



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.

EXPROPRIATION OF CERTAIN LAND AND ATTACHMENTS THERETO IN YANTIAN

Hutchison Port Holdings Management Pte. Limited, as trustee-manager of Hutchison Port Holdings Trust (“**HPH Trust**” and the trustee-manager of HPH Trust, the “**Trustee-Manager**”), wishes to announce that each of Yantian International Container Terminals Limited (盐田国际集装箱码头有限公司) (“**YICT**”) and Shenzhen Pingyan Multimodal Company Limited (深圳平盐海铁联运有限公司) (“**PML**”) has entered into an expropriation and compensation agreement with 深圳市盐田区土地整备事务中心 (“**YTLAC**”), being the relevant local authority designated by the City Renewal and Land Development Bureau of the Yantian District People’s Government of Shenzhen of the People’s Republic of China (“**PRC**”), in relation to a compulsory expropriation of certain land owned by YICT and PML (together, the “**Companies**”) and certain immovable assets attached to such land.

For the purposes of this announcement, illustrative exchange rates of S\$1 : Renminbi (“**RMB**”) 5.40 and S\$1 : HK\$5.80 have been used.

A. INTRODUCTION

The PRC government announced its plan to promote the high-quality development of a new land-sea corridor as part of its 14th Five-Year Plan. To implement such plan, the Shenzhen Municipal Government has in turn announced its local plan to redevelop the Pingyan railway between Pinghu South station and Yantian Port station (“**Project**”). The Project will entail the compulsory expropriation of certain land located along the Pingyan railway owned by the Companies, as well as certain immovable assets attached to the land in phases (“**Expropriation**”). Among the total land area to be expropriated for the Project within the Yantian district in the year 2024, nine (9) plots of land are owned by PML (“**PML Land**”) and one (1) plot of land is owned by YICT (“**YICT Land**”).

B. INFORMATION ON YICT, PML AND THE EXPROPRIATION

PML is a joint venture incorporated in the PRC in which HPH Trust has an effective interest of 51.64%. PML owns and operates the Pingyan Railway connecting the Yantian International Container Terminals (“**Yantian Port**”) to the national railway network at Pinghu South, Shenzhen. The PML Land has a total area of approximately 158,171 square metres (“**m²**”), which comprises railway facilities, container yards and warehouses. The remaining lease tenure of the PML Land is approximately 29 years, expiring on 13 October 2053.

YICT is a joint venture incorporated in the PRC in which HPH Trust has an effective interest of 56.41%. YICT owns and operates Phases I and II of Yantian Port, which contain five (5) container berths with a combined land area of 130 hectares. The YICT Land has a total land area of approximately 16,921 m², which is used for storing empty containers. The remaining lease tenure of the YICT Land of approximately 1.5 years, expiring on 17 March 2026.

C. THE EXPROPRIATION AGREEMENTS

In connection with the Expropriation, on 31 July 2024, PML and YICT have each entered into a Property Expropriation and Compensation Agreement 《房屋征收补偿协议书》 with YTLAC (“**PML Expropriation Agreement**” and “**YICT Expropriation Agreement**”, respectively, and together, the “**Expropriation Agreements**”).

Pursuant to the PML Expropriation Agreement:

- (i) in view that the PML Land currently serves the operation of Pingyan Railway, in order not to disrupt the operations of Pingyan Railway, YTLAC has agreed that PML may continue to operate the PML Land during the construction of the proposed new railway facilities under the Project;
- (ii) YTLAC and PML have further agreed to enter into a land transfer confirmation letter to confirm PML’s agreement to work with YTLAC in respect of the cancellation of property rights and title transfer in respect of the PML Land;
- (iii) the compensation amount payable to PML by YTLAC (“**PML Compensation**”) amounts to an aggregate of RMB 362,449,891 (approximately S\$67,120,350);
- (iv) the PML Compensation is payable in two tranches: first, an amount of RMB 253,714,924 (approximately S\$46,984,245) is payable within ten (10) days from the date on which YTLAC notifies PML to assist it in cancellation of property rights and title transfer following the effective date of the PML Expropriation Agreement, and the remaining RMB 108,734,967 (approximately S\$20,136,105) is payable within ten (10) days from the date on which PML completes the relevant transfer and relocation of assets under the PML Expropriation Agreement;
- (v) in the event PML fails to transfer and relocate the PML Land and the relevant assets thereon (collectively the “**PML Expropriated Assets**”) in accordance with the PML Expropriation Agreement and does not apply for administrative reconsideration or administrative action within the requisite statutory period and YTLAC has paid to PML the PML Compensation, YTLAC has the right to request that the relevant government authority approving the Expropriation in respect of the PML Expropriated Assets apply to the relevant Primary People’s Court of the PRC to enforce such Expropriation; and

- (vi) in the event YTLAC fails to make payment of the PML Compensation in accordance with the PML Expropriation Agreement, YTLAC shall be liable to pay to PML a penalty of 0.01% of the outstanding amount payable for every day that it fails to make such payment. If such delay in payment exceeds 90 days, PML has the right to terminate the PML Expropriation Agreement and not proceed with the performance of its obligations thereunder, and such termination and omission shall not constitute a breach of contract.

Pursuant to the YICT Expropriation Agreement:

- (i) in view that the YICT Land currently serves the operation of Pingyan Railway, in order not to disrupt the operations of Pingyan Railway, YTLAC agreed that YICT may continue to operate the YICT Land during the construction of the proposed new railway facilities under the Project;
- (ii) YTLAC and YICT further agreed to enter into a land transfer confirmation letter to confirm YICT's agreement to work with YTLAC in respect of any land division and title transfer in respect of the YICT Land;
- (iii) the compensation amount payable to YICT by YTLAC ("**YICT Compensation**") amounts to an aggregate of RMB 12,700,646.70 (approximately S\$2,351,972);
- (iv) the YICT Compensation is payable in two tranches: first, an amount of RMB 8,890,452.70 (approximately S\$1,646,380) is payable within ten (10) days from the date on which YTLAC notifies YICT to assist it in any land division (if required) and title transfer following the effective date of the YICT Expropriation Agreement, and the remaining RMB 3,810,194 (approximately S\$705,592) is payable within ten (10) days from the date on which YICT completes the relevant transfer and relocation of assets under the YICT Expropriation Agreement;
- (v) in the event YICT fails to transfer and relocate the YICT Land and the relevant assets thereon (collectively the "**YICT Expropriated Assets**") in accordance with the YICT Expropriation Agreement and does not apply for administrative reconsideration or administrative action within the requisite statutory period and YTLAC has paid to YICT the YICT Compensation, YTLAC has the right to request the relevant government authority approving the Expropriation in respect of the YICT Expropriated Assets to apply to the relevant Primary People's Court of the PRC to enforce such Expropriation; and
- (vi) in the event YTLAC fails to make payment of the YICT Compensation in accordance with the YICT Expropriation Agreement, YTLAC shall be liable to pay to YICT a penalty of 0.01% of the outstanding amount payable for every day that it fails to make such payment. If such delay in payment exceeds 90 days, YICT has the right to terminate the YICT Expropriation Agreement and not proceed with the performance of its obligations thereunder, and such termination and omission shall not constitute a breach of contract.

The Trustee-Manager has been informed by YTLAC that the PML Compensation and the YICT Compensation were determined based on the valuations conducted on 26 October 2023 and set out in the valuation reports issued by Shenzhen GoFiner Real Estate Appraisal & Consultation Co., Limited dated 22 May 2024 and Shenzhen Unity Land and Property Valuation Consultancy Company Limited dated 8 May 2024, respectively, both being independent professional valuers engaged by YTLAC. The PML Compensation and the YICT Compensation also took into consideration the respective compensation for the PML Land and the YICT Land, the property structures, fixtures and fittings, facilities, temporary relocation expenses, business interruptions as well as an incentive bonus for the timely surrender of land. The valuations of the PML Expropriated Assets and the YICT Expropriated Assets determined by the respective valuers were RMB 345 million (equivalent to approximately S\$64 million) and RMB 12 million (equivalent to approximately S\$2 million), respectively. The valuations were assessed based on the cost approximation approach, income approach and cost approach.

For the avoidance of doubt, no divestment fee is payable to the Trustee-Manager in respect of the Expropriation.

D. PRO FORMA FINANCIAL EFFECTS OF THE EXPROPRIATION

(i) Capital of HPH Trust

The Expropriation does not involve the issue or allotment of new units in HPH Trust (“**Units**” and each unit in HPH Trust, “**Unit**”). As such, there is no effect on the capital of HPH Trust.

(ii) Pro Forma Financial Effects of the Expropriation on HPH Trust

The pro forma financial effects of the Expropriation, based on the audited consolidated financial statements of HPH Trust for the financial year ended 31 December 2023 are set out below. The pro forma financial effects are presented strictly for illustration purposes only, are based on the transactions contemplated under the Expropriation only, and are not intended to reflect the actual or future financial situation of HPH Trust (including the net tangible assets per Unit and earnings per Unit) following completion of the Expropriation.

(iii) Net tangible assets (“NTA”)

For illustrative purposes only, assuming that the Expropriation had been effected at the end of the financial year ended 31 December 2023, the effects of the Expropriation on the NTA of HPH Trust as at 31 December 2023 would have been as follows:

	Before the Expropriation	After the Expropriation⁽¹⁾
NTA (HK\$ 'million)	27,911 ⁽²⁾	28,112 ⁽³⁾
NTA per Unit (HK\$)	3.20 ⁽⁴⁾	3.23 ⁽⁵⁾

Notes:

- (1) The net tangible assets after the Expropriation takes into account the after-tax net gain of the Expropriation of approximately HK\$201 million (equivalent to approximately S\$35 million), being the after-tax net proceeds from the Expropriation in excess of the net book value of the PML Expropriated Assets and the YICT Expropriated Assets as at 31 December 2023.
- (2) Equivalent to approximately S\$4,812 million.
- (3) Equivalent to approximately S\$4,847 million.
- (4) Equivalent to approximately S\$0.55 and based on 8,711,101,022 issued Units as at 31 December 2023.
- (5) Equivalent to approximately S\$0.56 and based on 8,711,101,022 issued Units as at 31 December 2023.

(iv) Earnings per Unit

For illustrative purposes only, assuming that the Expropriation had been effected at the beginning of the financial year ended 31 December 2023, the effects of the Expropriation on the earnings per Unit as at 31 December 2023 would have been as follows:

	Before the Expropriation	After the Expropriation
Profits attributable to Unitholders (HK\$ million)	233 ⁽²⁾	343 ⁽³⁾
Earnings per Unit (HK cents) ⁽¹⁾	2.68 ⁽⁴⁾	3.94 ⁽⁵⁾

Notes:

- (1) Based on 8,711,101,022 issued Units as at 31 December 2023. The earnings per Unit (HK cents) takes into account (i) the attributable after-tax gain of the Expropriation, being the after-tax attributable net proceeds from the Expropriation in excess of the net book value of the PML Expropriated Assets and the YICT Expropriated Assets as at 1 January 2023, and (ii) the exclusion of attributable depreciation of the PML Expropriated Assets and the YICT Expropriated Assets for the year ended 31 December 2023, where (i) and (ii) totals approximately HK\$110 million (equivalent to approximately S\$19 million).
- (2) Equivalent to approximately S\$40 million.
- (3) Equivalent to approximately S\$59 million.
- (4) Equivalent to approximately 0.46 Singapore cents.
- (5) Equivalent to approximately 0.68 Singapore cents.

E. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

Chapter 10 of the listing manual of Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (“**Listing Manual**”) governs the acquisition or divestment of assets by HPH Trust and classifies such transactions into the following categories: (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 the bases of comparison set out in Rule 1006 of the Listing Manual.

Based on HPH Trust’s latest announced unaudited consolidated financial statements for the six-month period ended 30 June 2024 (as relevant), the relative figures for the Expropriation computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

Rule 1006	Bases	Relative Figures
(a)	Net asset value (“ NAV ”) of the assets to be disposed of, compared with the net asset value of HPH Trust as at 30 June 2024	0.35% ⁽¹⁾
(b)	Net profits attributable to the assets disposed of, compared with the net profits of HPH Trust for the six-month period ended 30 June 2024	19.5% ⁽²⁾
(c)	The aggregate value of the consideration received, compared with HPH Trust’s market capitalisation (based on the US\$ counter on SGX-ST) as at 30 July 2024, being the market day immediately preceding the date of this announcement	4.8% ⁽³⁾
(d)	The number of equity securities issued by HPH Trust as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable ⁽⁴⁾

Notes:

- (1) The figure for Rule 1006(a) of the Listing Manual was computed based on the unaudited NAV of the PML Expropriated Assets and the YICT Expropriated Assets as at 30 June 2024 determined by reference to HPH Trust’s latest announced unaudited consolidated accounts for the six-month period ended 30 June 2024 of approximately HK\$142 million (equivalent to approximately S\$24 million) divided by HPH Trust’s unaudited NAV as at 30 June 2024 of approximately HK\$41,106 million (equivalent to approximately S\$7,087 million).

- (2) The figure for Rule 1006(b) of the Listing Manual was computed based on the net profits attributable to the Expropriation of approximately HK\$259 million (equivalent to approximately S\$45 million) for the six-month period ended 30 June 2024 divided by HPH Trust's latest announced unaudited net profits for the six-month period ended 30 June 2024 amounting approximately HK\$1,332 million (equivalent to approximately S\$230 million). These figures are all stated before income tax, minority interests and extraordinary items.
- (3) The figures for Rule 1006(c) of the Listing Manual were computed based on the aggregate compensation from YTLAC over the Expropriation of approximately HK\$401 million (equivalent to approximately S\$69 million) divided by the market capitalisation of HPH Trust as at 30 July 2024 (based on the volume weighted average price of the Units transacted on such date) of approximately US\$1,080 million (approximately HK\$8,435 million¹, based on HPH Trust's US\$ counter on SGX-ST).
- (4) Rule 1006(d) does not apply as the Expropriation does not involve an acquisition by HPH Trust, and HPH Trust will not be issuing any Units in connection with the Expropriation.

While the relative figure under Rule 1006(b) for the Expropriation as computed above exceeds 5%, none of the relative figures exceeds 20%. Accordingly, the Expropriation constitutes a "discloseable transaction" for HPH Trust for the purposes of Chapter 10 of the Listing Manual, and is not subject to approval of the unitholders of HPH Trust.

F. GAINS ON THE EXPROPRIATION AND USE OF PROCEEDS

HPH Trust will realise a net after-tax gain (being the compensation due to the Expropriation in excess of the net book value of the PML Expropriated Assets and YICT Expropriated Assets) of approximately HK\$203 million (equivalent to approximately S\$35 million). The Trustee-Manager intends to use such compensation proceeds for working capital purposes and in funding PML's future operations and capital expenditure as and when they arise.

G. INTERESTS OF DIRECTORS AND CONTROLLING UNITHOLDERS

Based on information available to the Trustee-Manager as at the date of this announcement, none of the directors of the Trustee-Manager and the controlling unitholders of HPH Trust has any interest (direct or indirect) in the Expropriation, other than through their respective unitholdings in HPH Trust.

H. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Trustee-Manager in connection with the Expropriation or any other transaction contemplated in relation to the Expropriation.

¹ The conversion of United States dollars ("US\$") into Hong Kong dollars ("HK\$") is based on the exchange rate of US\$1.00 = HK\$7.81. Such conversions should not be construed as a representation that the amount in question has been, could have been or could be, converted at any particular rate at all.

I. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Expropriation Agreements are available for inspection during normal business hours at the registered office of the Trustee-Manager² at 1 Harbourfront Avenue, #14-07, Keppel Bay Tower, Singapore 098632 from the date of this announcement up to and including the date falling three months after the date of this announcement.

The Trust Deed of HPH Trust will also be available for inspection at the registered office of the Trustee-Manager for so long as HPH Trust is in existence.

By Order of the Board

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

Wong Yoen Har
Company Secretary
31 July 2024

About HPH Trust

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

HPH Trust owns interests in world class deep-water container port assets located in two of the world's busiest container port cities by throughput - Hong Kong and Shenzhen, 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.

² Prior appointment will be appreciated.