



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

FORMATION OF JOINT VENTURE TO DEVELOP YANTIAN EAST PORT PHASE I

A. INTRODUCTION

Pursuant to Rule 1010 of the Listing Manual of Singapore Exchange Securities Trading Limited ("**Listing Manual**"), Hutchison Port Holdings Management Pte. Limited ("**Trustee-Manager**"), as trustee-manager of Hutchison Port Holdings Trust ("**HPH Trust**"), is pleased to announce that on 1 June 2021, it has, through its indirect subsidiary, Hutchison Ports Yantian Limited ("**HPYL**"), entered into a joint venture agreement ("**JV Agreement**") with Shenzhen Yantian Port Group Company Limited ("**YPG**") to establish a 50/50 joint venture, tentatively named as Yantian East International Container Terminals Limited 盐田东区国际集装箱码头有限公司 ("**YEICT**"). The purpose of establishing YEICT is to construct, develop, operate and manage phase I of a container terminal with an approximate size of 120 hectares located in the eastern side of the Yantian International Container Terminals, Shenzhen with an approximately 1,470-metre quay length ("**Yantian East Port**"). HPH Trust holds 79.45% of the effective interest in HPYL.

Upon the establishment of YEICT, HPYL and YPG will each hold a 50.0% equity interest in YEICT.

B. INFORMATION ON YEICT

YEICT will engage in the construction, development, operation and management of Yantian East Port ("**Development**"). It will have a registered capital of RMB2,734,750,000 (equivalent to approximately S\$567,376,000)¹, which will comprise the total equity contribution ("**Total Capital Contribution**") to be contributed in equal proportions by HPYL and YPG, each being a 50.0% shareholder of YEICT.

The total amount of investment in the Development is currently estimated to be approximately RMB10,938,980,000 (equivalent to approximately S\$2,269,498,000) ("**Total Investment**"). Such amount includes the estimated cost of acquisition of the land on which Yantian East Port will be situated (see Section C for further details). YEICT intends to finance part of the Total Investment from the Total Capital Contribution and the remainder of the Total Investment by external loans. The establishment of YEICT

¹ Based on an exchange rate of SGD 1 to RMB 4.82 which is used throughout this announcement unless otherwise stated.

and the Development are subject to completion of the relevant regulatory procedure (if applicable) of the People's Republic of China ("**PRC**").

Through three joint ventures with YPG or its subsidiary, HPH Trust currently holds its interests in the Yantian International Container Terminals in Shenzhen namely, Yantian International Container Terminals Limited, Yantian International Container Terminals (Phase III) Limited and Shenzhen Yantian West Port Terminals Limited (collectively, the "**Existing Yantian JVs**"). To improve efficiencies in operation, Yantian International Container Terminals have been jointly managed by the same management team pursuant to a Joint Operation Agreement entered into among the Existing Yantian JVs in 2001, as supplemented in 2004, 2005 and 2007 ("**JOA**"). Pursuant to the Supplementary Agreement No. 4 to the JOA dated 1 June 2021 ("**Supplementary JOA**"), subject to the fulfilment of the conditions precedent under the JV Agreement, one management team will be responsible for the operation and management of Yantian International Container Terminals as well as Yantian East Port (together "**Expanded Yantian Terminals**"). The revenue and expenses from the management and operation of the facilities of the Expanded Yantian Terminals will be shared among the Existing Yantian JVs and YEICT at a pre-agreed ratio. The Supplementary JOA will be terminated upon the termination of any three of the joint ventures which are parties to the Supplementary JOA.

C. JV AGREEMENT

Pursuant to the JV Agreement, each of HPYL and YPG shall pay its 50.0% share of the Total Capital Contribution in full (amounting to an aggregate of RMB2,734,750,000 from both shareholders) within five years from the date of the business licence to be issued by the Market Supervision Administration of Shenzhen Municipality. HPYL's 50.0% share of the Total Capital Contribution (in relation to its 50.0% direct interest in YEICT) will therefore amount to RMB1,367,375,000 (equivalent to approximately S\$283,688,000), and will be paid in instalments as determined by the board of directors of YEICT according to the progress of the Development. The Trustee-Manager intends to fund HPYL's 50.0% share of the Total Capital Contribution from time to time using internal resources.

The shareholders' capital contribution and/or future provision of shareholders' loans under the JV Agreement are conditional upon (i) the construction permit from the Shenzhen National Development and Reform Commission for the Development and (ii) the submission of the foreign investment preliminary report and the issuance of the business license of YEICT with business scope as set out in the JV Agreement or otherwise agreed by the shareholders in writing. The terms of the JV Agreement were negotiated on an arm's length basis between the shareholders. The JV Agreement will be effective upon

the filing to the Anti-monopoly Bureau of the State Administration for Market Regulation in accordance with the PRC Anti-monopoly Law and obtaining of the relevant approval (if applicable), and may subject to further amendment due to the introduction of new enactments of, amendments to and interpretation of the PRC laws, rules and regulations, the changes in the enforcement approach to the above as well as the decisions made by the competent PRC authority (if any).

YEICT intends to acquire the land on which Yantian East Port will be situated in accordance with the relevant laws and regulations of the PRC.

D. DEVELOPMENT FEE

Pursuant to the trust deed constituting HPH Trust dated 25 February 2011 (as amended) ("**Trust Deed**"), where the total project costs incurred in a development project is US\$500 million or more (as would be the case for the Development), the Trustee-Manager is entitled to receive development fees equivalent to a fee of US\$12.5 million plus 1.5% of the total project costs incurred which exceeds US\$500 million (pro-rated to HPH Trust's 39.73% effective interest in the Development). Based on the estimated amount of the Total Investment, the development fee in the case of the Development is currently estimated to be around US\$15,234,000² (equivalent to approximately S\$20,109,000)³.

E. PRO FORMA FINANCIAL EFFECTS

1. Assumptions

The pro forma financial effects of HPH Trust's indirect investment (through HPYL) in 50.0% of the equity of the YEICT ("**Transaction**") presented below are strictly for illustration purposes only, and do not reflect the actual financial position of HPH Trust following the completion of the Transaction. They assume that the Transaction will be fully funded by internal resources, and that the consideration to be indirectly paid by HPH Trust through HPYL will be paid in a single instalment⁴.

² Based on an exchange rate of USD 1 to RMB 6.37.

³ Based on an exchange rate of USD 1 to SGD 1.32.

⁴ As mentioned in Section C above, HPYL's 50.0% share of the Total Capital Contribution will be paid in instalments as determined by the board of directors of YEICT according to the progress of the Development.

The pro forma financial effects presented below have been prepared based on the latest audited financial statements of HPH Trust for the financial period from 1 January 2020 to 31 December 2020 (“FY2020”).

2. Pro Forma Net Profits

It is not applicable to present the effect of the Transaction on the distribution per unit of HPH Trust (“Unit”), as YEICT will be a newly incorporated company with no historical profit and loss information or other financial information.

3. Pro Forma Net Asset Value (“NAV”)

FOR ILLUSTRATIVE PURPOSES ONLY: The table below sets out the pro forma financial effects of the Transaction on HPH Trust’s NAV per Unit as at 31 December 2020, as if HPH Trust had (through HPYL) completed the Transaction on 1 January 2020 and held the indirect 50.0% interest in YEICT through to 31 December 2020.

| | Before the Transaction | After the Transaction |
|----------------------------|------------------------|-----------------------|
| NAV per Unit (S\$)* | 0.51 | 0.51 |

* Based on an exchange rate of SGD 1 to HKD 5.88

F. RATIONALE FOR THE TRANSACTION AND THE DEVELOPMENT

Yantian International Container Terminals in Shenzhen has become one of the busiest container terminals in the PRC. HPH Trust has consistently invested in efficiency and capability enhancement over the years to meet the worldwide trend towards using mega-vessels in container shipping. To maintain its competitiveness, the board of the Trustee-Manager is of the view that HPH Trust should continue to strengthen its infrastructure and enhance Yantian International Container Terminals’ capabilities to serve mega-vessels in line with the 14th five-year plan of the PRC.

G. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors of the Trustee-Manager and controlling shareholders of HPH Trust has any interest, direct or indirect, in the aforesaid transactions, other than through their shareholding or unitholding interests, if any, in the Trustee-Manager and HPH Trust respectively.

H. DISCLOSURE UNDER RULE 1010(13) OF THE LISTING MANUAL

Chapter 10 of the Listing Manual classifies transactions by HPH Trust into (i) non-discloseable transactions, (ii) discloseable transactions, (iii) major transactions and (iv) very substantial acquisitions or reverse takeovers, depending on the size of the relative figures computed on, *inter alia*, the following bases of comparison set out in Rules 1006(b) and 1006(c) of the Listing Manual⁵:

- (i) the net profits attributable to the assets acquired, compared with HPH Trust's net profits; and
- (ii) the aggregate value of the consideration given, compared with HPH Trust's market capitalisation based on the total number of issued units in HPH Trust excluding treasury units.

Based on HPH Trust's consolidated financial statements for FY2020, the relative figure for the basis of comparison set out in sub-paragraph (i) above in relation to the same period is not applicable as there are currently no profits attributable to YEICT, which will be a newly incorporated joint venture company.

Based on HPYL's 50.0% share of the Total Capital Contribution (being RMB1,367,375,000) and HPH Trust's market capitalisation as at the date of the market day preceding the date of the JV Agreement (being US\$2,047,109,000), the relative figure for the basis of comparison set out in sub-paragraph (ii) above is approximately 8%. As the relative figure computed on the bases set out in Rule 1006(c) exceeds 5% but does not exceed 20%, the transaction constitutes a discloseable transaction as defined in Chapter 10 of the Listing Manual and unitholders' approval is not required for the Transaction.

⁵ Rule 1006(a) of the Listing Manual is not applicable as the Transaction does not involve a disposal of assets. Rule 1006(d) of the Listing Manual is not applicable as HPH Trust is not issuing any equity securities as consideration for the Transaction.

By Order of the Board

Hutchison Port Holdings Management Pte. Limited
(Incorporated in the Republic of Singapore with limited liability)
(as trustee-manager of Hutchison Port Holdings Trust)
(Company Registration No. 201100749W)

Ms Kim Yi Hwa
Company Secretary
1 June 2021

ABOUT HPH TRUST

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

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

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