

Press Release

HOPEWELL HOLDINGS LIMITED ANNOUNCES FINANCIAL YEAR 2016/17 FINAL RESULTS

Highlights

FY17

- Core profit[#] fell 6% yoy to HK\$1,334 million, or HK\$1.53 per share, mainly due to a decrease in the profit shared from sales of The Avenue
- If excluding profit shared from sales of The Avenue, core profit[#] grew 32% yoy to HK\$1,304 million given continued healthy growth from investment properties, toll road and Hopewell New Town
- Total dividend of HK175 cents per share (final dividend of HK75 cents per share; special final dividend of HK45 cents per share; interim dividend of HK55 cents per share)
- Despite challenging commercial leasing environment, investment properties' performance was stable with EBIT up 4% yoy
- Retail rental income increased 5% yoy given Lee Tung Avenue's full year contribution and retail portfolio consists of neighborhood shopping centres for local shoppers
- E-Max's G/F upmarket fashion outlets opened in August 2016 and well-received by market. The food court on 2/F was opened in the first quarter of 2017
- Hopewell New Town booked RMB715 million of sales, up 179% yoy and exceeded the target of RMB600 million
- As at 30 June 2017, all residential units of The Avenue were sold

Upcoming: FY18 and beyond

- E-Max is undergoing evolution with expansion of upmarket fashion outlets. Renovation on B1/F commenced in second quarter of 2017. New tenants are planned to start operation by summer 2018. Target E-Max's rental income to grow 50% in FY19 as compared to FY16
- Hopewell Centre II's construction is advancing at full steam and it targets to open in 2021. In August 2017, the Town Planning Board approved the 2017 Scheme
- Expanded the project of 155-167 QRE into 153-167 QRE to increase the interface for Hopewell Holdings' property portfolio on Queen's Road East. The project is envisioned to commence operation in 2022
- Hopewell New Town targets to book sales revenue of approximately RMB500 million in FY18

[#] represents profit attributable to owners of the Company excluding fair value gain of the completed investment properties

Hong Kong, 16 August 2017 - 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 2017.

Hopewell Holdings' revenue for the year ended 30 June 2017 decreased 29% yoy to HK\$6,590 million. The revenue from investment properties and toll road businesses continued to grow healthily and there was an increase in property sales recognition from Hopewell New Town and Broadwood Twelve projects. However, these positive factors were mainly offset by a decrease in property sales recognition of The Avenue.

During the year under review, the Company's EBIT increased 3% yoy to HK\$1,994 million. Excluding fair value gain of the completed investment properties, core profit attributable to owners of the Company decreased 6% yoy to HK\$1,334 million. The decrease in the core profit was mainly resulted from a lower

profit shared from sales of The Avenue for the year. Excluding the profit shared from sales of The Avenue, the Company's core profit increased 32% yoy to HK\$1,304 million.

The profit attributable to owners of the Company during the year decreased 29% yoy to HK\$1,961 million or HK\$2.25 per share mainly due to a decrease in the profit shared from sales of The Avenue and the lower fair value gain of completed investment properties recorded during the year under review.

The Board of Directors has proposed a final dividend of HK75 cents per share and a special final dividend of HK45 cents per share for the year ended 30 June 2017 (30 June 2016: final dividend HK75 cents). The proposed final dividend and special final dividend will be paid on 7 November 2017 to shareholders who were registered at the close of business on 1 November 2017.

Mr. Thomas Wu, Managing Director of Hopewell Holdings, said: "Given the healthy growth of the investment property business, toll road business and property sales of Hopewell New Town, the Company has shown encouraging results for the year under review. The Company will continue to enhance its existing investment properties business and be ready for any development opportunities in the future."

As at 30 June 2017, net cash for HHL at the corporate level (excluding Hopewell Highway Infrastructure Limited ("HHI")) amounted to HK\$1,686 million (30 June 2016: net cash of HK\$336 million) and total cash on hand at HHL corporate level was at HK\$4,036 million.

INVESTMENT PROPERTIES AND HOSPITALITY

HHL's total revenue from investment properties and hospitality businesses grew 3% yoy to HK\$1,614 million for the year under review, recording a 6% five-year compound annual growth rate during FY13 to FY17.

- **Hopewell Centre:** Overall revenue was HK\$448 million and average occupancy rate was at 89%. On the office front, average occupancy rate fell to 87% and rental income fell 1% yoy to HK\$268 million mainly due to tenant reshuffling. As at 30 June 2017, the occupancy rate for Hopewell Centre office was approximately 92% given new leases were signed. Despite softened demand for office space which resulted in the gap between the passing rent and spot rent narrowed compared with the previous year, the Company's continuous AEI to enhance facilities and services has led to average passing rent increased by 3% yoy to HK\$45 per sq.ft. and average spot rent rising slightly to around HK\$48 per sq.ft. in the year under review.

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".

- **Kowloon Bay International Trade and Exhibition Centre ("KITEC"):** During the year under review, KITEC's office rental income dropped slightly by 1% yoy to HK\$142 million. Average passing rent increased 1% yoy to HK\$17.9 per sq.ft. and average spot rent fell slightly to around HK\$19 per sq.ft., in line with market trend, whereas average occupancy rate remained at high level of 94%.
- **E-Max:** E-Max is an entertainment-driven shopping arcade that includes a live house, The Metroplex, and Star Hall. In the second quarter of 2017, HHL started to convert B1/F of approximately 100,000 sq.ft. (previously automall and Duty Free Shop) into a retail area as an expansion of G/F's fashion outlets. It is planned that new tenants will move in and start operation by summer 2018. Given the encouraging performance of the upmarket fashion outlets on G/F and together with the second phase of evolution, E-Max's rental income is targeted to grow 50% in FY19 as compared to FY16.

- **The Metroplex:** During the year under review, The Metroplex has drawn more than 650,000 audiences to E-Max and over 16 Gala Premiers were held. The Metroplex was able to achieve 4% yoy growth in box office despite a static film market in Hong Kong.
- **Lee Tung Avenue:** Lee Tung Avenue has further enlarged HHL's rental property portfolio and created synergy among its existing properties in Wanchai which helped upgrade the image of "The East". Average occupancy rate was around 96% and average rent was around HK\$62 per sq.ft. during the year under review.
- **Panda Place:** Rental income grew by 2% yoy to HK\$62 million during the year under review and the average occupancy rate was 98%. The Company expects stable rental income contribution from Panda Place as the major tenant reshuffling had been completed.
- **Panda Hotel:** During the year under review, total revenue rose 1% yoy to HK\$306 million. Room revenue increased by 2% yoy to HK\$200 million, mainly due to the increase in average room rate by 2% yoy and occupancy rate maintained at high level of 97%. F&B revenue dropped slightly by 3% yoy to HK\$106 million, due to keen competition in the market.

PROPERTY SALES

For Hopewell New Town in Huadu, Guangzhou, sales of 486 units or 55,100 sq.m. of apartments and 11 units or 3,200 sq.m. of townhouse were booked during the year under review and generated revenue of RMB715 million, representing a 179% yoy rise and exceeded the original booking target of RMB600 million. The Company targets to book approximately RMB500 million of sales in FY18, subject to construction progress.

As at 30 June 2017, all residential units of The Avenue were sold and the average selling price was around HK\$22,600 per sq.ft. of saleable area. Revenue shared (after URA's sharing) from sales of The Avenue of HK\$427 million was booked during the year under review compared to HK\$4,074 million booked in the previous year.

As of 4 August 2017, 69 units or 91% of Broadwood Twelve's 76 units were sold. 10 units with total saleable area of approximately 12,800 sq.ft. were sold at average selling price of HK\$34,900 per sq.ft. during the year under review, of which 9 units with net sales revenue of approximately HK\$386 million were booked in FY17.

PROPERTIES UNDER/FOR DEVELOPMENT

Due to the recent adoption of a new excavation and foundation scheme to improve the overall design and enhance the structural integrity of Hopewell Centre II, time to complete the site formation and foundation works for Hopewell Centre II will be prolonged. As a result, the present target opening of Hopewell Centre II will be deferred to year 2021. In August 2017, the Town Planning Board approved the 2017 Scheme of Hopewell Centre II. The new approved scheme will enhance the pedestrian connectivity in Wan Chai South. Under current planning, this will have no impact on the construction progress.

The Company has expanded the 155-167 QRE project into 153-167 QRE project through an application for compulsory sale for redevelopment (by auction) made in March 2017. Under current planning, the project will be developed into a commercial property. The project is envisioned to commence operation in 2022. As a result of the enlarged development, the interface for Hopewell Holdings' property portfolio on Queen's Road East will be increased.

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, HHL 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

The Company's EBIT from toll road investment (net profit after interest and tax shared from joint venture) for the year under review increased by 18% yoy to HK\$720 million. The average daily toll revenue and average daily full-length equivalent traffic of the GS Superhighway increased by 6% and 8% yoy to RMB9.2 million and 99,000 vehicles respectively, indicating that the growth momentum is persistent. The average daily toll revenue and average daily full-length equivalent traffic of the Western Delta Route reached historical high and grew 15% and 17% yoy to RMB3.4 million and 47,000 vehicles respectively.

POWER PLANT

The Heyuan JV's net profit decreased to RMB72 million from RMB219 million due to decrease in tariff rate, increase in cost of coal and increase in power plant depreciation. The Heyuan JV will continue to endeavor to formulate and implement suitable cost-control 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	2016	2017	% Change
Revenue^{N1}			
- Investment properties and hospitality	1,570	1,614	+3%
- Property letting and management	1,119	1,149	+3%
- Hotel, restaurant and catering	451	465	+3%
- Property development	4,364	1,605	-63%
- Toll road investment	2,408	2,463	+2%
- Power plant	774	833	+8%
- Treasury income	119	75	-37%
Revenue	9,235	6,590	-29%
EBIT^{N2}			
- Investment properties and hospitality	839	864	+3%
- Property letting and management	739	768	+4%
- Hotel, restaurant and catering	100	96	-4%
- Property development	463	434	-6%
- Toll road investment	610	720	+18%
- Power plant	105	32	-69%
- Treasury income	119	75	-37%
- Others	(192)	(131)	n/a
EBIT	1,944	1,994	+3%
Profit attributable to owners of the Company	2,762	1,961	-29%
Core profit attributable to owners of the Company	1,417	1,334	-6%
EPS (Basic) (HK \$)	3.17	2.25	-29%
Interim DPS (HK cents)	55	55	
Final DPS (HK cents)	75	75	
Special Final DPS (HK cents)	-	45	
Total DPS (HK cents)	130	175	
Net cash / (debt) at HHL corporate level	336	1,686	
Net gearing ratio ^{N3}	Net cash	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: Calculated by dividing the net debt by shareholders' equity (excluding equity shared from HHI Group)

N4: 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.