



(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)

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**ACQUISITION OF A SUBSIDIARY/ASSOCIATED COMPANY  
AND  
FORMATION OF JOINT VENTURE AND STRATEGIC ALLIANCE WITH INDEPENDENT  
THIRD PARTIES THROUGH THEIR INVESTMENTS IN ASIA CONTAINER TERMINALS  
HOLDINGS LIMITED  
AND  
DISPOSAL OF 60.0% OF ASIA CONTAINER TERMINALS HOLDINGS LIMITED**

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**A. INTRODUCTION**

Hutchison Port Holdings Management Pte. Limited ("**Trustee-Manager**"), as trustee-manager of Hutchison Port Holdings Trust ("**HPH Trust**"), is pleased to announce that on 13 March 2014 it has established a joint venture and strategic alliance with COSCO Ports (ACT) Limited 中遠碼頭 (亞洲貨櫃) 有限公司 ("**COSCO Ports**"), a subsidiary of COSCO Pacific Limited 中遠太平洋有限公司<sup>1</sup> ("**COSCO Pacific**") and China Shipping Terminal Development (Hong Kong) Company Limited 中海碼頭發展 (香港) 有限公司 ("**CSTD**"), a subsidiary of China Shipping (Group) Company 中國海運 (集團) 總公司<sup>2</sup> ("**China Shipping**") respectively through their investments of 40% and 20% in HPH Trust's wholly-owned subsidiary, Asia Container Terminals Holdings Limited 亞洲貨櫃碼頭控股有限公司 ("**ACT Holdings**"), and their acquisition of corresponding proportions of existing loans owing to a subsidiary of HPH Trust by the ACT Holdings group for an aggregate consideration of HK\$2,472,000,000 (equivalent to approximately S\$403 million)<sup>3</sup> (the "**JV Alliance**"). Solely for the purpose of the JV Alliance, HPH Trust acquired for nominal cash consideration, also on 13 March 2014, (i) 100% of the issued and paid-up capital of an offshore subsidiary, Sea Prime Holdings Limited ("**Sea Prime**") and (ii) 50% of the issued and paid-up capital of an offshore associated company, COSCO-HIT ACT Limited ("**COSCO-HPHT**").

The JV Alliance is an important and significant milestone achievement for both HPH Trust and the Hong Kong container port industry as a whole in that (i) not only does it yield a disposal gain of approximately HK\$125 million (equivalent to approximately S\$20 million) for HPH Trust, (ii) by securing this collaborative and strategically beneficial relationship with both COSCO Pacific and China Shipping, it allows all four berths located at the COSCO-HIT Terminals (Container Terminal

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<sup>1</sup> COSCO Pacific is a subsidiary of China Ocean Shipping (Group) Company and its securities are listed on The Stock Exchange of Hong Kong Limited ("**HKEx**"). As the underlying transaction to which COSCO Pacific is a party constitutes a discloseable transaction for COSCO Pacific under the Rules Governing the Listing of Securities on HKEx ("**HK Listing Rules**"), an announcement of today's date released by COSCO Pacific setting forth information pertaining to, amongst others, ACT Holdings, pursuant to the HK Listing Rules (for which contents Trustee-Manager takes no responsibility) can be found in its corporate website: [http://www.coscopac.com.hk/en/investor.php?action=notice&class\\_id=35](http://www.coscopac.com.hk/en/investor.php?action=notice&class_id=35).

<sup>2</sup> China Shipping, a large shipping conglomerate that operates across different regions and countries, is a state-owned enterprise in the People's Republic of China.

<sup>3</sup> Unless otherwise stated, for the purposes of this announcement, the conversion of Hong Kong dollars ("**HK\$**") into Singapore dollars ("**S\$**") is based on the exchange rate of HK\$1.00 = S\$0.1632. 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.

8 East, Kwai Chung, Hong Kong) and the Asia Container Terminals (Container Terminal 8 West, Kwai Chung, Hong Kong) to be operated as one contiguous 1,380 metre long berth, thereby enhancing Hong Kong's position as a long term transshipment hub within the Pearl River Delta region and compensating for the stagnant growth in South China's transshipment and export volumes in 2013, (iii) servicing multiple mega vessels at this contiguous berth simultaneously is now possible, and (iv) the operational flexibility, efficiencies, synergies, competitiveness, and profitability of all the relevant Hong Kong port operators are expected to be substantively bolstered.

## **B. INFORMATION ON ACT HOLDINGS, COSCO PACIFIC AND CHINA SHIPPING**

As announced by the Trustee-Manager on 7 March 2013, the Trustee-Manager acquired, through its wholly-owned subsidiary, Champion Rings Limited ("**BVI Subsidiary**"), the entire issued share capital of ACT Holdings on 7 March 2013 ("**Date of ACTH Acquisition**") for an aggregate cash consideration of HK\$3,167 million (equivalent to approximately S\$517 million), and procured payment of an amount of HK\$750 million (equivalent to approximately S\$122 million) in cash to fund the full repayment of indebtedness which was then owed by the ACT Holdings group to the respective affiliates of the then vendors.

ACT Holdings is a company incorporated in the Cayman Islands and is the holding company of a group of companies<sup>4</sup> that owns and operates Container Terminal 8 West, located at Kwai Chung, Hong Kong under a lease from the Hong Kong Government for a term expiring on 30 June 2047.

Container Terminal 8 West has 2 container berths. Its TEU<sup>5</sup> throughput for 2012 and 2013 was 1.0 million and 1.1 million, respectively. Being centrally located in the Pearl River Delta region, Container Terminal 8 West is situated at the nexus of numerous major shipping trade routes and is connected to a well-developed transportation and logistics network, serving as a hub where manufacturers meet buyers and as a gateway between east and west. It measures approximately 28.5 hectares in area, and has a water depth alongside the terminal of 15.5 metres. Adjacent to Container Terminal 8 West is the COSCO-HIT Terminals which has two container berths and measures approximately 30 hectares in area, and has a water depth alongside the terminal of 15.5 metres.

COSCO Pacific is principally engaged in the businesses of managing and operating terminals, container leasing, management and sale, and other related businesses. COSCO-HIT Terminals is a 50:50 joint venture established in 1991 between the COSCO Pacific group and the predecessor of the HPH Trust group.

China Shipping is principally engaged in container tanker, freight, passenger transport, car carrier and special transportation, as well as terminal operation and providing related services.

## **C. THE JV ALLIANCE**

The establishment of the JV Alliance is effected through (i) the allotment and issue at a premium of certain new shares in ACT Holdings to COSCO-HPHT, a specific purpose entity incorporated in the British Virgin Islands and jointly controlled by COSCO Ports and HPH Trust, on terms set out in a subscription agreement entered into by, amongst others, ACT Holdings and dated 13 March 2014 ("**COSCO-HPHT Subscription Agreement**"); (ii) the allotment and issue at a premium of certain new shares in ACT Holdings to CSTD on terms set out in another subscription agreement also entered into by, amongst others, ACT Holdings and dated 13 March 2014

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<sup>4</sup> ACT Holdings group comprises Asia Container Terminals Limited and Asia Container Terminals French Leasing Limited, both being wholly-owned subsidiaries of ACT Holdings.

<sup>5</sup> Twenty-foot equivalent unit, based on the dimension of a cargo container 20 feet long by 8 feet wide by 8 feet 6 inches high, with a maximum load of 24 tonnes.

("CSTD Subscription Agreement", together with COSCO-HPHT Subscription Agreement, collectively "**Subscription Agreements**"); and (iii) the repurchase also at a premium by ACT Holdings of certain existing shares in ACT Holdings from BVI Subsidiary on terms set out in a repurchase agreement also entered into by ACT Holdings and dated 13 March 2014 ("**Repurchase Agreement**").

The JV Alliance, which has resulted in a reduction of HPH Trust's effective interests in ACT Holdings from 100% to 40.0%, constitutes a disposal of assets by HPH Trust for the purposes of Chapter 10 of the Listing Manual ("**Disposal**").

## **COSCO-HPHT SUBSCRIPTION AGREEMENT**

Under the terms of the COSCO-HPHT Subscription Agreement:

(i) in consideration of the payment of a cash sum of HK\$1,108,000,000 (equivalent to approximately S\$181 million) funded by COSCO Ports ("**COSCO Share Consideration**") and an assignment of the benefits under an interest-free promissory note issued by a HPH Trust group company to ACT Holdings in the principal sum of HK\$1,108,000,000 (equivalent to approximately S\$181 million) ("**Promissory Note**"), ACT Holdings issued at a premium a total of 800 new shares of par value HK\$1.00 each in the share capital of ACT Holdings ("**ACTH Shares**", together "**COSCO-HPHT Shares**") to COSCO-HPHT at completion ("**Completion**"), which occurred on 13 March 2014. The COSCO-HPHT Shares represent 80% of the issued share capital of ACT Holdings as enlarged by the share allotment and issue contemplated in the Subscription Agreements and as reduced by the cancellation of the ACT Holdings shares repurchased pursuant to the Repurchase Agreement ("**ACTH Reorganised Share Capital**"); and

(ii) in consideration of the payment by COSCO Ports of a cash sum of HK\$540,000,000 (equivalent to approximately S\$88 million) ("**COSCO Loan Consideration**"), 40% of the existing loans currently owing to a subsidiary of HPH Trust by the ACT Holdings group are assigned at their respective face values to COSCO Ports (or as it may designate) at Completion.

The amounts of the COSCO Share Consideration and the COSCO Loan Consideration, and the terms of the Promissory Note were all negotiated on a willing-buyer and willing-seller basis, taking into account 40% of the net asset value of ACT Holdings determined by reference to HPH Trust audited consolidated accounts as at 31 December 2013 being approximately HK\$1,007 million (equivalent to approximately S\$164 million), and the face value of the assigned loans being HK\$540,000,000 (equivalent to approximately S\$88 million).

## **THE CSTD SUBSCRIPTION AGREEMENT**

Under the terms of the CSTD Subscription Agreement,

(i) in consideration of the payment by CSTD of a cash sum of HK\$554,000,000 (equivalent to approximately S\$90 million) ("**CSTD Share Consideration**"), ACT Holdings issued at a premium a total of 200 new ACTH Shares of par value HK\$1.00 each in the share capital of ACT Holdings ("**CSTD Shares**") to CSTD at Completion, which also occurred on 13 March 2014. The CSTD Shares represent 20% of the ACTH Reorganised Share Capital as at Completion.

(ii) in consideration of the payment of a cash sum of HK\$270,000,000 (equivalent to approximately S\$44 million) ("**CSTD Loan Consideration**"), 20% of the existing loans currently owing to a subsidiary of HPH Trust by the ACT Holdings group are assigned to CSTD at its face value at Completion.

The CSTD Share Consideration and the CSTD Loan Consideration were negotiated on a willing-buyer and willing-seller basis, taking into account 20% of the audited net asset value of ACT Holdings being disposed of as at 31 December 2013 being approximately HK\$503 million and the face value of the assigned loans being HK\$270,000,000 (equivalent to approximately S\$44 million).

#### **THE REPURCHASE AGREEMENT**

Under the terms of the Repurchase Agreement, in consideration of the payment by ACT Holdings of HK\$2,770,000,000 (equivalent to approximately S\$452 million) in cash (out of the new issue proceeds from the Subscription Agreements) and the endorsement of the Promissory Note to BVI Subsidiary, the latter agreed and allowed the 1,000 ACTH Shares it held ("**BVI Subsidiary Shares**") to be repurchased and cancelled by ACT Holdings at Completion ("**Share Repurchase**"). The BVI Subsidiary Shares represented the entire issued share capital of ACT Holdings immediately prior to Completion. The Share Repurchase was effected with the full knowledge and consent of COSCO-HPHT and CSTD.

#### **COMPLETION OF THE JV ALLIANCE**

At Completion (which includes completion of the Share Repurchase),

(i) HPH Trust's effective interest in ACT Holdings is decreased from 100% to 40%, as to 80% held by COSCO-HPHT and the remaining 20% held by CSTD. HPH Trust and COSCO Pacific will each hold a 40% effective interest in ACT Holdings through their respective 50% interests in COSCO-HPHT;

(ii) CSTD, COSCO-HPHT and ACT Holdings entered into a shareholders' agreement in respect of, among others, the right and obligations of CSTD and COSCO-HPHT as the shareholders of ACT Holdings; and

(iii) The Trustee-Manager, Sea Prime, COSCO Pacific and COSCO Ports also entered into a shareholders' agreement in respect of, among others, the rights and obligations of Sea Prime and COSCO Ports as shareholders of COSCO-HPHT.

#### **RATIONALE FOR THE JV ALLIANCE**

The establishment of the JV Alliance is an important and significant milestone achievement for both HPH Trust and the Hong Kong container port industry as a whole in that (i) not only does it yield a disposal gain of approximately HK\$125 million (equivalent to approximately S\$20 million) for HPH Trust, (ii) by securing this collaborative and strategically beneficial relationship with both COSCO Pacific and China Shipping, it allows all four berths located at the COSCO-HIT Terminals and the Asia Container Terminals to be operated as one contiguous 1,380 metre long berth, thereby enhancing Hong Kong's position as a long term transshipment hub within the Pearl River Delta region compensating for the stagnant growth in South China's transshipment and export volumes in 2013, (iii) servicing multiple mega vessels at this contiguous berth simultaneously is now possible, and (iv) the operational flexibility, efficiencies, synergies, competitiveness, and ultimately profitability of all relevant Hong Kong port operators are expected to be substantively bolstered.

## FINANCIAL EFFECTS OF THE DISPOSAL

### Capital of HPH Trust

The Disposal does not involve the issue or allotment of new units in HPH Trust. As such, there is no effect on the capital of HPH Trust.

### Financial Effects of the Disposal on the HPH Trust group

The pro forma financial effects of the Disposal, based on the audited consolidated financial statements of HPH Trust for the financial year ended 31 December 2013 are set out below. The pro forma financial effects are presented for illustration purposes only, are based on the transactions contemplated under the Disposal only, and are not intended to reflect the actual future financial situation of HPH Trust after Completion.

**Net tangible assets (“NTA”).** For illustrative purposes only, assuming that the Disposal had been effected at the end of the financial year ended 31 December 2013, the effects of the Disposal on the NTA of HPH Trust as at 31 December 2013 would have been as follows:

	Actual	As adjusted for the Disposal
NTA (HK\$'million)	34,208 <sup>6</sup>	33,346 <sup>7</sup>
NTA per unit (HK\$)	3.93 <sup>8</sup>	3.83 <sup>9</sup>

**Earnings per unit.** For illustrative purposes only, assuming that the Disposal had been effected on the Date of ACTH Acquisition, the effects of the Disposal on the earnings per unit of HPH Trust as at 31 December 2013 would have been as follows:

	Actual	As adjusted for the Disposal
Profits attributable to Unitholders (HK\$'million)	1,675 <sup>10</sup>	1,794 <sup>11</sup>
Earnings per unit (HK cents)	19.23 <sup>12</sup>	20.60 <sup>13</sup>

Notes:

- (1) For the purposes of illustrating the financial effects of the Disposal on the earnings per unit of HPH Trust, the Trustee-Manager has assumed that the Disposal had occurred on 7 March 2013, being the date on which HPH Trust acquired 100% of ACT Holdings. The Trustee-Manager has not illustrated the effect of the Disposal as if it had occurred at the beginning of the financial year ended 31 December 2013 as HPH Trust did not own ACT Holdings on that date and such an illustration would not be meaningful.
- (2) The earnings per unit (HK cents) takes into account the net gain of the Disposal of approximately HK\$125 million (equivalent to approximately S\$20 million), being the proceeds from the Disposal in excess of the book value of ACT Holdings as at 31 December 2013.

(equivalent to approximately in S\$)

<sup>6</sup> S\$5,583 million

<sup>7</sup> S\$5,442 million

<sup>8</sup> S\$0.6

<sup>9</sup> S\$0.6

<sup>10</sup> S\$273 million

<sup>11</sup> S\$293 million

<sup>12</sup> S3.1 cents

<sup>13</sup> S3.4 cents

## CHAPTER 10 OF THE LISTING MANUAL

Under Chapter 10 of the listing manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”) (“Listing Manual”) (which governs acquisitions and realisations), where any of the relative figures of an asset purchase or asset sale transaction, computed on the bases in Rule 1006 of the Listing Manual exceed 5% but are less than 20%, that transaction is classified as a “discloseable transaction” and shall be subject to announcement but is not subject to shareholders’ or unitholders’ approval.

The relative figures for the Disposal 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 31 December 2013	1.8%
(b)	Net profits attributable to the assets disposed of, compared with the net profits of HPH Trust as at 31 December 2013	0.2%
(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 12 March 2014, being the market day immediately preceding the date of this announcement	5.7%
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable

Notes:

- (1) The figure for Rule 1006(a) of the Listing Manual was computed based on the audited NAV attributable to the 60% effective interests in ACT Holdings determined by reference to HPH Trust audited consolidated accounts as at 31 December 2013 of approximately HK\$1,510 million (equivalent to approximately S\$246 million) divided by HPH Trust’s audited NAV as at 31 December 2013 of approximately HK\$84,232 million (equivalent to approximately S\$13,747 million).
- (2) The figure for Rule 1006(b) of the Listing Manual was computed based on the audited net profits attributable to the 60% effective interests in ACT Holdings determined by reference to HPH Trust audited consolidated accounts for the financial ended 31 December 2013 of approximately HK\$7 million (equivalent to approximately S\$1 million) divided by HPH Trust’s audited net profits for the financial year ended 31 December 2013 of approximately HK\$3,411 million (equivalent to approximately S\$557 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 of the COSCO Share Consideration, COSCO Loan Consideration, CSTD Share Consideration and CSTD Loan Consideration of approximately HK\$2,472 million (equivalent to approximately S\$403 million) divided by the market capitalisation of HPH Trust as at 12 March 2014 (based on the volume weighted average price of the units transacted on such date) of approximately US\$5,600 million (approximately HK\$43,478 million<sup>14</sup>, based on HPH Trust's US\$ counter on SGX-ST).

As none of the relative figures under Rule 1006 for the Disposal exceeds 20%, the Disposal constitutes a "discloseable transaction" for HPH Trust for the purposes of Chapter 10 of the Listing Manual. Accordingly, the Disposal is not subject to the requirement of obtaining approval of HPH Trust's unitholders.

#### **GAINS ON THE DISPOSAL AND USE OF PROCEEDS**

The HPH Trust group realised a net gain (being the value of the Disposal proceeds in excess of the book value) of approximately HK\$125 million (equivalent to approximately S\$20 million) and received net proceeds of approximately HK\$2,472 million (equivalent to approximately S\$403 million) at Completion. The Trustee-Manager intends to use such proceeds for working capital purposes and in funding the HPH Trust group's future operations and capital expenditure as and when they arise.

#### **INTERESTS OF DIRECTORS AND CONTROLLING UNITHOLDERS**

None of the directors of the Trustee-Manager and the controlling unitholders of HPH Trust has any interest (direct or indirect) in the JV Alliance, other than through their respective unitholdings in HPH Trust and Mr. Eric Ip, the Executive Director of Trustee-Manager, by virtue of his being an independent non-executive director of COSCO Pacific.

#### **NO SERVICE AGREEMENTS**

No person will be appointed to the board of directors of the Trustee-Manager in connection with the JV Alliance and no service agreements in relation thereto will be entered into by the Trustee-Manager.

#### **DOCUMENTS FOR INSPECTION**

A copy of the COSCO-HPHT Subscription Agreement, the CSTD Subscription Agreement and the Repurchase Agreement, are available for inspection during normal business hours at the registered office of the Trustee-Manager at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, for a period of three (3) months commencing from the date of this announcement.

#### **D. ACQUISITION OF SUBSIDIARY/ASSOCIATED COMPANY**

Pursuant to Rule 704(17)(c) of the Listing Manual, the Trustee-Manager announces that on 13 March 2014 and in connection with the JV Alliance, HPH Trust acquired the following companies each for nominal consideration and reflecting their newly incorporated status, resulting in these

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<sup>14</sup> The conversion of United States dollars ("US\$") into Hong Kong dollars ("HK\$") is based on the exchange rate of US\$1.00 = HK\$7.7639. 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.

companies becoming a wholly-owned subsidiary or an associated company (as the case may be) of HPH Trust:

Name of subsidiary : Sea Prime Holdings Limited  
Principal Activity : Intermediate holding company  
Paid-up Capital : US\$10  
Country of Incorporation : The British Virgin Islands  
Nominal value per share : US\$1.00  
Number of shares acquired : 10 ordinary shares

Name of associated company : COSCO-HPHT ACT Limited  
Principal Activity : Joint venture vehicle  
Paid-up Capital : US\$1,000  
Country of Incorporation : The British Virgin Islands  
Nominal value per share : US\$1.00  
Number of shares acquired : 500 ordinary shares

By Order of the Board  
Hutchison Port Holdings Management Pte. Limited  
(as trustee-manager of Hutchison Port Holdings Trust)  
(Company Registration No. 201100749W)

Lim Ka Bee  
Company Secretary  
13 March 2014

### **About HPH Trust**

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

HPH Trust's portfolio consists of interests in deep-water container port assets located in Hong Kong and Shenzhen, the People's Republic of China, two of the world's busiest container port cities, 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.

HPH Trust's investment mandate 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.

HPH Trust is managed by Hutchison Port Holdings Management Pte. Limited, with the key objective of providing the unitholders with stable and regular distributions as well as long-term distribution per unit growth.