

Press Release

HOPEWELL HOLDINGS LIMITED ANNOUNCES FINANCIAL YEAR 2015/16 FINAL RESULTS

Highlights

FY16

- HHL is planning celebrations for 45th anniversary of listing on Hong Kong Stock Exchange
- EBIT before completion and redevelopment gains increased 6% yoy to HK\$1,944 million
- Core profit attributable to owners of the Company (excluding fair value gain of completed investment properties) fell 14% yoy to HK\$1,417 million, or HK\$1.63 per share, mainly because profit for the last year included completion and redevelopment gains of HK\$420 million
- Total cash dividend of HK130 cents per share (final cash dividend of HK75 cents per share and interim cash dividend of HK55 cents per share)
- Retail rental income increased 20% yoy, as retail portfolio consists of neighborhood shopping centres and less hit by drop in tourist arrivals to Hong Kong
- E-Max's rental income grew 27% yoy, mainly driven by new tenants (e.g. Volkswagen showroom)
- Booked HK\$4.1 billion revenue from The Avenue Phase 2 residential sales
- Hopewell New Town achieved sales revenue target, with RMB256 million booked
- Panda Hotel's total revenue fell 9% yoy mainly due to drop in tourist arrivals. Increase in F&B revenue was offset by the fall in room revenue
- Reduced RMB exposure by converting RMB deposit into HKD mainly for loan repayments

Upcoming: FY17 and beyond

- E-Max is in evolution now: G/F upmarket fashion outlets and 2/F food court plan to open in third and fourth quarter of 2016 respectively. Target E-Max's rental income to grow 50% in FY19 as compared to FY16
- 155-167 QRE envisions to commence operation in 2019 with targeted full-year rental income of not less than HK\$40 million in FY21
- Hopewell New Town expects to book sales revenue of approximately RMB600 million in FY17, of which 69% sales had been achieved as of 11 August 2016

Hong Kong, 23 August 2016 - Hopewell Holdings Limited ("Hopewell Holdings", "HHL", "the Company"; SEHK: 54), the Hong Kong-based property, infrastructure, hotel and hospitality group, today announced its final results for the year ended 30 June 2016.

Hopewell Holdings' total revenue for the year ended 30 June 2016, including treasury income and its share of the revenues of JVs engaged in toll roads, power plant operations and property development, amounted to HK\$9,235 million, 48% higher than the previous year. The significant increase was principally due to the continued growth of investment property business together with the sales recognition of The Avenue Phase 2, which offset decreased electricity sales of Heyuan Power Plant, treasury income and hospitality business' revenue.

In the absence of redevelopment gain of HK\$300 million and completion gain of HK\$120 million which were recorded in the previous year, the Group's EBIT for the year decreased to HK\$1,944 million from HK\$2,257 million for 2015. EBIT before redevelopment gain and completion gain rose by 6% to HK\$1,944 million from HK\$1,837 million recorded for the previous year.

The profit attributable to owners of the Company decreased during the year under review to HK\$2,762 million or HK\$3.17 per share from HK\$2,835 million for the previous year. The profit attributable to owners of the Company before exchange gain/loss increased 2% to HK\$2,887 million in FY16.

Excluding the fair value gain of the Group's completed investment properties, core profit attributable to owners of the Company during the year fell 14% to HK\$1,417 million or HK\$1.63 per share, mainly because the profit for the last year included redevelopment and completion gains of HK\$420 million.

The Board of Directors has proposed a final cash dividend of HK75 cents per share for the year ended 30 June 2016 (30 June 2015: final cash dividend HK70 cents). The final cash dividend will be paid on 8 November 2016 to shareholders who were registered at the close of business on 1 November 2016.

Mr. Thomas Wu, Managing Director of Hopewell Holdings, said: "The Company's results continued to be encouraging, the growth of the investment property business and the sales recognition of The Avenue Phase 2 have outperformed the unfavorable factors from a generally sluggish economy. We will continue to seek for the best strategy for the Company in the coming years."

As at 30 June 2016, net cash for HHL at the corporate level (excluding Hopewell Highway Infrastructure Limited ("HHI")) amounted to HK\$336 million (30 June 2015: net debt of HK\$592 million). Total cash on hand at HHL corporate level stood at HK\$2,886 million.

INVESTMENT PROPERTIES AND HOSPITALITY

HHL's investment properties and hospitality businesses maintained a mild growth during the year under review, with revenue increasing by 5% to HK\$1,570 million. The Group's retail portfolio consists of neighborhood shopping centres for local shoppers (e.g. PARKnSHOP), thus less hit by drop in tourist arrivals to Hong Kong.

- **Hopewell Centre:** Overall revenue increased 6% to HK\$446 million and average occupancy rate remained high at 93%. On the office front, average occupancy rates remained at a high level of 93% for FY16. Rental income recorded a mild growth of 2% to HK\$271 million. Excluding a one-off rental adjustment of HK\$8 million in December 2014, rental income growth for the year under review would be 6%. Average passing rent increased by 6% to HK\$43.5/sq.ft. and average spot rent was HK\$47.3/sq.ft. for FY16.

On the retail front, an upmarket "live house" performance venue – "1563' Live House" at 6/F with GFA of around 7,000 sq.ft. has opened in August 2016. It is a restaurant with live band performance during dinner and will help promote the evening business of tenants of "The East". New residents from around such as The Avenue have added to customers of the Group's retail tenants in Wan Chai.

- **Kowloon Bay International Trade and Exhibition Centre ("KITEC"):** During the year under review, KITEC's office rental income increased 14% to HK\$143 million. Average passing rent increased 11% to HK\$17.7/sq.ft. Average spot rent rose by 5% to HK\$20.0/sq.ft. and average occupancy rate remained at high level of 96%.
- **E-Max:** E-Max is an entertainment-driven shopping arcade that includes a live house, The Metroplex, and Star Hall. In light of The Metroplex and the Music Zone@E-Max, the tenant mix on G/F and 2/F will be refined to renowned brands and general retailers to stimulate the footfall and enable E-Max to achieve higher rental rates. In FY16, E-Max's rental income grew 27%, which was mainly driven by new tenants. As the evolution of E-Max unfolded since 2014, success has been shown. More quality customers have been attracted to E-Max with increase in their spendings. Upmarket fashion outlets of approximately 65,000 sq.ft. offering affordable luxury (e.g. GAP, Vivienne Westwood, The North Face) on G/F and a new food court of approximately 30,000 sq.ft. on 2/F will be opened in the third and fourth quarter of 2016 respectively. E-Max's continuing evolution to become an entertainment-driven city outlet will help further uplift its rental income, which is targeted to grow 50% in FY19 as compared to FY16.

- **The Metroplex:** The Metroplex has attracted more than 1 million audiences to E-Max and benefited KITEC's F&B and other tenants surrounding. It has strengthened and upgraded KITEC's image by continuing to be one of the most preferred venues for gala premieres and events.
- **Panda Place:** Recent renovation and refined tenant mix have enhanced its image. Rental income at Panda Place grew by 11% to HK\$61 million in FY16. The average occupancy rate was 96% during the year under review.
- **Panda Hotel:** Room revenue decreased by 15% to HK\$195 million during the year under review, mainly because of the drop in average room rate by 18% despite average room occupancy rate increased by 3% to a historical high of 97%. F&B revenue increased mildly by 4% to HK\$109 million, mainly due to the growth in tailor-made catering packages for annual corporate events and wedding banquets. An additional catering venue, the Crystal, which opened in mid-September 2015 has further increased the hotel's competitiveness. Total revenue fell by 9% to HK\$304 million as the increase in F&B revenue was offset by the drop in room revenue.

PROPERTY SALES

For Hopewell New Town in Huadu, Guangzhou, sales of 195 units or 23,200 sq.m. of apartments and 3 units or 900 sq.m. of townhouse were booked during the year under review and generated revenue of RMB256 million. Based on the transaction progress, the Group expects to book approximately RMB600 million sales revenue in FY17, of which 69% of sales with average selling price for apartment of RMB11,100/ sq.m. has been achieved as of 11 August 2016. Such average selling price represents 9% increase compared to that for FY16. The sales target for FY18 is not less than 43,000 sq.m. with its pre-sale planned to start in second quarter of 2017.

As at 11 August 2016, 1,264 units or 641,000 sq.ft. representing 99% of total number of units of The Avenue, an Urban Renewal Authority ("URA") redevelopment project, had been sold. Revenue shared (after URA's sharing) from sales of The Avenue Phase 2 residential units amounted to HK\$4,074 million, representing 1,065 units or 520,000 sq.ft. have been booked during the year under review. In addition, the estimated valuation of 11 unsold units covering approximately 15,000 sq.ft. was around HK\$41,300/ sq.ft..

PROPERTIES UNDER/FOR DEVELOPMENT

Site formation work of Hopewell Centre II is in progress. According to the current plan, the project is targeted to commence operation in 2019. Upon completion, Hopewell Centre II is expected to be one of the largest hotels in Hong Kong with comprehensive conference facilities.

Construction works of 155-167 Queen's Road East are underway. It is envisioned to commence operation in 2019 with targeted full-year rental income of not less than HK\$40 million in FY21. Under current planning, the scale of the proposed development will be similar to that of QRE Plaza.

Hill Side Terrace Cluster includes 1-3 Hill Side Terrace, 1A Hill Side Terrace, Nam Koo Terrace, Miu Kang Terrace and Schooner Street Site. In order to realise the redevelopment potential of Hill Side Terrace Cluster and to preserve Nam Koo Terrace, the Group proposed that the Grade I historical building at Nam Koo Terrace will be restored and preserved, and a residential building with open space provision will be developed. Resubmission of the preservation cum development plan to Town Planning Board is pending.

TOLL ROAD INVESTMENT

HHL's EBIT from toll road investment (net profit after interest and tax shared from joint ventures) for the year under review decreased by 2% to HK\$610 million. The average daily toll revenue of the GS Superhighway increased by 3% to RMB8.7 million and its average daily full-length equivalent traffic grew by 4% to 92,000 vehicles, indicating growth momentum has persisted since the second half of FY15. On the

other hand, the average daily toll revenue and average daily full-length equivalent traffic of the Western Delta Route continued to grow healthily by 8% and 12% to RMB2.9 million and 40,000 vehicles respectively, reaching historical high.

POWER PLANT

The Heyuan JV's net profit decreased from RMB330 million to RMB219 million due to decrease in utilization rate and tariff rate. The Heyuan JV will continue to endeavor to formulate and implement suitable cost-control strategies and measures.

Details of HHL's business development can be found at its website:

www.hopewellholdings.com

Financial Highlights

(in HK\$ million, unless otherwise stated)

For the year ended 30 June	2015	2016	% Change
Revenue ^{N1}			
- Investment properties and hospitality	1,499	1,570	+5%
- Property investment	1,015	1,119	+10%
- Hotel, restaurant and catering	484	451	-7%
- Property development	1,071	4,364	+307%
- Toll road investment	2,406	2,408	+0%
- Power plant	1,028	774	-25%
- Treasury income	231	119	-48%
Total	6,235	9,235	+48%
EBIT ^{N2}			
- Investment properties and hospitality	764	839	+10%
- Property investment	632	739	+17%
- Hotel, restaurant and catering	132	100	-24%
- Property development	185	463	+150%
- Toll road investment	623	610	-2%
- Power plant	164	105	-36%
- Treasury income	231	119	-48%
- Others	(130)	(192)	n/a
EBIT before completion gain and redevelopment gain	1,837	1,944	+6%
Completion gain on Lee Tung Avenue	120	-	n/a
Redevelopment gain on 155-167 QRE ^{N3}	300	-	n/a
EBIT	2,257	1,944	-14%
Profit attributable to owners of the Company	2,835	2,762	-3%
Core profit attributable to owners of the Company	1,655	1,417	-14%
EPS (Basic) (HK \$)	3.25	3.17	-2%
Interim DPS (HK cents)	50	55	
Final DPS (HK cents)	70	75	
Total DPS (HK cents)	120	130	
Net cash / (debt) at HHL corporate level	(592)	336	
Net gearing ratio ^{N4}	1.5%	Net cash	

N1: Represents share of joint ventures' revenue

N2: Represents EBIT of the Company and its subsidiaries, plus net profits (after interest and tax) shared from JVs

N3: Initial fair value gain arising from the commencement of redevelopment 155-167 QRE

N4: Calculated by dividing the net debt by shareholders' equity (excluding equity shared from HHI Group)

N5: In this press release, average occupancy rate refers to the average of the occupancy rate as at the end of each month in the relevant

period. Occupancy rate =
$$\frac{\text{Areas already leased and occupied by tenants} + \text{Areas reserved for specific use} + \text{Areas where leases have been committed but not yet commenced}}{\text{Total lettable area}}$$

- End -

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Hopewell Holdings Limited

Hopewell Holdings Limited (“HHL”), the Hong Kong-based group, was listed on The Stock Exchange of Hong Kong in 1972. HHL and its subsidiaries are active in the fields of property development and investment, investment in infrastructure projects, hotel investment and management, restaurant operations and food catering.