### C West Port Phases I & II

- Effective interests: 51.6%
- 1 container berth at West Port Phase I with an area of 17 hectares
- 1 container berth at West Port Phase II commenced operations in February 2016. The combined land area of West Port Phase II is 44 hectares with another two berths under construction



### D HICT

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



NANHAI

JIANGMEN

- Yantian Phases I & II
- Yantian Phase III and Yantian Phase III Expansion
- West Port Phases I & II

SHENZHEN

HONG KONG

- HIT
- COSCO-HIT
- ACT

HICT  
HUIZHOU

## PORTFOLIO OVERVIEW



### KWAI TSING, 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 Pearl River Delta and its vast mainland hinterland. Its deep-water terminal; modern and well-equipped facilities; and a free, open and multilateral trading system allow the city to flourish as one of the world's busiest container terminals and a major transshipment hub in the region.

HPH Trust operates 16 of the 24 deep-water berths located in Kwai Tsing, Hong Kong. A co-management agreement between HIT, COSCO-HIT and ACT further allows for optimal flexibility in berth and yard planning across all terminals.

# 16

CONTAINER  
BERTHS

# 65

QUAY  
CRANES

# 170

HECTARES OF  
LAND

# 10.8

MILLION TEU  
HANDLED IN 2016

AROUND

# 2,000

EMPLOYEES AND

# 3,700

EXTERNAL CONTRACTORS  
ON-SITE DAILY



## SHENZHEN AND HUIZHOU, CHINA

### Yantian

The Port of Shenzhen is one of the world's fastest developing container terminals and is the second busiest in China. South China is rapidly developing into a prosperous and dynamic economy, which helps boost the terminal's successful position as the premier gateway for foreign trade.

Yantian, as the sole operator in Eastern Shenzhen, is the preferred port-of-call for mega-vessels in South China. Its natural deep-water berths and unparalleled mega-vessel handling capabilities will ensure that it continues to operate as a world-class hub.

### HICT

The Port of Huizhou is a natural coastal port located in Guangdong. A major player in the Pearl River Delta shipping hub, the port is located near the manufacturing hinterland in eastern Guangdong, immediately east of Hong Kong and Shenzhen.

Situated in the Quanwan Port Zone of the Daya Bay Economic and Technological Development Zone, HICT is the first dedicated container terminal in Huizhou. It comprises two container berths with a land area of 60 hectares, a total quay length of 800 metres and depth alongside of 15.7 metres.



# 20

CONTAINER  
BERTHS

# 87

QUAY  
CRANES

# 477

HECTARES  
OF LAND

# 11.7

MILLION TEU  
HANDLED IN 2016

AROUND

# 2,500

EMPLOYEES AND

# 4,200

EXTERNAL CONTRACTORS  
ON-SITE DAILY

## KEY EVENTS

### MAY

#### YANTIAN PHASE III EXPANSION SOUTH BERTH FULLY OPERATIONAL

Yantian Phase III Expansion South Berth became fully operational in May. This berth is ideal for servicing mega-vessels.

The berth measures 886 metres long, and is located only one nautical mile from anchorage.

With a depth alongside of 17.6 metres, and the deployment of eight SPP QCs, the new berth is capable of handling the world's largest container vessels around the clock. It is also equipped with the latest shore power facilities to provide full power supply for berthing mega-vessels.

With a total of 18 deep-water berths, Yantian has the unique capability to accommodate the largest mega-vessels.



### JULY

#### YANTIAN WINS PRESTIGIOUS PORTS & TERMINALS AWARD AT SEATRADER MARITIME AWARDS ASIA 2016

The decision by Seatrade Maritime Awards Asia to honour Yantian as the sole winner in the Ports & Terminals category is testament to the Trust's focus on fortifying its strengths and delivering value to its stakeholders. The award recognises Yantian for its initiatives in service excellence and strong customer focus, application of cutting-edge terminal facilities and equipment, and green initiatives that protect the environment.



**MARCH 2016/FEBRUARY 2017**

**HIT UPGRADES  
TERMINAL FACILITIES**



**March 2016**

HIT takes delivery of two SPP QCs and two BQCs. The SPP QCs are the largest QCs in Hong Kong and are equipped with hardware that can adapt to remote-controlled operations in the future. The addition of the two new BQCs enables HIT to be the only terminal operator in South China that deploys four BQCs to enhance barge operational efficiency.

**February 2017**

HIT takes delivery of six new hybrid RTGCs. These new one-over-six cranes replace one-over-five models, offering increased stacking capacity and greater efficiency. Offering a lifting capacity of 41 tonnes and dual-power input capabilities, the new cranes have internal lithium batteries that enable them to run without electricity when crossing container blocks, thereby completely eliminating on-site diesel usage, emissions and engine noise. Optical fibres have been installed in all new hybrid RTGCs to enable remote operation and automation in the future.



# FUTUREPROOFING OUR KEY ASSETS

Our competitive edge hinges on the strategic locations of our terminals, advanced terminal facilities, and our diligence in people and process management. To stay ahead of the changing landscape in global trade, we focus on enhancing our services, handling capabilities and berth management. Berth expansion, a new co-management agreement and equipment upgrades, among others, are key initiatives to futureproof our assets.





# LETTER TO UNITHOLDERS

**“Despite the uncertainties ahead, the Trust has optimised its ports through improvements, facilities and software upgrades, and the implementation of new technologies to prepare for future challenges.”**

## Strong fundamentals

Since its formation in 2011, HPH Trust has been working diligently to establish the strong fundamentals that allow it to strategically optimise operations, infrastructure and talent. It is this long-term view that enables the Trust to capitalise on new opportunities and weather downturns in the shipping industry.

In recent years, the shipping industry has been exceptionally volatile. 2016 alone saw the bankruptcy of a major shipping line, the formation of new alliances and the consolidation of the shipping industry through mergers and acquisitions. Globally, we have seen numerous changes in the macroeconomic and geopolitical sphere, including political conflicts, financial crises and the exit of Britain from the European Union. The Trust's ability to respond promptly and effectively to this changing landscape has allowed it to minimise adverse impacts and demonstrate its resilience.

The Trust draws its resilience from forward-thinking management policies and decisions that look to mitigate the effects of market cycles on its business. This can be seen, for example, in its proposal to pay back bank loans over a five-year period from 2017 to reduce its overall debt, limiting the Trust's exposure to risk under challenging market conditions.

Last year, outbound cargoes to the US and Europe showed an overall steady increase, a result of the continued increase in US economic activity, and Europe regaining its growth momentum. However, low freight rates as a result of overcapacity continue to affect global trade. Given the relatively soft global trade outlook, the Trustee-Manager remains cautious about expected cargo volumes for 2017 and will continue to focus on cost improvements.

Revenue and other income for 2016 decreased 5.6% over 2015, Net profit after tax (“NPAT”) was down 3.0%, NPAT attributable to shareholders was down 1.8% and DPU to Unitholders was 30.6 HK cents.

Throughput for the Trust's container terminal assets was down 5.9% year-on-year. Transshipment volumes at the Trust's terminals decreased due to cost rationalisation as a result of overcapacity in the shipping industry, a paradigm shift that will only become more pronounced in the year ahead. Pricing competition in Shenzhen has also intensified.

## Futureproofing

Shipping lines continue to deploy mega-vessels to achieve better economies of scale. At the same time, they are reforming alliances to improve cost efficiency and cargo canvassing abilities.

Operationally, the Trust and COSCO SHIPPING Ports announced that HIT, COSCO-HIT and ACT have entered into an agreement for the co-management and operation of 16 berths across Terminals 4, 6, 7, 8 and 9 in Hong Kong. With operations handled under one management team, this arrangement will allow for the most effective use of facilities and the sharing of resources, thereby improving the Trust's overall competitiveness.

In late December, Yantian acquired interests in HICT and HPH Trust now owns an effective interest of 41.3% in the terminal. The Trustee-Manager believes the acquisition will provide additional handling capacity and will generate operational synergies with Yantian through the sharing of resources and better utilisation of port and related facilities.

Other programmes are also reaching fruition. One example is HIT's BOXplus productivity enhancement programme. Following the project's success in streamlining container vessel operations, reducing berth idling time and improving equipment utilisation, it was extended to barge operations, in recognition of the increasing importance of, and demand for, barge services.

To remain competitive in the ever-changing shipping environment, HPH Trust's equipment, facilities and software systems are constantly under review and improvement. New equipment deliveries will continue over the next few years.

During the year, Yantian made good progress with ongoing expansion projects. Phase III Expansion South Berth is complete, expanding the terminal's mega-vessel handling capacity. As for the West Port Phase II project, the first berth is now in operation, while the remaining two berths are under construction. With a total of 18 deep-water berths and a unique capability to efficiently service the world's largest mega-vessels, Yantian's position as the terminal operator of choice in South China will be further cemented.

#### **A position of strength**

HPH Trust believes the equipment and technology used for managing the inbound and outbound flow of containers is one of the key measurements of a container terminal's strength. At HPH Trust, we continually push the envelope when it comes to implementing the latest container operating equipment.

Driven by a long-term commitment to our stakeholders, HPH Trust continuously seeks to boost its existing equipment. In 2016, HIT took delivery of two new quay cranes (QCs). Not only are these the largest QCs in Hong Kong, they can also be adapted for remote-control operations. With the delivery of two new barge quay cranes, HIT became the only terminal in South China to deploy four such QCs. The additional equipment resulted in notable productivity gains and a reduction in barge turnaround time. Six new hybrid rubber-tyred gantry cranes were also added to HIT's yard operations. Meanwhile, Yantian took delivery of three new QCs, bringing its fleet of QCs to 81.

HPH Trust's position of strength is founded on sound infrastructure and further cemented through various technological improvements. A good example is Yantian's autogate project, which involves the installation of drive-through optical character recognition portals and process re-alignment at its entry/exit gate to alleviate the congestion resulting from its heavy traffic flow and the inefficiency of the manual damage container inspection process. Since the launch of the autogate project, the average processing time has been reduced by 30%.

In addition, HIT's new Internal Tractor Deployment System adopts a new approach in assigning tractors for vessel operations, thereby improving tractor turnaround time and dual-move efficacy. The decrease in tractor turnaround time leads to a reduction of carbon dioxide emissions.

The Trust received a number of industry awards for its impressive throughput levels, vessel productivity, sustainable development and corporate social responsibility, the most notable of which was the prestigious Ports & Terminals Award by Seatrade Maritime Awards Asia. Yantian, as the sole winner, was lauded for its initiatives in service excellence and strong customer focus, application of cutting-edge terminal facilities and equipment, and green initiatives that protect the environment.

The Trust has undergone a rebranding exercise, and is now represented by a new logo that reflects its membership of the world's leading port network of CK Hutchison Holdings Limited. Our rebranded identity seeks to underscore the treasured set of values summarised in one word – UNITY.

#### **Crossing new waves**

Despite the uncertainties ahead, the Trust has optimised its ports through improvements, facilities and software upgrades, and the implementation of new technologies to prepare for future challenges. Despite volatility in the macro-environment, we are confident that measures to improve cost efficiency, which build on our strong fundamentals, will enable us to withstand cycles in the shipping industry, contribute to our continued market success, and allow us to capture new opportunities, and cross new waves in 2017.

**FOK Kin Ning, Canning**  
*Chairman*

# BOARD OF DIRECTORS



**MR. FOK KIN NING, CANNING**, aged 65  
*Chairman and Non-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 2016):	5 years 10 months

#### Board committee served on:

- Nil

#### Academic & Professional Qualifications

- Bachelor of Arts degree and a 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 ("HTHKH") (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)
- Husky Energy Inc. (co-chairman)
- Cheung Kong Infrastructure Holdings Limited (deputy chairman)

#### Other Principal Commitments

- Director of Cheung Kong (Holdings) Limited
- Director of Hutchison Whampoa Limited

#### Other Information

- The aforesaid companies are either subsidiaries or associated companies of CKHH Group in which Mr Fok acts as chairman, co-chairman, deputy chairman or director for the purpose of overseeing the management of such businesses.

#### Past Directorships or Chairmanships in listed companies held over the preceding 3 years (from 1 January 2014 to 31 December 2016)

- Hutchison Harbour Ring Limited (now known as China Oceanwide Holdings Limited) (chairman)
- HTHKH (alternate director to a director)



**MR. IP SING CHI**, aged 63  
*Executive Director*

#### Trustee-Manager

Date of appointment as Director:	14 February 2011
Length of service as Director (as at 31 December 2016):	5 years 10 months

#### Board committee served on:

- Nil

#### Academic & Professional Qualifications

- Bachelor of Arts degree

#### Present Directorships or Chairmanships

##### Listed companies

- Hyundai Merchant Marine Co., Ltd. (outside director)
- Westports Holdings Berhad (non-independent non-executive director)
- COSCO SHIPPING Energy Transportation Co., Ltd. (formerly known as China Shipping Development Company Limited) (independent non-executive director)
- Piraeus Port Authority S.A. (independent, 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 35 years of experience in the maritime industry

#### Past Directorships or Chairmanships in listed companies held over the preceding 3 years (from 1 January 2014 to 31 December 2016)

- COSCO SHIPPING Ports Limited (formerly known as COSCO Pacific Limited) (independent non-executive director)





**MS. EDITH SHIH**, aged 65

*Non-executive Director*

**Trustee-Manager**

Date of appointment as Director: 1 January 2017

Length of service as Director  
(as at 31 December 2016): Not applicable

**Board committee served on:**

- Nil

**Academic & Professional Qualifications**

- Bachelor of Science degree in Education and a Master of Arts degree from the University of the Philippines
- Master of Arts degree and a Master of Education degree from Columbia University, New York
- Qualified solicitor in England and Wales, Hong Kong and Victoria, Australia
- Fellow of both The Institute of Chartered Secretaries and Administrators, the United Kingdom and The Hong Kong Institute of Chartered Secretaries

**Present Directorships or Chairmanships**

**Listed companies**

- CK Hutchison Holdings Limited (“CKHH”) (executive director)
- Hutchison China MediTech Limited (non-executive director)
- Hutchison Telecommunications Hong Kong Holdings Limited (non-executive director)

**Other Principal Commitments**

- Head Group General Counsel and Company Secretary of CKHH

**Other Information**

- Vice President and Executive Committee member of The Institute of Chartered Secretaries and Administrators in the United Kingdom
- Past President and current council member and chairperson of various committees and panels of The Hong Kong Institute of Chartered Secretaries
- Chairman of the Remuneration Committee and Vice-Chairman of the Governance Committee of the Hong Kong Institute of Certified Public Accountants
- Previously, a member of the Listing Committee and Corporate Governance Sub-Committee of the Stock Exchange of Hong Kong Limited, the Standing Committee on Companies Law Reform of Hong Kong, as well as a member of Hong Kong Institute of Certified Public Accountants Council

**Past Directorships or Chairmanships in listed companies held over the preceding 3 years (from 1 January 2014 to 31 December 2016)**

- Hutchison Harbour Ring Limited (now known as China Oceanwide Holdings Limited) (executive director and alternate director to a director)

# BOARD OF DIRECTORS



**MS. TSIM SIN LING, RUTH**, aged 60

*Non-executive Director*

#### Trustee-Manager

Date of appointment as Director: 1 January 2017

Length of service as Director  
(as at 31 December 2016): Not applicable

#### Board committee served on:

- Nil

#### Academic & Professional Qualifications

- Master of Business Administration degree from the Chinese University of Hong Kong
- Associate Member of the Institute of Chartered Accountants in England and Wales
- Fellow Member of the Chartered Association of Certified Accountants and the Hong Kong Institute of Certified Public Accountants
- Member of the Chartered Professional Accountants British Columbia of Canada

#### Present Directorships or Chairmanships

##### Listed company

- Westports Holdings Berhad (independent non-executive director)

#### Other Principal Commitments

- Group chief financial officer of Hutchison Port Holdings Limited

#### Other Information

- Both public accounting firm and several different industries in the commercial sector with roles in financial controllership
- Extensive background in internal auditing and controls, financial analysis and reporting

#### Past Directorships or Chairmanships in listed companies held over the preceding 3 years (from 1 January 2014 to 31 December 2016)

- Nil



**MR. CHAN TZE LEUNG, ROBERT**, aged 70

*Independent Non-executive Director*

#### Trustee-Manager

Date of appointment as Director: 14 February 2011

Length of service as Director  
(as at 31 December 2016): 5 years 10 months

#### Board committee served on:

- Audit Committee of the Trustee-Manager (member)

#### 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 companies

- Noble Group Limited (independent non-executive director)
- Quam Limited (independent non-executive director)
- Sibanye Gold Limited (non-executive director)

#### Other Principal Commitments

- Non-executive chairman of The Hour Glass (HK) Limited
- Senior adviser to Long March Capital Limited, a fund management company based in Beijing and Shanghai in partnership with leading Chinese institutions including the CITIC Group

#### 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 2014 to 31 December 2016)

- Nil



**MR. GRAEME ALLAN JACK**, aged 66  
*Independent Non-executive Director*

#### Trustee-Manager

Date of appointment as Director:	14 February 2011
Length of service as Director (as at 31 December 2016):	5 years 10 months

#### 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)
- COSCO SHIPPING Development Co., Ltd. (formerly known as China Shipping Container Lines Company Limited) (independent non-executive director)
- Hutchison China MediTech Limited (independent non-executive director)

#### Other Principal Commitments

- Independent trustee of retirement plans established for employees of the CK Hutchison Holdings Limited Group

#### 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 2014 to 31 December 2016)

- Nil



**MRS. SNG SOW-MEI (ALIAS POON SOW MEI)**, aged 75  
*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 2016):	5 years 10 months

#### Board committee served on:

- Audit Committee of the Trustee-Manager (member)

#### Academic & Professional Qualifications

- Bachelor of Arts degree

#### Present Directorships or Chairmanships

##### Listed companies

- Cheung Kong Infrastructure Holdings Limited (independent non-executive director and audit committee member)
- ARA Asset Management (Prosperity) Limited (as manager of Prosperity Real Estate Investment Trust) (independent non-executive director and audit committee member)

#### 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 2014 to 31 December 2016)

- ARA Asset Management (Fortune) Limited (as manager of Fortune Real Estate Investment Trust) (independent non-executive director and audit committee member)

## BOARD OF DIRECTORS



**MR. KEVIN ANTHONY WESTLEY**, aged 68  
*Independent Non-executive Director*

### Trustee-Manager

Date of appointment as Director:	14 February 2011
Length of service as Director (as at 31 December 2016):	5 years 10 months

### Board committee served on:

- Nil

### Academic & Professional Qualifications

- Bachelor of Arts (Hons) degree
- Fellow of the Institute of Chartered Accountants of England and Wales

### Present Directorships or Chairmanships

#### Listed companies

- Nil

### Other Principal Commitments

- Non-executive director of The Zuellig Group Incorporated Limited
- Independent non-executive director of The Hongkong and Shanghai Banking Corporation Limited
- Member of investment committee of the West Kowloon Redevelopment Authority

### Other Information

- Retired from the HSBC Group in 2000 as chairman and chief executive of HSBC Investment Bank (Asia) Limited
- Served as an adviser to HSBC Holdings plc until April 2016

### Past Directorships or Chairmanships in listed companies held over the preceding 3 years (from 1 January 2014 to 31 December 2016)

- Nil



**MR. WONG KWAI LAM**, aged 67  
*Independent Non-executive Director*

### Trustee-Manager

Date of appointment as Director:	2 December 2015
Length of service as Director (as at 31 December 2016):	1 year

### 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, member of the audit committee and the designated (finance) committee)
- China Merchants Bank Co., Ltd. (independent non-executive director, chairman of remuneration and appraisal committee and audit committee member)
- K. Wah International Holdings Limited (independent non-executive director, member of the remuneration committee and the nomination committee)
- Langham Hospitality Investments Limited (independent non-executive director, member of the remuneration committee and the nomination committee and chairman of audit committee)
- LHIL Manager Limited (as trustee and manager of Langham Hospitality Investments) (independent non-executive director and chairman of audit committee)

**Other Principal Commitments**

- Chairman of IncitAdv Consultants Ltd.
- Director of Opera Hong Kong 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
- A member of the investment sub-committee of the Chinese University of Hong Kong
- A member of the Hospital Governing Committee of the Prince of Wales Hospital
- Director of CUHK Medical Centre 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 2014 to 31 December 2016)**

- Nil

# SENIOR MANAGEMENT

## **MR. YIM LUI FAI, GERRY**

*Chief Executive Officer*

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

## **MS. LEE TUNG WAN, DIANA**

*Chief Financial Officer and Investor Relations Officer*

Ms. LEE Tung Wan, Diana was appointed Chief Financial Officer (“CFO”) and Investor Relations Officer (“IRO”) of the Trustee-Manager in May 2016 and has been the Deputy CFO of the Trust-Manager since February 2011. She is also the Finance and Legal Director and Company Secretary of Yantian. She has held various executive positions at HPH. She focused on the financial planning and corporate finance area of the South China division of HPH and served as the CFO of several HPH subsidiaries. She has also served as director on some of HPH Trust business portfolio assets’ boards of directors since 2006. She holds a Bachelor’s degree in Commerce and is an Associate of The Institute of Chartered Accountants in Australia.

## **MR. LAM HING MAN, PATRICK**

*Managing Director of Yantian*

Mr. LAM Hing Man, Patrick is the Managing Director of Yantian and a member of the HPH Trust Exco. He first joined HIT in 1988 and spent the following two decades developing joint-venture projects for HPH in China. He has held various executive positions at HPH. He was previously the General Manager of two HPH subsidiaries in China, the General Manager of Human Resources at HIT and the Director of Operations and Human Resources at Yantian. He holds a Master’s degree in International Shipping and Transport Logistics.



**MR. SHUM KAI SHING, LAWRENCE***Managing Director of COSCO-HIT and Deputy Managing Director of ACT*

---

Mr. SHUM Kai Shing, Lawrence is the Managing Director of COSCO-HIT, Deputy Managing Director of ACT and a member of the HPH Trust Exco. He has held various executive positions at HPH since his joining in 1996. Before his appointment in May 2016, Mr. Shum spent over 15 years for HPH in China. He played the CFO role at Yantian and was then employed in a number of executive positions in Shanghai, most recently as Regional Director - North & East China of HPH. He is a Fellow of the Association of Chartered Certified Accountants, an Associate of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants.

**MR. TANG HIN KEE, EDWARD***Operations Director*

---

Mr. TANG Hin Kee, Edward has over 37 years of experience in port operations and is a member of the HPH Trust Exco. He has been the Operations Director of HPH Trust since 2013 and oversees the overall port operations within the Trust. He is also the General Manager of Operations at Yantian. He joined HIT in 1979 and has held various executive positions at HPH. He had successively been the General Manager of three HPH ports in China. He is a member of Hong Kong Port Operations Committee of Marine Department, and a MILT member of The Chartered Institute of Logistics and Transport.

**MR. WONG LEK HENG, SIMON***Engineering Director*

---

Mr. WONG Lek Heng, Simon is currently the General Manager of Engineering at HIT, a member of the HPH Trust Exco and the Engineering Director of HPH Trust. He first joined HIT in 1997 and spent most of his time in overseeing the engineering function of HIT. He had also been the General Manager of Engineering at Yantian for more than three years. Simon holds a Bachelor's degree and a Master's degree in Engineering. He is a Chartered Mechanical Engineer of the Institution of Mechanical Engineers and a member of the Institution of Engineering and Technology. He is also a member of the Hong Kong Institution of Engineers.





# REACHING NEW HEIGHTS

We embrace new automation technologies and productivity enhancement programmes to support better long-term growth prospects for the Trust. Leveraging our leadership in innovation and our services capabilities and global network, we aim to cross new waves and forge new frontiers in terminal management, vessel handling and customer service.







## FINANCIAL REVIEW

**“Given the relatively soft global trade outlook, the Trustee-Manager remains cautious about expected cargo volumes for 2017, and will continue to focus on cost improvements and new equipment deliveries over the next few years, including a replacement programme for yard cranes. Investments in hardware and software – which include remote-controlled yard crane technology and other systems enhancements – will enable the Trust to remain competitive.”**



### Portfolio expansion strengthens the Trust in the face of overall throughput drop

2016 was a volatile year for the shipping industry. Continuing subdued trade levels and overcapacity resulted in low freight rates, which may have ultimately led to the bankruptcy of one shipping line, while major players merged and formed new alliances for better economies of scale. Throughput was down and tariffs were under constant pressure as shipping lines tried to reduce their operating costs. Despite this, the Trust was resilient and worked diligently on streamlining its operations, recording a mild 3.0% drop in operating profit compared with 2015, to HK\$4.2 billion.

HPH Trust's Hong Kong and Yantian ports both recorded a decrease in transshipment volumes as a result of the service rationalisation of various global shipping lines. This contributed to the overall volume decline in throughput at both locations, with HPH Trust's Hong Kong ports also impacted by a drop in intra-Asia trade.

NPAT for the full year 2016 was HK\$3.0 billion, a 3.0% drop from 2015. NPAT attributable to unitholders was HK\$1.7 billion, down 1.8% from 2015.

On 19 December 2016, HIT, COSCO-HIT, and ACT entered into an agreement for the co-management and operation of the 16 berths across Terminals 4, 6, 7, 8 and 9 in Hong Kong. With operations handled under one management team, the Trustee-Manager believes that this arrangement will allow the most efficient use of facilities and deployment of resources, improving overall competitiveness.

In late December, Yantian acquired interests in HICT and HPH Trust now owns an effective interest of 41.3% in the terminal. The Trustee-Manager believes the acquisition will provide additional handling capacity and will generate operational synergies with Yantian through the sharing of resources and better utilisation of port and related facilities.

### Responding to challenges

Compared with 2015, throughput at HPH Trust's deep-water ports was down 5.9%, with the ports handling a total of 22.5 million TEU. Yantian's throughput was 11.7 million TEU, or 3.9% down on last year. The combined throughput of HIT, COSCO-HIT and ACT was 10.8 million TEU, or 8.1% down on last year.





The drop in throughput at Yantian was mainly due to a decrease in empties and transshipment cargoes, and that for Hong Kong was mainly due to weaker intra-Asia and transshipment cargoes.

Outbound cargoes to the US and Europe showed an upward trend in 2016. Outbound cargoes to the US grew at a faster rate in the fourth quarter of 2016, in response to the strengthening US economy. HPH Trust's performance over the year was also affected by the impact of structural changes in the container shipping industry, including cost rationalisation and changes in global shipping alliances.

HPH Trust's natural deep-water channels and unparalleled mega-vessel handling capabilities continued to cement its position as the preferred port-of-call for mega-vessels.

Revenue and other income was HK\$11.9 billion, HK\$0.7 billion, or 5.6% down on 2015.

Throughout the year, the Trust managed to improve operational efficiency and contain its costs by streamlining workflows and improving service delivery.

### **Limiting risk with a healthy cash balance and balanced capital structure**

HPH Trust concluded 2016 with a cash balance of HK\$7.0 billion. Cash generated from operations in 2016 totalled HK\$6.8 billion, with net cash from operating activities at HK\$5.2 billion. In 2016, HPH Trust recommended a total payout of HK\$2.7 billion in distributions to unitholders, translating to a DPU of 30.6 HK cents and a distribution yield of 9.0% based on the market price of US\$0.435 on 30 December 2016.

Short-term debt as of 31 December 2016 stood at HK\$4.2 billion and the Trust's total outstanding bank loans amounted to HK\$33.6 billion. The Trust has proposed to reduce its overall debt by repaying a minimum of HK\$1 billion of debt annually over a five-year period starting from 2017, limiting the Trust's exposure to risk under challenging market conditions.

### **Outlook for 2017**

Given the relatively soft global trade outlook, the Trustee-Manager remains cautious about expected cargo volumes for 2017 and will continue to focus on cost improvements and new equipment deliveries over the next few years, including a replacement programme for yard cranes. Investments in hardware and software – which include remote-controlled yard crane technology and other systems enhancements – will enable the Trust to remain competitive.

The International Monetary Fund's latest projection for global growth in 2017 is 3.4%, up marginally from 3.1% in 2016 – which is in line with its earlier projection that global growth may pick up slightly from last year's lacklustre pace. In Europe, Britain's terms of exit from the European Union remain unsettled, with uncertain repercussions at this time. On the other hand, the US economy is regaining its growth momentum, and economic activity has increased at a faster pace than expected. However, the new US president and any policy changes may present uncertainties for the US economy and impact global trade in 2017. Although a general slowdown in China's economy may dampen regional trade, this may counteract China's ongoing policy to move also from export-led growth towards domestic consumption. There may be opportunities offered for export trade, especially in light of Renminbi depreciation.

Despite these uncertainties, the management is confident that HPH Trust will respond promptly and effectively to any new challenges, given its strong fundamentals. By focusing on cost improvements and enhancing its mega-vessel handling capabilities through equipment and facility upgrade programmes, the Trust will ensure sustainable growth and stable annual distributions to unitholders.

## OPERATIONAL REVIEW

“At HPH Trust, the proactive review of our operating procedures for efficiency and productivity improvement – including the roll-out of a new generation of equipment, the implementation of cutting-edge technology, operational efficiency improvement programmes and new berth constructions – ensures the streamlined management of inbound and outbound container flows.”

At HPH Trust, we continually push the envelope to upgrade container handling equipment and facilities. These upgrades are essential to ensure our competitiveness in the face of changes in the container shipping industry, such as the continued deployment of mega-vessels, and the increased operational complexity arising from changes in shipping alliances.

At HPH Trust, the proactive review of our operating procedures for efficiency and productivity improvement – including the roll-out of a new generation of equipment, the implementation of cutting-edge technology, operational efficiency improvement programmes and new berth constructions – ensures the streamlined management of inbound and outbound container flows.

To remain responsive to the evolving needs of customers and maintain the highest levels of service, the Trust achieved a number of equipment and facilities expansion targets in 2016 that helped to advance its strategy of optimising every aspect of operations.

### Asset Enhancement

Among some of the Trust's more significant asset enhancements in 2016 were the purchase of two

new SPP QCs and two new BQCs at its Hong Kong operations. The SPP QCs can be adapted for remote-controlled operations and are the largest QCs in Hong Kong, bringing HIT's fleet of QCs to 48.

HIT is the only container terminal operator in South China to have four BQCs in its fleet. In 2016, HIT handled an accumulative barge throughput of nearly 2 million TEU, the highest in the Pearl River Delta, setting a new handling record of 129 barges and 6,103 moves in a single day.

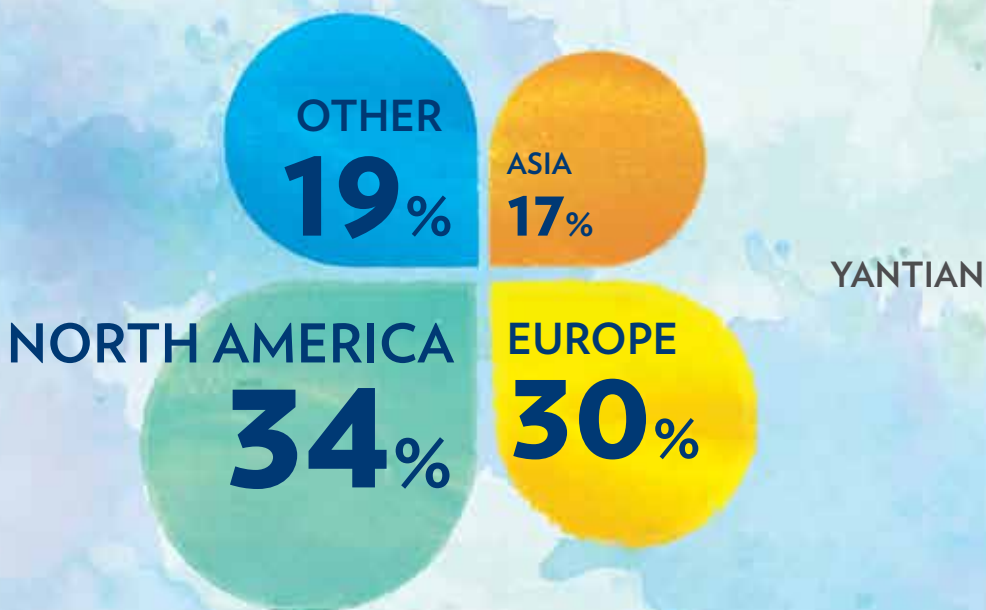
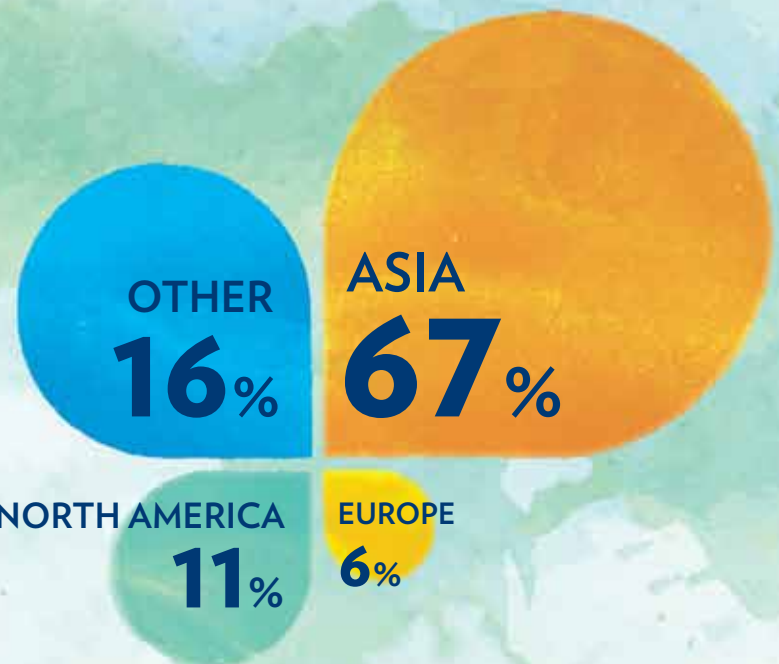
Yantian took delivery of three QCs with a unique truss structure that enhances its ability to withstand wind load caused by typhoons, bringing its fleet of QCs to 81.

As for facility enhancement, the first berth of Yantian's West Port Phase II project passed its official inspection in January, and the remaining two berths are expected to be completed in the first half of 2018. In addition, Yantian's Phase III Expansion South Berth has been fully operational since May. It is equipped with eight SPP QCs, with a depth alongside of 17.6 metres, ideal for handling mega-vessels. This brings the total number of deep-water berths to 18.



## PROPORTION OF WEEKLY SERVICES BY TRADE ROUTES (2016)

HIT, COSCO-HIT  
AND ACT



# OPERATIONAL REVIEW

## Operational efficiency

To enhance operational efficiency, improve resource utilisation and drive continuous improvement, HIT introduced its BOXplus project in 2015 and extended it from vessel to barge operations in January 2016 to address the increasing importance of, and the growing demand for, barge operations. This resulted in a berth productivity rate of 14.1 mph, which is a 16% increase over 2015.

BOXplus is a major component in a series of process improvement programmes at HPH Trust that aims to create high-quality, reliable solutions to support business objectives in a timely and cost-effective way.

Prime examples of this initiative are the IT pager and nITDS programmes which focus on streamlining the flow of internal trucks. In the IT pager project, over 500 IT pagers were upgraded to access both an internal Wi-Fi network and the public 3G network, increasing network reliability.

nITDS focuses on improving tractor assignment for vessel operations. It is a rule-based engine that uses mandatory condition-checking and move prioritisation logic to assign tractors to containers. Reducing travelling distance and transit time are key objectives as the system prioritises containers and tractor instructions based on container distance from the available tractors. IT pagers and nITDS, when implemented as an integrated solution, increase the productivity of internal trucks by 5%.

External tractors is also a focus of efficiency programmes at HPH Trust. The autogate project at Yantian was launched in part to help alleviate the operational pressure from the port's heavy traffic flow and to address the inefficiencies in the manual damage inspection process. Equipment for the autogate project includes two drive-through optical character recognition portals with the latest line scan and area scan technology that can capture a picture of a whole container when a truck passes through the portal.

The autogate project, which currently handles around 20% of full-container exports at Yantian, reduces the average processing time per tractor by 30%. The autogate project also serves to minimise the possibility of human error. On 29 August 2016, the autogate project set a record of 3,360 tractor moves in a single day, with an accuracy rate of 99%.

The Trust also took steps to improve operational safety by conducting regular employee training. A good example is in Yantian, where 7,440 staff attended refresher training in a number of areas, including safety laws and regulations, fire safety, dangerous cargo handling and risk assessment. This training was instrumental in the 21% drop in accidents for Yantian staff and contractors in 2016. A similar strategy in Hong Kong resulted in drops in the accident and injury rate of 8% and 5%, respectively, with a 49% drop in stevedoring accidents in 2016.

## Green power

The Trust is cognisant of the environmental impact of its terminal operations, and over the years has implemented many green programmes to ensure the environmental sustainability of its operations.

In February 2017, HIT took delivery of six new hybrid RTGCs, each with a 41-tonne lifting capacity. These hybrid RTGCs also mark a leap forward in the use of green technology. The Trust's fleet of 224 RTGCs in Hong Kong runs on either electricity or hybrid power. For those RTGCs running on electricity, their movement is limited by the need to be plugged in to an electrical source. As a result, diesel power is required when moving between container blocks, which requires the RTGC to be unplugged.



The six new RTGCs, under the new design, run on lithium battery power when moving between blocks, completely eliminating on-site diesel usage, emissions and engine noise.

As part of its efforts to reduce terminal emissions, fuel consumption and noise pollution, HIT has been converting its traditional RTGCs into electric or hybrid RTGCs since 2008. Electric and hybrid RTGCs can reduce fume emissions by 80% and fuel consumption by 50%. Furthermore, both types of RTGCs can reduce noise pollution by 45%. Battery-powered intra-terminal vehicles have been in use at the Trust for a number of years. To speed up the electric vehicle (“EV”) implementation plan, HIT installed a battery-charging station with five sets of universal EV chargers.

In Yantian, the second phase of its shore power project is underway. Upon completion, it will provide power supply for 150,000-tonne to 200,000-tonne mega-vessels, eliminating the need for these vessels to use diesel power while at berth.

#### Commitment and the way forward

The Trust’s equipment, facilities and technology enhancement programmes result in clearly measurable performance improvements and create sustainable value for our stakeholders. They also speak volumes about the Trust’s long-term commitment to the growth of its business in the region.

The Trust’s commitment has been recognised in the many awards it received in 2016. Yantian was awarded the prestigious 13th Tien-Yow Jeme Civil Engineering Prize – one of China’s top honours for civil engineering and construction – in March 2016, for an expansion project covering seven deep-water berths with a depth alongside of 17.6 metres and a quay length of three kilometres.

Yantian became the first container terminal in mainland China to achieve Maturity Level 3 under the Capability Maturity Model Integration programme



for its high-quality software development, project management and information services. In Hong Kong, HIT’s nITDS has been recognised by CarbonCare® Action Label 2016 for its efforts to reduce carbon dioxide emissions.

As part of our expansion and facilities upgrade, various types of new equipment are scheduled for delivery in 2017. We also look forward to the completion of Yantian West Port Phase II project, which will solidify Yantian’s position as the mega-vessel hub in the region.

HPH Trust has strong fundamentals built on a solid foundation of world-class equipment and facilities, and well-established procedures and innovations in technology. We are confident that these strengths will work hand in hand with the Trust’s management and financial best practices to deliver unparalleled value to its customers and unitholders.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 1. Stakeholder Engagement

HPH Trust undertakes various activities throughout the year to foster strong and dynamic professional relationships with different stakeholder groups, which include unitholders, customers, suppliers, financial institutions and employees. We are committed to ensuring effective and transparent stakeholder interactions; to better addressing and understanding specific stakeholder concerns; and to making business decisions that create the most sustainable value for all.



### *US-themed cocktail reception*

*February 2016:* Yantian hosted a cocktail reception themed "Gateway to the US" for about 200 cargo owners, freight forwarders and warehousing enterprises. HPH Trust CEO Gerry Yim and Yantian Managing Director Patrick Lam shared insights and status on the latest port facility upgrades, and other projects in the pipeline designed to increase operating efficiency.

### 1.1 UNITHOLDERS

Investor communication is an instrumental aspect of our operations. We actively engage with unitholders and the financial and investor communities during the year through quarterly financial updates, results briefings, global non-deal roadshows, industry conferences and various investor outreach events.

### 1.2 CUSTOMERS

We are proud to count all of the world's top carriers among our customers. In the face of increasing operational complexities and industry developments, we strive to deliver the best customer service, and to remain a trusted business partner to our customers.



### *Sponsorship for Retail Supply Chain Conference 2016*

*February 2016:* HPH Trust attended the Retail Supply Chain Conference 2016 in Dallas, Texas, as a Gold Sponsor. The four-day event brought together top executives from all aspects of the retail supply chain, from logistics and distribution to transportation, ports and technology providers. At the conference, the Trust was able to directly engage with the attendees to better understand their needs and explore the way that it could work more closely with them.





### *HIT luncheons*

*April/June 2016:* HIT hosted a luncheon titled “Your Preferred Barge Complex in South China” for barge operators in April 2016, and another themed “Riding the Waves of Change” for shipping lines in June 2016. The events allowed HIT to highlight its new service offerings and initiatives to better support its customers. HIT has been increasing its ability to support South China hinterland cargoes, boosting operational excellence in service delivery to customers, upgrading infrastructure to accommodate customers’ changing needs, and extending its reach to customers to develop business opportunities.

### *Annual customer communication session*

*June 2016:* Yantian conducted its annual customer communication session, themed “Yantian, the Gateway to the World”, for around 220 guests. Cargo owners, freight forwarders and representatives from shipping lines and related government departments attended the event.



### *Helping customers comply with new regulations*

*July 2016:* With the approval of an amendment to the 2014 SOLAS (Safety of Life at Sea) Convention by the International Maritime Organization’s Maritime Safety Committee, mandatory container weight verification came into force. Ensuring compliance with the new regulations, which requires a Verified Gross Mass (VGM) declaration for laden export containers, was a key concern for related industries.

HPH Trust, in its role as port service provider, took on the responsibility to ensure the availability of the VGM for laden containers before loading at terminals. Discussion sessions were held to provide our partners with updates on regulatory requirements and the impact on workflow. During the communication session, in-depth discussions were held with carriers and shippers about VGM declarations. These sessions served as a great platform for the Trust to strengthen customer relationships. Shortly after:

- › Yantian carried out pioneering work to raise awareness of the issue in the industry, conducting a SOLAS workshop in partnership with the leading home improvement retailer Lowe’s, shipping lines and third-party logistics companies. The workshop was designed to ensure key stakeholders are familiar with and ready to comply with the SOLAS convention. Around 250 Lowe’s suppliers attended.
- › Yantian participated in more than 10 workshops held by shipping lines, to present information on the VGM declaration and to promote its weighing service.
- › HIT organised a weighing trial with digital camera manufacturer Canon to explore the possibility of collaboration in compliance with SOLAS.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



## *TPM Asia 2016 conference*

**October 2016:** This financial year marked Yantian's 10th year as a platinum sponsor of the TPM Asia Conference, which is the essential conference for container shipping and logistics professionals to understand and discuss the issues facing the Asia-Europe, trans-pacific and intra-Asia container markets.

## *International Logistics and Transportation Fair*

**October 2016:** Yantian participated in the 11th China (Shenzhen) International Logistics and Transportation Fair at the Shenzhen Convention and Exhibition Centre. Representatives from Yantian were on hand to showcase the company's "Smart, Green and World-Class Port" vision, and to highlight its geographical advantages, advanced use of technology and green port initiatives.

## *Building relationships through golf*

**October 2016:** During the Trust's annual Golf Day, key management staff spent a day out golfing with their clients, as a way to build and strengthen relationships. This year's Golf Day culminated in an "Oktoberfest" themed dinner party.

## 1.3 VISITORS

The Trust welcomes VIPs, foreign and local dignitaries, and ministry officials for guided tours of its advanced port facilities. These tours represent an invaluable opportunity for us to share our insights on the evolving business landscape and to highlight our innovative technical capabilities.

## *Oman delegation visits Yantian and HIT*

**February 2016:** Sultanate of Oman's Secretary General of the Supreme Council for Planning, and Chairman of Sohar Industrial Port Company, H.E. Sultan Salim Said Al Habsi, led a delegation on a tour of the Trust's facilities in Shenzhen and Hong Kong. HPH Trust introduced the company's latest developments and services to the delegation.



### *Minister of Environmental Protection visits Yantian*

*April 2016:* Yantian Managing Director Patrick Lam hosted the People's Republic of China's Minister of Environmental Protection, Mr. Chen Jining, and the Mayor of Shenzhen, Mr. Xu Qin, on a yard tour of Yantian's facilities. The tour highlighted the company's terminal developments, innovative shore power facilities and green initiatives.

### *Ningbo Zhoushan Port Group visit*

*May 2016:* Mr. Cai Shengkang, General Manager, Vice President and Vice Party Secretary of Ningbo Zhoushan Port Group visited Yantian.

### *Yantian hosts Minister of Human Resources and Social Security*

*September 2016:* Mr. Ai Xuefeng, Deputy Mayor of Shenzhen, and Mr. Du Ling, Secretary of the Communist Party of China, Yantian District Committee, accompanied Mr. Qiu Xiaoping, Vice Minister of Human Resources and Social Security of China, and his delegation toured the Yantian facilities.

## 1.4 EMPLOYEES

Our human capital is invaluable in ensuring business continuity and sustained growth. We continuously engage our team members to seek feedback, and provide opportunities for our employees to develop their careers with us. We believe that training and communication are crucial to retaining talent and maintaining a committed and effective workforce.

### *General Managers Open Day*

*June 2016:* Yantian Managing Director Patrick Lam and other general managers engaged and exchanged views with 60 employees during a gathering aimed at sustaining strong relationships between senior management and staff.



### *Caring for staff during the heat*

*July/August 2016:* In the hot summer months of July and August, Yantian's managers distributed gifts and fruits to 6,500 staff, including contractors, to show their appreciation and to motivate staff at work.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



### *Family outing is a staff favourite*

*July/September/November 2016:* HIT's Sports & Recreation Committee, on behalf of the Trust's business units in Hong Kong, organised a variety of activities and annual gatherings for staff and their families. To cater to the diverse interests of different age groups, participants were offered a variety of programmes to choose from, including a summer movie, Halloween Preview Night, and a hiking trip plus lunch buffet. Around 2,400 employees and family members participated in these activities.

### *Staff's family members visit terminal*

*October 2016:* Family members of ACT and COSCO-HIT staff were given a tour of the terminals, office areas and Operations Control Tower, through which they gained a better understanding of the port's day-to-day operations, as well as the roles and responsibilities of the different staff groups.

### *Family Fun Day*

*November 2016:* Yantian held a Family Fun Day at Splendid China & China Folk Culture Village for more than 9,000 employees, customers, contractors and their family members. After an opening ceremony which also highlighted the company's recent rebranding, a series of activities followed: a family talent contest, a dragon boat race and garden games. These activities fostered teamwork and company spirit in a fun and friendly environment.

### *Business unit bonding*

*November 2016:* Table tennis and snooker tournaments are examples of sports competitions within HPH Trust. These friendly competitions were seen as channels to build networks and strengthen staff relations among business units. Throughout the year, more than 150 staff participated in informal gatherings, games and activities. Many participants established new friendships with colleagues from a different business unit.



### *Town hall meetings*

*2016:* HIT held town hall meetings twice during the year, involving management and more than 1,000 staff each time. In these meetings, HIT Managing Director Gerry Yim shared insights on the company's business strategy, applauded achievements, openly discussed some of the challenges faced by the business, and provided updates on green, safety and health initiatives.



## 1.5 SUPPLIERS AND VENDORS

The Trust adheres to policy standards with a strict selection process for its vendors and suppliers. The overall assessment takes into account key performance metrics such as quality of services and products, pricing reasonableness, professional ethics and conduct, as well as past and present performance.

## 1.6 GOVERNMENT

To ensure smooth, long-term operations, the Trust strives to stay abreast of the latest local, regional and industrial regulations through active engagement with local and regional authorities. We respect the local and industrial legal frameworks, and remain mindful and vigilant of the various compliance requirements.



## 2. Workplace Quality

The Trust strives to provide a safe and healthy working environment for its employees by enforcing health and safety practices in all its facilities. We recognise that the overall well-being of our staff is fundamental to maintaining employee satisfaction, which in turn bodes well for the Trust's productivity levels and service standards.

### 2.1 HEALTH AND SAFETY

#### *Kwai Tsing District Road Safety Carnival*

*February 2016:* HIT participated in the Kwai Tsing District Road Safety Carnival, hosting a game booth for the public. The annual carnival was held by the Kwai Tsing District Council, and was designed to strengthen the public's awareness of road safety.

#### *Container lashing competition*

*April 2016:* 65 external contractors participated in a container lashing competition, aimed at improving the skills of Yantian's workforce and enhancing operational efficiency and safety.

#### *Occupational Safety and Health Campaign*

*April 2016:* HIT hosted an appreciation event for staff and external contractors who participated in its Occupational Safety and Health Campaign. This campaign was jointly organised by the Hong Kong Container Terminal Operators Association, Hong Kong Labour Department, and the Occupational Safety and Health Council. HIT remains committed to promoting safe and healthy work environments.

#### *Focus on safety training*

*May 2016:* In addition to continuously providing safety training programmes for RTGC operators and stevedores since 2015, HIT developed a customised safety training programme for QC operators to enhance their safety awareness and operating skills. The accident rate between June and December of 2016 dropped 27% over the same period in 2015.

#### *Increasing safety at HIT terminals*

*May–June 2016:* The Occupational Safety and Health Council (OSHC) conducted the annual safety audit at HIT, based on the Continual Improvement Safety Programme Recognition of System (CISPROS). The safety audit focused on evaluating the effectiveness, efficiency and reliability of HIT's Occupational Safety and Health Management System (OSHMS). Following the audit, OSHC confirmed the robustness of HIT's OSHMS and awarded it the CISPROS Level 3 certification.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## *Fire rescue competition*

**June 2016:** Yantian's fire service team participated in a fire rescue competition organised by the Yantian District Government. After more than 100 teams from the Yantian District competed intensely for two days, Yantian was crowned first runner-up.

## *Crane rescue simulation practice*

**September 2016:** ACT and COSCO-HIT organised a joint rescue simulation with the Fire Services Department, during which employees simulated the rescuing of sick or injured operators from the cabin of a QC.

## *Improving crane operator comfort*

**September 2016:** HIT fitted 36 QCs with new 'air type' operator chairs to offer crane operators better vibration absorption for a more comfortable work environment.

## *Increasing worker safety*

**October 2016:** 167 safety administrators and contractors from Yantian attended a safety training session organised by Yantian District Administration of Work Safety, and all passed a post-event examination.

## *Safety Re-education*

**2016:** A "Safety Re-education" session for all 7,440 Yantian staff and contractors provided participants with information on safety laws and regulations, fire safety, dangerous cargo handling and risks assessment. The 2016 accident rate for Yantian staff and contractors dropped by 21% year-on-year.

## 2.2 DEVELOPMENT AND TRAINING

With unyielding long-term commitment to nurturing and developing our staff, we regularly develop and offer a variety of training programmes, including vocation-specific workshops, sharing sessions, thematic seminars and specialised training courses.

## 2.3 RECRUITMENT AND PROMOTION

The Trust firmly believes that a reliable and skilled workforce represents a key competitive advantage and is essential to its long-term development. To promote staff retention and career progression goals, we conduct regular reviews of the company's employment practices, employee appraisal process and incentive programmes.

As an equal opportunity employer, we welcome applications from all qualified candidates, and offer all successful candidates a structured development path.



### 3. Sustainability and Environmental Protection

As a long-term player in the industry, we are committed to protecting the environment and conducting our operations in an environmentally conscious manner. We are proud of our track record and will continue to uphold best practices in energy efficiency, pollution prevention, emissions reduction, operational sustainability and environmental protection.

#### *Improving air quality at Kwai Chung*

*January–June 2016:* HIT's enforcement of Hong Kong's Air Pollution Control (Ocean Going Vessels) (Fuel at Berth) Regulation resulted in a reduction in air pollution and a vast improvement in air quality at Kwai Chung.

Data from the Environmental Protection Department shows that average sulphur dioxide concentrations measured between July and December in 2015 at the Kwai Chung Air Quality Monitoring Station have been reduced by 37% when compared with the same months from 2010 to 2014.

#### *HIT protects the environment*

*February 2016:* HIT was awarded the Hong Kong Green Organisation certificate in recognition of its contribution to environmental protection through waste and carbon reduction, energy saving and indoor air quality improvement.



The awards were presented by the Indoor Air Quality Information Centre.



"EcoChallenger" awards at the BOCHK (Bank of China Hong Kong) Corporate Environmental Leadership Award presentation ceremony. The award recognises the company's continuous participation and contribution to environmental protection in the industry.

#### *Breathing easy*

*June 2016:* HIT attained Indoor Air Quality Certificate – Good Class for its office buildings Tower 1, 2 and 4.

#### *Corporate Environmental Leadership Award*

*June 2016:* HIT was presented the "3 Years+ EcoPioneer Companies" and

#### *New yard strategy*

*July 2016:* ACT and COSCO-HIT implemented a new yard strategy to increase the utilisation of electric and hybrid RTGCs. A key element of their environmental improvement programmes, the new strategy resulted in a 15% reduction in carbon emissions.

#### *Millions of fingerlings released*

*July 2016:* Yantian and the Yantian Port Group organised the release of more than half a million fingerlings into Mirs Bay in Yantian District. The release, aimed at preserving fish species and the aquatic environment, is now in its eighth consecutive year. Over the years, the company has released more than 46 million fish and shrimp fingerlings into the waters around the port.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



## *Go Green planting initiative*

**September 2016:** HIT and Port Services and Logistics (“PS&L”) organised a planting activity to support the Go Green initiative jointly arranged by terminal operators. Around 20 volunteers from HIT and PS&L assisted students from Tsuen Wan Trade Association Primary School – one of HIT’s dock schools – to plant a variety of vegetables in their school farm.

## *No Car Day*

**September 2016:** HIT participated in “No Car Day 2016”, encouraging staff to take public transport instead of driving. The initiative was organised by Friends of the Earth (HK), which planted trees at the Dongjiang headstream in recognition of HIT’s efforts.

## *Less waste, more recycling*

**September–December 2016:** HIT’s clean terminal campaign resulted in a reduction of waste by around 1,200 kilograms and the recycling of 10,000 plastic

bottles and aluminium cans. The campaign included activities such as a slogan competition, a “Keep Clean” competition for external contractors’ offices and recycling of plastic bottles and aluminium cans.

## *Increase energy efficiency*

**2016:** HIT embarked on a number of green initiatives during 2016. These included replacing a number of internal vehicles with electric vehicles and installing five units of chargers within its premises. HIT has gradually been replacing high-pressure sodium floodlights on its RTGCs, QCs and light towers with energy-saving LED floodlights.

## *Shore power project*

**2016:** Yantian commenced the second phase of its shore power project which will enable the port to provide power supply to 150,000-tonne to 200,000-tonne mega-vessels. Providing quay side power to a berthed vessel allows it to completely turn off its diesel engines and eliminate emissions.

## 4. Operating Practices

Through the implementation of stringent frameworks and sound operating procedures, the Trust continues to maintain seamless and uninterrupted operations across its business. We conduct regular internal reviews to evaluate the adequacy and effectiveness of our protocols and company guidelines, which are continuously strengthened and updated in line with international best practices.

### 4.1 SUPPLY CHAIN MANAGEMENT

The Trust undertakes comprehensive internal controls to ensure transparent and fair procurement processes. It also works to maintain open communication with stakeholders through appropriate channels, to facilitate dialogue and swift reporting of any suspected improprieties. Tender processes are transparent and clearly communicated, and vendors are selected based on merit or specified criteria such as experience and track record, price competitiveness and the ability to meet stated project requirements.

### 4.2 CUSTOMER PROTECTION

We recognise the need to protect our customer and operation data. The Trust has in place safeguards that work to ensure data privacy and the integrity of intellectual property. There are strict data protection standards and mechanisms to ensure the confidentiality of our customers’ information.



### 4.3 ANTI-CORRUPTION

In establishing a strong internal control framework which includes stringent policies and a vigorous enforcement regime, the Trust has put in place a series of measures against corruption and fraud. The executive management team sets a standard of zero tolerance on corruption and fraud. Such a strong stance is reflected in the Trust's policy on the subject which is communicated to all employees. To reinforce and remind third-party suppliers of this position, the Trust has incorporated appropriate clauses into its supply contracts, and such efforts are further strengthened by its internal audit function.

Suspected incidents of corruption or fraud are immediately reviewed by an independent team. Furthermore, cases falling within certain criteria are brought to the attention of the Audit Committee and executive management, and are thoroughly investigated by our internal auditors. We have also

established an independent whistleblower channel for individuals to anonymously report any suspected or actual irregularities or misdeeds. The Trust also cooperates fully with law enforcement agencies in their investigations.

The Trust takes a strong stance against corruption and fraud, which is an important part of its overall governance framework. Assets and the hard-earned profits of unitholders are key priorities of the Trust and we dedicate resources to safeguard these priorities.

## 5. Community and Education Involvement

As a responsible corporate citizen, HPH Trust contributes actively to local communities and creates a positive impact by nurturing the youth, supporting the elderly and providing opportunities for employment in the various locations in which it operates. Every year, our employees volunteer outside of their work schedules to organise and participate in a host of activities to contribute to the society.

### 5.1 COMMUNITY

#### *HIT continues Maritime Museum sponsorship*

*April 2016:* HIT made its annual sponsorship to the Hong Kong Maritime Museum. The donation will be used to expand programmes that educate the public about the maritime industry.

#### *Corporate social responsibility award*

*May 2016:* The Hong Kong Council of Social Service recognised HPH Trust for its commitment to corporate social responsibility, awarding HIT and APS the "10 Years Plus Caring Company" logo for

their decade-long efforts; and presenting Hutchison Logistics with the "5 Years Plus Caring Company" logo.

#### *Seniors Day party*

*October 2016:* Volunteers from Yantian celebrated Seniors Day with the senior residents of the Yantian District Social Welfare Centre. Company staff have been visiting the centre regularly for several years, celebrating traditional Chinese festivals with the residents.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## *Graffiti painting with the elderly*

**November 2016:** HIT joined 30 senior citizens from South Kwai Chung Service Centre in painting a mural at Yeung King House in the Lai King Estate. Jointly organised by HIT, the Housing Department and South Kwai Chung Service Centre, the project also involved teenage volunteers from ChickenSoup Foundation. This was part of a graffiti project aimed at beautifying the estate while promoting intergenerational harmony in the local community.



## *Caring for the elderly*

**2016:** Throughout the year, HIT volunteers participated in activities jointly organised with the Yan Chai Hospital Fong Yock Yee Neighbourhood Elderly Centre.

Activities included monthly distributions of rice to 75 needy senior citizens between January and March, and helping with the maintenance and cleaning of senior citizens' households in preparation for the Lunar New Year.

In December, HIT volunteers accompanied 30 senior residents from Kwai Tsing District, where the Trust's terminals are located, on an outing. The group visited a museum exhibition and had a lunch gathering,



The volunteers provided on-site support for the seniors especially those in need of wheelchair assistance.

## 5.2 EDUCATION

### *HIT Dock School Programme*

**June 2016:** HIT Managing Director Gerry Yim presented certificates and incentive awards to the five winning teams of the Final Year Project Competition as part of the company's Dock School Programme. Twenty teams from the Hong Kong Institute of Vocational Education (Tsing Yi) entered the competition, with the theme "Maritime Transport Management". Each project team focused on a different container terminal for their deliverable. The Dock School Programme aims to encourage more students to consider the maritime industry as a career.

### *Summer internship programme*

**June–August 2016:** HIT hosted its annual summer internship programme. Through an orientation programme, port visits, group projects and job attachments, the "Happy@HIT" programme allowed students with tertiary education to acquire practical work experience, apply knowledge and skills learnt in a workplace environment, develop a basic understanding of container terminal operations, experience teamwork and extend their social network.

### *Yantian marks 10 years of summer internships*

**July 2016:** 2016 marked Yantian's 10th anniversary in hosting its annual Summer Internship Programme with Dalian Maritime University (DMU) and Shenzhen University (SZU).

Through study tours to HIT and interactions with their tutors and Yantian staff, students can experience Yantian's corporate culture and learn about terminal and business management. After completing fieldwork and analysis, students presented case studies and related findings to a panel of judges from Yantian.

The event featured academic seminars and a discussion session between Yantian Managing Director Patrick Lam and this year's interns. Mr. Lam, along with DMU President Sun Yuqing and SZU Vice President Professor Li Fengliang, attended the event, alongside 150 other participants.

Since 2007, 234 interns have participated in the programme, and Yantian has been honoured as a hosting organisation at the provincial level.



### *Yantian welcomes summer camp students*

**July 2016:** A group of students from a primary school in Yunnan visited Yantian for a first-hand look at container handling operations. The visit is part of an annual week-long summer camp in Yantian, and marks the 11th consecutive year that the summer camp has been held in Yantian.



### *HIT recognised for developing young talent*

**August 2016:** Hong Kong's Labour Department recognised Tang Siu Hin, an engineering apprentice, as one of 10 awardees in the "Most Improved Trainee" category under the Youth Employment and Training Programme. The achievement is one of many showcasing HIT's long-term dedication to grooming and developing tomorrow's workforce via its various programmes. The Secretary for Labour and Welfare, Matthew Cheung Kin-Chung presented the award.



### *HIT Children Scholarship Scheme*

**August 2016:** HIT awarded scholarships to three children of HIT staff, under the HIT Children Scholarship Scheme. The scheme recognises the outstanding academic performance and achievements of staff's children and aims to build stronger ties with HIT employees' families. The awardees achieved distinguished results in the Hong Kong Diploma of Secondary Education Examination.



### *HIT Start Your Journey@Port programme*

**July 2016:** Through its collaborations with education institutions, HIT is committed to offering a variety of learning and placement opportunities that nurture young talent. Launched in 2014, the "Start Your Journey@Port" programme is one such initiative.

The programme features the HIT scholarship scheme for students pursuing the Higher Diploma in Logistics and Transport at Hong Kong University SPACE Community College.

This year, the scheme was also extended to students from the Hong Kong Institute of Vocational Education's Engineering Department. Furthermore, a new pre-employment scheme was initiated in the form of the HIT Scholarship (Engineering Studies). The scholarship targets students pursuing the Higher Diploma in Electrical and Mechanical Engineering and encourages them to join HIT for a three-month industrial placement and a 12-month engineering development programme upon graduation.

In the 2016/17 academic year, HIT will offer scholarships with a total value of HK\$150,000 for students from two institutions.

### *Yantian Management Trainee Programme*

**July 2016:** Three candidates were recruited for Yantian's two-year Management Trainee (MT) Programme from among the summer interns from SZU and DMU. The MT Programme includes in-house and external training, team challenges and three rounds of six-month job rotations in different departments with project assignments.

# INVESTOR RELATIONS

Transparent and efficient communication is the cornerstone of our investor relations. We strive to provide unitholders and investment communities with adequate, accurate and timely disclosures on material corporate developments, on a non-discriminatory basis, to support informed investment decisions.

## Financial Results and Corporate Literature

We recognise the importance of timely releases of material and price-sensitive information. The Investor Relations team ensures all announcements relating to our financial performance and strategic corporate developments are promptly disseminated via a range of mediums which include, amongst others, our corporate website (hphtrust.com) and the Singapore Exchange's online portal, SGXNET.

We publish our annual report for the financial year in April of the following year. This report is made available on SGXNET and our website, and is also distributed to all stakeholders in CD-ROM format, with printed copies available upon request.

Investors and stakeholders can refer to our corporate website as their first point of reference. We regularly update the Investor Centre section, which houses all news releases, SGXNET announcements, financial results, presentation materials, annual reports, unit price history and related charts and other relevant corporate information. Unitholders may direct their enquiries and concerns to the HPH Trust Investor Relations team via contact details published on the website. Through the website, interested parties can register for email alerts, which offer timely notifications on newly posted information.

The Trustee-Manager periodically organises physical briefings for analysts, fund managers, equity stakeholder representatives, unitholders and various other investor groups. Following the release of our full-year results, the management team holds its Annual General Meeting in Singapore, where unitholders are encouraged to participate in a question and answer session.

## Conferences, Briefings and Roadshows

Nurturing and sustaining strong, long-term relationships with our investors is central to our corporate strategy. The management regularly participates in investor conferences, small group and one-on-one meetings, and non-deal roadshows, to cultivate and maintain open dialogue with our global investor and financial analyst communities.

In 2016, HPH Trust management team met with over 200 analysts and investors from around the world, in both individual discussions and larger group events such as investor conferences. Trust management participated in roadshows and key investor conferences, including Deutsche Bank's dbAccess China Conference 2016, HSBC's Asia Day 2016, Citi Research's 13th Annual Asia Pacific Investor Conference 2016, DBS-SGX Hong Kong Corporate Day, Bank of America Merrill Lynch's China Logistics & Transportation Corporate Day, and Singapore Connect - 'Growth and Sustainability' Corporate Day.



## Research Coverage

As part of its ongoing efforts to maintain high levels of investor engagement, the Trustee-Manager actively engages analysts with the objective of extending research coverage, thereby cementing our reach to 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, nine research houses cover the Trust, including Citi Research, DBS Vickers, Deutsche Bank, Goldman Sachs, HSBC, J.P. Morgan, Morgan Stanley, OCBC Investment 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, FCIS, FCS(PE)  
Ms. TSIM Sin Ling, Ruth, MBA, FHKICPA

### Independent Non-executive Director and Lead Independent Director

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

### Independent Non-executive Directors

Mr. CHAN Tze Leung, Robert, BSc (Econ), MBA  
Mr. Graeme Allan JACK, BCom, CA (ANZ), FHKICPA  
Mr. Kevin Anthony WESTLEY, BA, FCA, BBS  
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)

## REGISTERED OFFICE

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

## COMPANY SECRETARY

Ms. Lynn WAN Tiew Leng

## UNIT REGISTRAR AND UNIT TRANSFER OFFICE

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

## AUDITOR

PricewaterhouseCoopers LLP  
8 Cross Street  
#17-00 PWC Building  
Singapore 048424  
Telephone: (65) 6236 7668  
Fax: (65) 6236 3300  
Partner-in-charge: Ms. Charlotte HSU Yuh Feng  
Date of appointment: 3 February 2016

## 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 Act, Chapter 31A of Singapore (“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 amended by the first supplemental deed dated 28 April 2014 (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 effective corporate governance practices are fundamental to safeguarding interests of unitholders and other stakeholders and enhancing unitholder value. Accordingly, the Trustee-Manager has adopted and applied corporate governance principles 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 2016 in reference to the BTA, the Business Trusts Regulations 2005 (“BTR”), the Code of Corporate Governance 2012 (“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 2016 with all the principles and guidelines of the Code, where applicable.

## BOARD MATTERS

### The Board’s Conduct of its Affairs

#### Principle 1

The Board, which is accountable to unitholders for the long-term performance of HPH Trust, is responsible for directing the strategic objectives of HPH Trust and overseeing the management of the business. Directors are charged with the task of promoting the success of HPH Trust and making decisions in the best interests of HPH Trust with due consideration on sustainability issues. The Board has established a framework for the management of HPH Trust, putting in place all relevant internal controls and risk management processes.

The Board, led by the Chairman (Non-executive), Mr. Fok Kin Ning, Canning, 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 Mr. Yim Lui Fai, Gerry, the Chief Executive Officer (“CEO”).

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

The Board meets at least once every quarter 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 quarterly 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. 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 and material transactions not in the ordinary course of business;
- (e) transactions between the Trustee-Manager for and on behalf of the 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.



**HUTCHISON PORT HOLDINGS TRUST**

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