



Stock Code: 54

HOPEWELL HOLDINGS LIMITED



March 2019

Presentation slides are available on www.hopewellholdings.com

Group Structure



Hopewell Holdings Limited
(stock code: 54.HK)

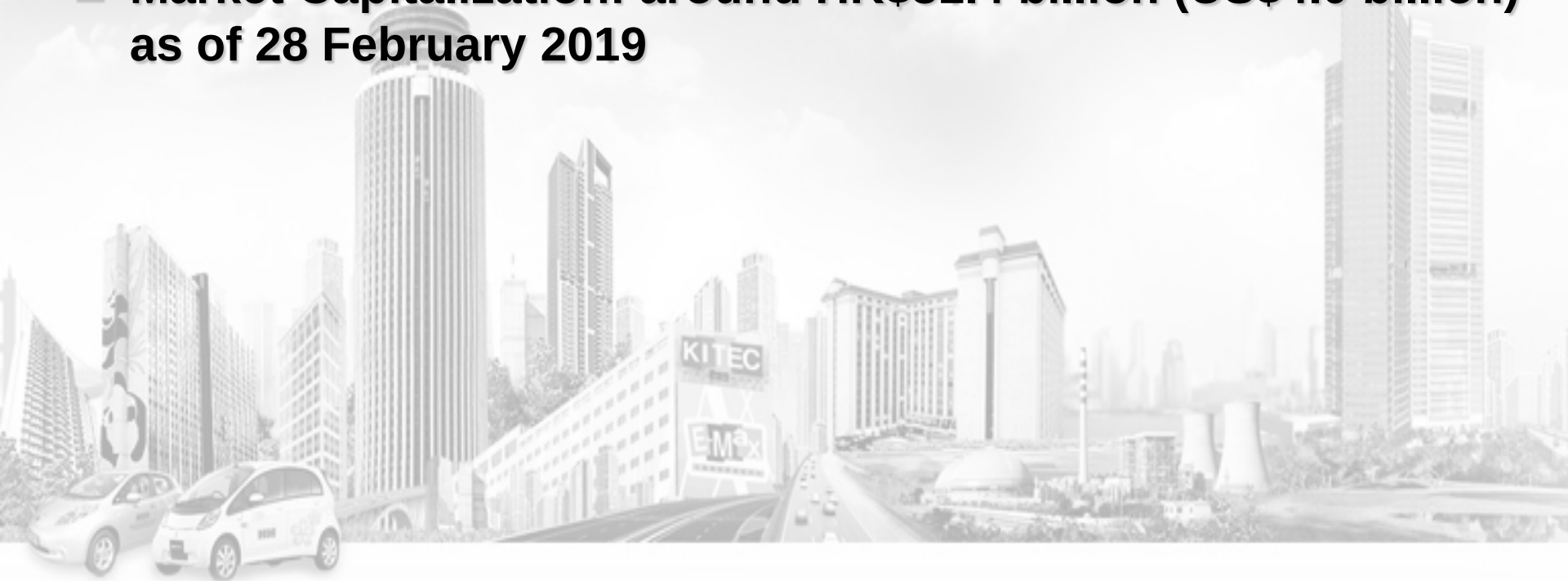
Hotel

Property

Power

HHL Overview

- Listed on Stock Exchange of Hong Kong in August 1972
- Market Capitalization: around HK\$31.4 billion (US\$4.0 billion) as of 28 February 2019



FY2018/19 Interim Results

◆ Financial & Operational Highlights

Key Messages: 1HFY2019 (1 Apr – 30 Sep 2018)



- ❖ First financial year after the change of financial year end date from 30-Jun to 31-Mar
- ❖ Net profit before fair value gain of completed investment properties up 678% yoy to HK\$5.5b, mainly due to gain on disposal of HHI
- ❖ Core profit[^] down 44% yoy to HK\$394m (HK\$0.45/share), mainly because growth in (i) profit from investment properties, hospitality and profit shared from Heyuan Power Plant; (ii) treasury income offset by fall in (i) toll road contribution given HHI Disposal; (ii) profit from Hopewell New Town, Broadwood Twelve and The Avenue
- ❖ 1st interim dividend HK30 cents per share
- ❖ EBIT of investment properties and hospitality up 7% yoy to HK\$424m

[^] Profit attributable to owners of the Company ex-fair value gain of completed investment properties and profit from en bloc sale of entire project

Key Messages: 1HFY2019 (1 Apr – 30 Sep 2018)



- ❖ **E-Max under evolution, expansion of upmarket fashion outlet on B1/F opened by phases since Jul 2018**
- ❖ **Panda Hotel's EBIT rose 28% yoy to HK\$35m due to increase in room and F&B revenues**
- ❖ **Hopewell New Town: no residential sales were launched due to tightening policies in PRC property market. Revenue fell to RMB1m (car park sales) from RMB240m**
- ❖ **Disposal of ~66.69% issued shares of HHI completed on 4 Apr 2018**
 - ◇ **Received net cash proceeds of ~HK\$9b and recognised post-tax net gain ~HK\$5.1b**
- ❖ **Net cash ~HK\$8.3b as at 30 Sep 2018**

Key Messages:

2HFY2019 (1 Oct 2018 – 31 Mar 2019) and Beyond

- ❖ **Target to distribute 90%-100% of core profit[^] on a full year basis as dividends**
 - ◇ **In the years before Hopewell Centre II opens[#]**

- ❖ **Target E-Max's rental income to grow 50% in FY20 vs the financial year ended 30 Jun 2016**
 - ◇ **Given E-Max's evolution with the opening of upmarket fashion outlet and introduction of more elements and popular brands**

- ❖ **Hopewell Centre II's construction advancing at full steam**
 - ◇ **Site formation and foundation works target to complete in 2019**
 - ◇ **Construction targets to complete by end of 2021**

[^] Profit attributable to owners of the Company ex-fair value gain of completed investment properties and profit from en bloc sale of entire project
[#] Barring unforeseen circumstances

Key Messages:

2HFY2019 (1 Oct 2018 – 31 Mar 2019) and Beyond

- ❖ **153-167 QRE envisions to commence operation in 2022**
 - ◇ **Planning application to build a commercial property was submitted to Town Planning Board in May 2018**
 - ◇ **Demolition works completed in Sep 2018**

- ❖ **Hopewell New Town: continues to monitor market closely before taking further initiatives**
 - ◇ **Given current tightening policies in PRC property market**

Change of Financial Year End Date from 30-Jun to 31-Mar

(announced 8 May 2018)

■ **Reasons:**

- ◆ **Rationalize and more efficiently use resources to prepare results announcement**
 - **Avoid competition of resources with other companies under peak reporting season**
 - **Remove uncertainty from variation in Chinese New Year Holiday on workflow**
- ◆ **Promote “Work-life Balance” of employees**

■ **The new financial years cover the full year from 1-Apr of a relevant year to 31-Mar of the following year (“FY”)**

- ◆ **New first half-year period of a FY cover 6-month period from 1-Apr to 30-Sep of a relevant year (“1HFY”)**

Results Highlights



(HK\$ in million)				
Six months ended 30-Sep	2017	2018	% change	Major reasons for change
EBIT (before gain on disposal of HHI)	1,068	472	-56%	(i) ↑Investment properties & hospitality profit, ↑Heyuan Power Plant profit shared (ii) ↑Treasury income (cash proceeds from HHI Disposal) <u>offset by</u> (iii) ↓Toll road given HHI Disposal (completed 4 Apr 2018) (iv) ↓Hopewell New Town, Broadwood Twelve and The Avenue profit
Core profit^	709	394	-44%	
Post-tax net gain on disposal of HHI	-	5,120	n/a	
Net profit before fair value gain of completed investment properties	709	5,514	+678%	(i) Gain on disposal of HHI <u>offset</u> (ii) Reasons for ↓EBIT above
Profit attributable to owners of the Company	1,663	6,593	+296%	
Earnings per share (HK\$)	1.91	7.59	+297%	

^ Profit attributable to owners of the Company ex-fair value gain of completed investment properties and profit from en bloc sale of entire project

Results



(HK\$ in million)	Revenue			EBIT ^{N1}		
Six months ended 30-Sep	2017	2018	yoy	2017	2018	yoy
<u>Continuing operations:</u>						
Investment properties and hospitality						
Property letting and management	576	597		370	386	
Hotel, restaurant and catering operation	194	231		26	38	
sub-total	770	828	+8%	396	424	+7%
Property development	686	1	-100%	224	(11)	n/a
Power plant	453	494	+9%	1	14	+1300%
Treasury income	41	107	+161%	41	107	+161%
Others	-	-		(56)	(70)	-
Continuing operations total	1,950	1,430	-27%	606	464	-23%
<u>Discontinued operation:</u>						
Toll road investment	1,304	24	-98%	462	8	-98%
Revenue / EBIT	3,254	1,454	-55%	1,068	472	-56%

	Results		
	2017	2018	yoy
Earnings before interest and tax	1,068	472	
Finance costs	(7)	(6)	
Fair value gain of completed investment properties	954	1,079	
Post-tax net gain on disposal of HHI	-	5,120	
Profit before tax	2,015	6,665	
Taxation (from continuing and discontinued operations)	(194)	(67)	
Profit for the period	1,821	6,598	
Minority interests	(158)	(5)	
Profit attributable to owners of the Company	1,663	6,593	+296%
Core Profit ^{N2}	709	394	-44%

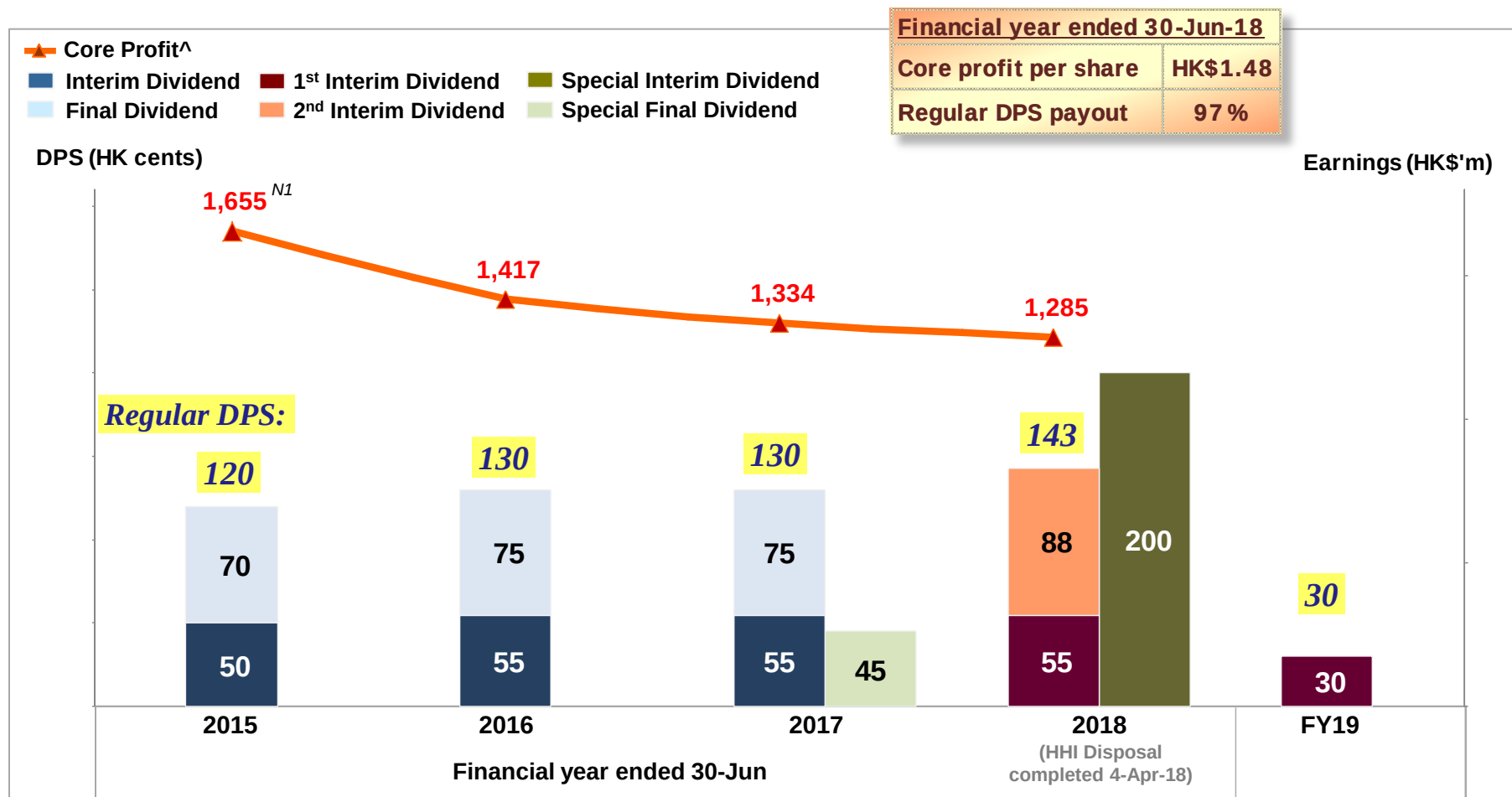
N1: These figures represent EBIT of the Company and its subsidiaries plus net profits (after interest and tax) shared from JVs

N2: Profit attributable to owners of the Company ex-fair value gain of completed investment properties and profit from en bloc sale of entire project

HHL's Dividend & Earnings History



- Target to distribute 90%-100% of core profit[^] on a full year basis as dividends
 - ◆ In the years before Hopewell Centre II opens[#]



[^] Net profit ex-fair value gain of completed investment properties and profit from en bloc sale of entire project

[#] Barring unforeseen circumstances

N1: Including Lee Tung Avenue completion gain HK\$120m & 155-167 QRE redevelopment gain HK\$300m

HHL's Solid Financial Position

- Adequate funding for projects under development
- Net cash HK\$8,275m as at 30 Sep 2018

<u>HHL Corporate Level</u>	<u>30-Jun-18</u> HK\$m	<u>30-Sep-18</u> HK\$m	<u>Change</u> HK\$m
Cash	10,364	9,675	-689
Available Banking Facilities	3,340	3,340	+0
Cash + Available Banking Facilities	13,704	13,015	-689
Net Cash/ (Debt)	\$8,964m	\$8,275m	
Net Gearing Ratio [#] (%)	Net Cash	Net Cash	

[#] Net debt / Shareholders' equity

E-Max's Evolution Showing Success

– Since The Metroplex opened Feb 2014



**B1/F fashion outlet expansion: ~100,000sq.ft.
opened by phases since Jul 2018**

- ◆ Indoor amusement park “The Wonderful World of Whimsy” ~30,000sq.ft., plans to open in 4Q2018

4Q2017: signed new lease with ViuTV for total area ~70,000sq.ft. (office: 33,400sq.ft.; E-Max: 36,100sq.ft. film and TV production studio on G/F)

- ◆ **↑ ~50% rental income vs previous tenants (full year contribution in FY19)**

E-Max's rental income targets to grow 50% in FY20 vs the financial year ended 30 Jun 2016



Fashion Outlet

Introduced more popular brands and elements:



НН

 Existing Property
 Under Development
 Under Planning

Existing Properties :
approx. 1.0 million ft²
(Excluding The Avenue / Lee Tung Avenue)

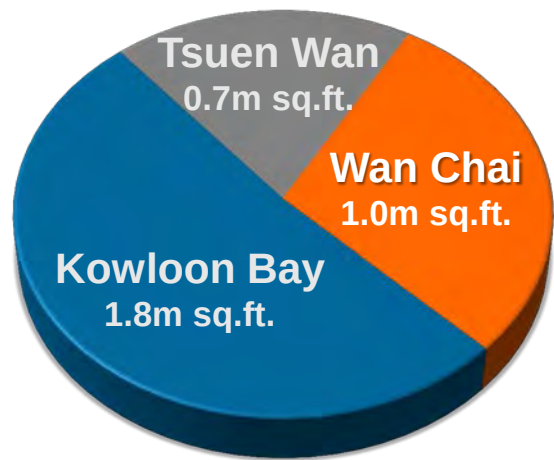
Properties Under
Development / Planning:
approx. 1.3 million ft²



Investment Properties* under Development - Future Growth Driver

Existing

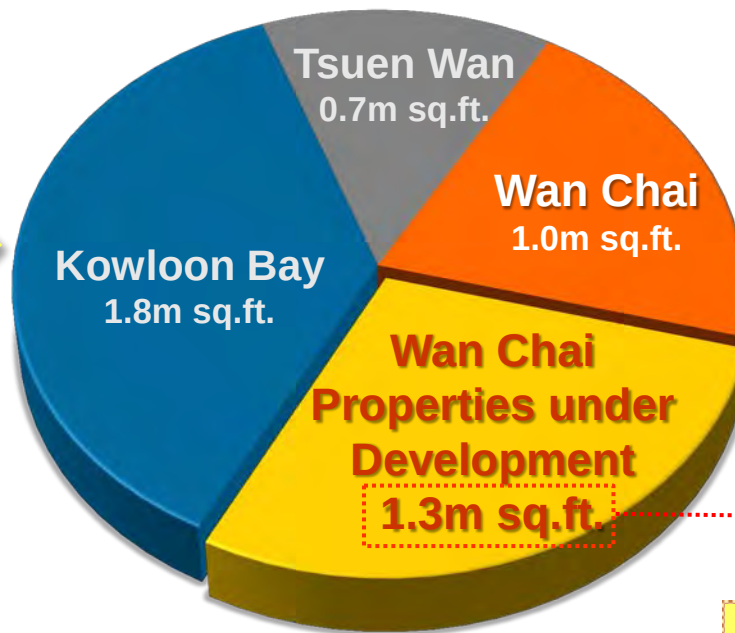
Total GFA: 3.5 million sq.ft.



+37%

Future

Total GFA: 4.8 million sq.ft.



Substantial increase in rental income

Prime locations, synergy with existing portfolio

	Use	Target completion	GFA [^] (sq.ft.)
Hopewell Centre II	Conference Hotel	2021 (construction)	1,100,000
153-167 QRE	Commercial	2022 (opening)	90,000
Hill Side Terrace Cluster	Residential	under planning	130,000

[^] Under current planning

1.3m

Hopewell Centre II, Wan Chai

- Conference Hotel with 1,024 rooms

Total GFA^{N1}: 101,600 sq.m.

· Hotel: 76,800 sq.m.

· Retail: 24,800 sq.m.

- Site formation and foundation works in progress, target to complete in 2019

- Construction targets to complete by end of 2021

Capex Plan^{N1}

(HK\$m)			
Up to 30 Jun 2018	Jul-18 to Mar-19	FY20	FY21 & beyond
around \$4,900 ^{N2}	\$220	\$550	\$4,530

Planned Total Investment: ~HK\$10b



Hopewell Centre II's perspective^{N1}

N1: Present planning, subject to change

N2: Include land premium HK\$3,726m

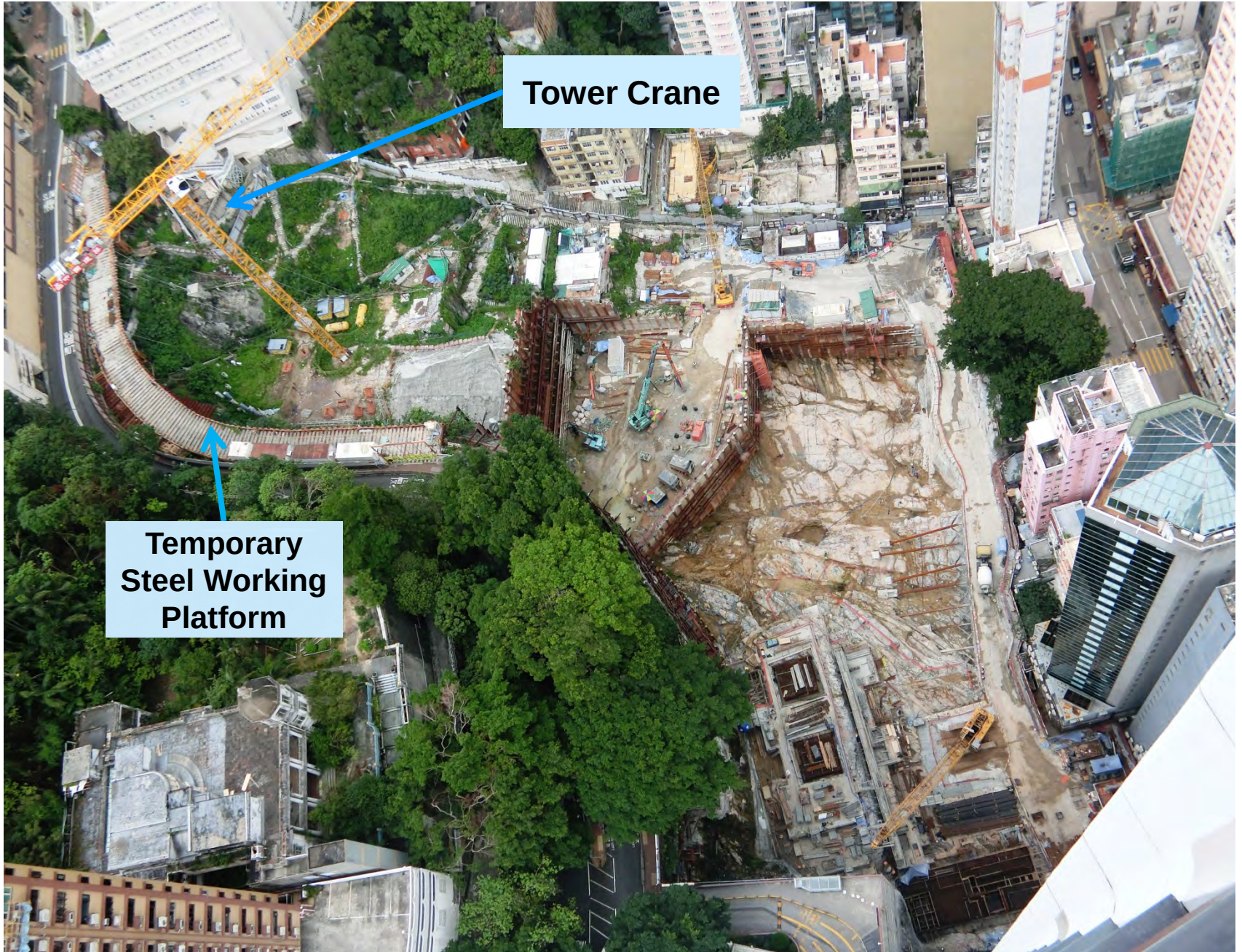
HCII's developments available at <http://www.hopewellcentre2.com/eng/>

Hopewell Centre II, Wan Chai - Construction Progress



Tower Crane

**Temporary
Steel Working
Platform**



153-167 Queen's Road East, Wan Chai



- Expanded project 155-167 QRE into 153-167 QRE
- Planning application to build a commercial property was submitted to Town Planning Board in May 2018
- Demolition works completed in Sep 2018
 - ◆ Envisions to commence operation in 2022
- Estimated remaining capex to be spent: ~HK\$460m*

Project	155-167 QRE	153-167 QRE	QRE Plaza
	Before Expansion	After Expansion	
Site Area	5,000 sq.ft.	6,700 sq.ft.	5,000 sq.ft.
Development GFA	75,000 sq.ft.	90,000 sq.ft. (estimate)	77,000 sq.ft.

* Under current planning

Hill Side Terrace Cluster Comprehensive Development

- Propose to restore and preserve Nam Koo Terrace and develop a residential building with open space provision
- Pending approval from Town Planning Board on the preservation cum development plan
- Book cost as at 30 Sep 2018: ~HK\$600m

Land Lots owned by HHL	Site Area (sq.m.)
1-3 Hill Side Terrace	516
1A Hill Side Terrace	585
Nam Koo Terrace	685
Miu Kang Terrace	342
Schooner Street Site	270
Total:	2,398

Timeline for Projects^{N1}

Calendar year	2018	2019	2020	2021	2022	>	>	>	>	>
<i>Hong Kong</i>										
Hopewell Centre II (HHL 100%)	Construction works			Construction target completion: end-2021						
153-167 Queen's Road East (HHL 100%) ^{N2}	Demolition and Construction works			Opening: 2022						
Hill Side Terrace Cluster ^{N3} (HHL 100%)	Pending approval from Town Planning Board on the preservation cum development plan									

N1: Present planning, subject to change

N2: The Group has 100% ownership of 153A-167 QRE and has successfully bought the outstanding unit of 153 QRE in the public auction under the Compulsory Sale for Redevelopment in Jan 2018

N3: Including 1-3 Hill Side Terrace, 1A Hill Side Terrace, Nam Koo Terrace, Miu Kang Terrace and Schooner Street Site

Investment Properties and Hospitality

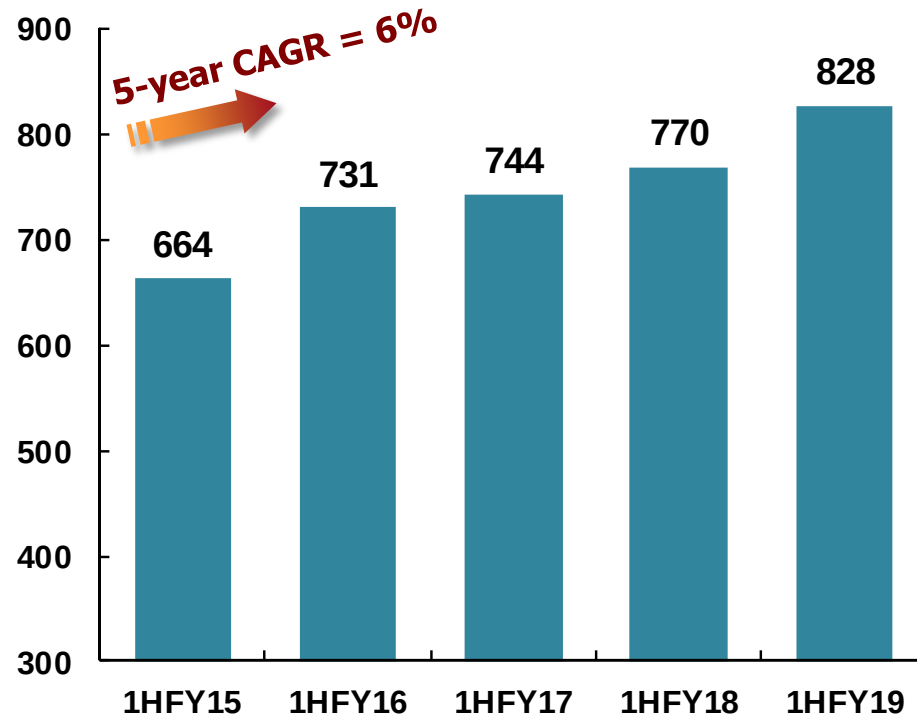
- Healthy Growth in past 5 years



- Revenue ↑8% yoy to HK\$828m in 1H FY19
- EBIT ↑7% yoy to HK\$424m in 1H FY19

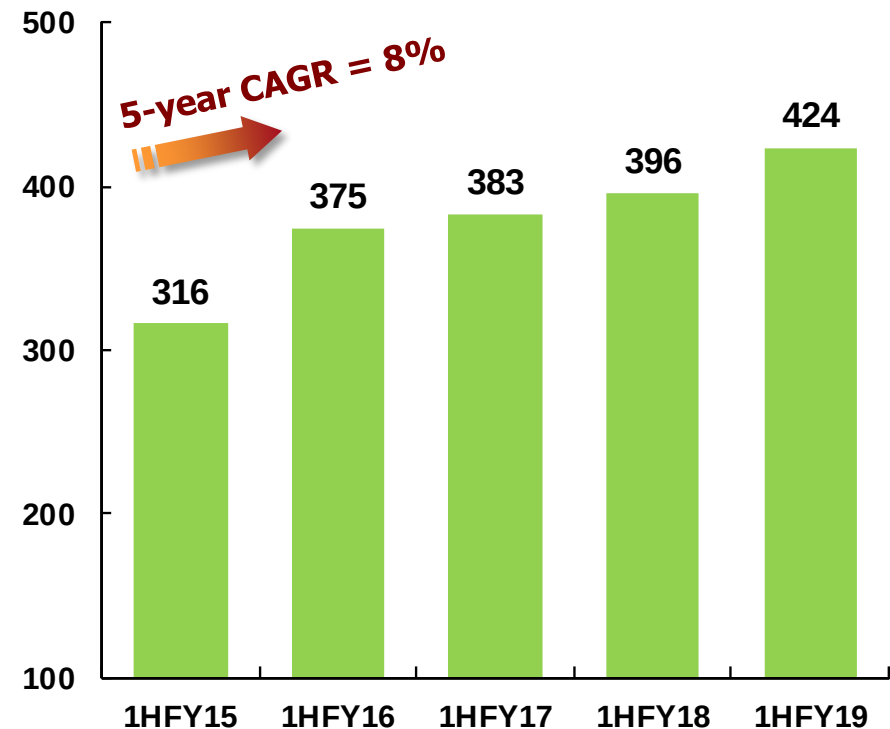
Revenue – Investment Properties & Hospitality

Six months ended 30-Sep (HK\$m)



EBIT – Investment Properties & Hospitality

Six months ended 30-Sep (HK\$m)



Investment Properties



- EBIT up 4% yoy to HK\$386m in 1HFY19
 - ◆ Office rental income ↑8% yoy as new tenants moved in at Hopewell Centre and new leases signed at KITEC
- EBIT margin improved to 65% in 1HFY19 (1HFY18: 64%)
- Expect stable rental income in FY19 vs the financial year ended 30 Jun 2018
 - ◆ Stable office rental income growth to offset drop in retail rental income mainly due to tenant reshuffling in Hopewell Centre

Six months ended 30-Sep	Avg Occupancy Rate ^{N1}		Avg Rental Rate yoy change
	2017	2018	
Hopewell Centre	92%	96% ^{N2}	+1%
KITEC Office	91%	93%	+6%
KITEC E-Max	76% ^{N3}	80% ^{N3}	+3%
Panda Place	98%	98%	+2%
QRE Plaza	94%	99%	+6%
Lee Tung Avenue	93%	98%	0%
GardenEast (apartments)	92%	93%	+2%

N1: Occupancy rates = $\frac{\text{Areas already leased \& occupied by tenants} + \text{Areas reserved for specified use} + \text{Areas where leases have been committed but not yet commenced}}{\text{Total lettable area}}$

N2: Occupancy rate of office portion reached 100% subsequent to the new lease signed with AIA Group in 2Q2018

N3: Tenants in B1/F vacated by 1Q2017 for renovation of E-Max's fashion outlet expansion

Hopewell Centre, Wan Chai

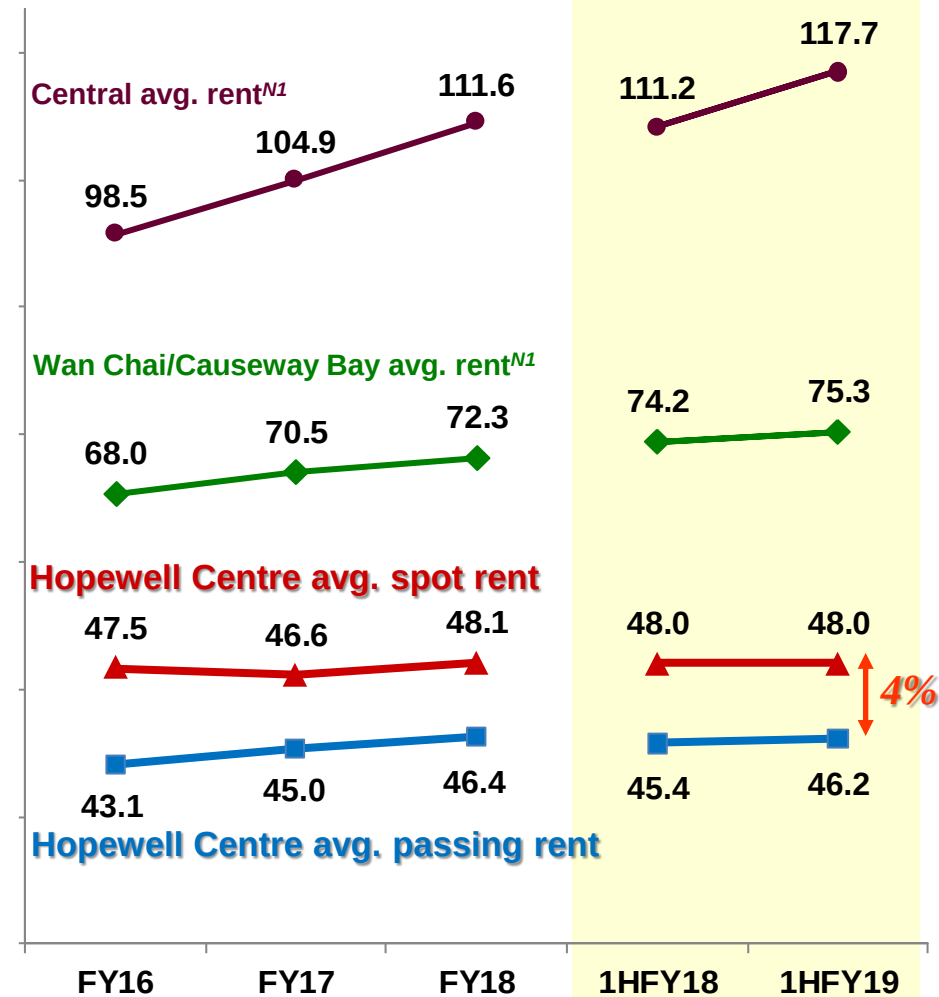


Office

- **Rental income ↑3% yoy to HK\$140m in 1HFY19** as new tenants moved in
 - ◆ Average occupancy rate: 97%
- In 2Q2018, signed lease with AIA Group for ~90,000 sq.ft.
 - ◆ Occupancy rate of office reached 100% subsequently
 - ◆ More footfall will benefit HHL's retail properties in Wan Chai
- Expect rental uplift by phases when:
 - ◆ Hopewell Centre II's site formation and foundation works complete
 - ◆ Hopewell Centre II opens, with surroundings further upgraded

Hopewell Centre office spot rent vs peers

Year ended 31-Mar
(HK\$/sq.ft./month)



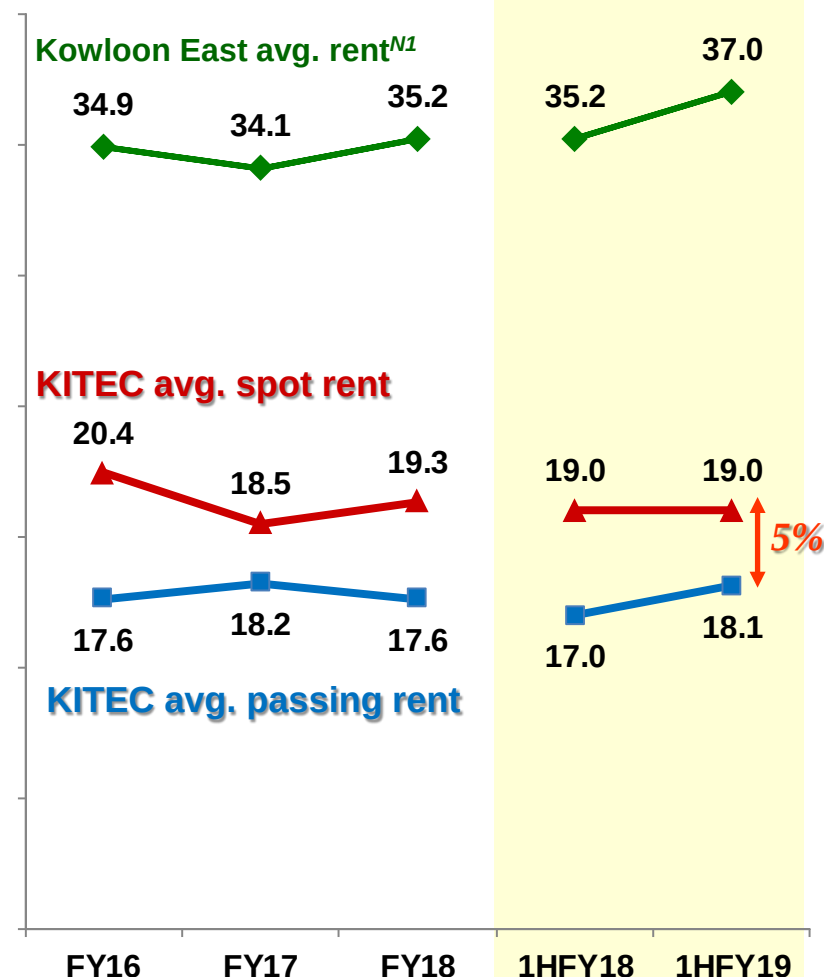
N1: Figures from Rating & Valuation Dept, Jul-Sep 2018 are provisional figures

Office

- Rental income ↑17% yoy to HK\$75m in 1HFY19 due to new leases with ViuTV and Registration & Electoral Office (“REO”)
- **Expect FY19 rental income: mild growth**
 - ◆ New leases with ViuTV (33,400 sq.ft.) and REO (21,000 sq.ft.)
- Footbridge connecting KITEC and Kai Tak currently under study
 - ◆ **Obtained support from Land and Development Advisory Committee for premium waiver** (qualified for consideration by Executive Council)
- **Benefits from Kowloon East’s development into CBD2 in the long term**

KITEC office spot rent vs peers

Year ended 31-Mar
(HK\$/sq.ft./month)



N1: Figures from Rating & Valuation Dept, Jul–Sep 2018 are provisional figures

Lee Tung Avenue, Wan Chai - Retail for Rental

- URA:JV (50:50 JV of HHL:Sino Land) of 40:60



- **Johnston Tunnel (connects Lee Tung Avenue to MTR station) opened in Dec 2017**

- ◆ Enhances connectivity of HHL's Wan Chai property portfolio

- Submitted application for QRE Tunnel (connects Lee Tung Avenue and Hopewell Centre)

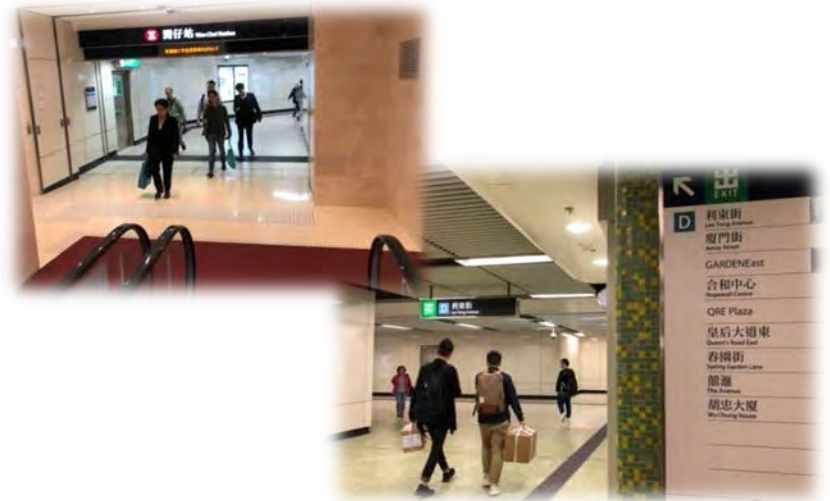
- ◆ Obtained support from Land and Development Advisory Committee for premium waiver (qualified for consideration by Executive Council)
- ◆ Target completion by end-2023

- 1HFY19:

Average occupancy rate: 98%

Average rent: ~HK\$61.0/sq.ft.

Retail GFA: 87,700sq.ft.



Panda Hotel, Tsuen Wan

	1HFY19 (HK\$m)	yoy change	Reasons	Jul-Sep 2018 (HK\$m)
Total Revenue	156	+8%	- Room revenue ↑10% - F&B revenue ↑3%	80
Room Revenue	105	+10%	- Average room rate ↑11% yoy - Average occupancy rate remained high at 96%	54
F&B Revenue	51	+3%	↑ Banquets	26
EBIT	35	+28%	EBIT margin: 23% (1HFY18: 19%)	20

- Cautiously optimistic about HK hotel's industry outlook
- To maintain competitiveness:
 - ◆ Continue to diversify customer mix
 - ◆ Refurbishment of guestrooms

Hopewell New Town, Huadu, Guangzhou – Residential & Commercial

- 1HFY19: no residential sales were launched due to tightening policies in PRC property market
 - ◆ Revenue fell to RMB1m (car park sales) from RMB240m in 1HFY18
- Given current tightening policies in PRC property market, HHL will continue to monitor the market closely before taking further initiatives
- Mass Transit Railway Route No. 9 started operation in Dec 2017
 - ◆ A Mass Transit Railway exit near the site opened in Jun 2018

HHL's Sound Financial Plan

Projects	Target Completion	Total Investment ^{N1} HK\$'M	Interest %	HHL's Injection Jul-18 to Mar-19, FY20, FY21 & beyond ^{N1} HK\$'M
<u>Hong Kong</u>				
Hopewell Centre II	2021 (construction)	approx. 10,000	100%	5,300 (Jul-18 to Mar-19: 220; FY20: 550; FY21 & beyond: 4,530)
153-167 Queen's Road East	2022 (opening)	approx. 1,200	100% ^{N2}	460
TOTAL				5,760

N1: Present planning, subject to change

N2: The Group has 100% ownership of 153A-167 QRE and has successfully bought the outstanding unit of 153 QRE in the public auction under the Compulsory Sale for Redevelopment in Jan 2018

■ Abundant financial resources well cover the capital need of projects under development:

- ◆ Healthy cashflow from investment properties and hospitality businesses
- ◆ Net cash HK\$8,275m as at 30 Sep 2018
- ◆ HK\$3.2b and HK\$1.0b committed banking facilities maturing in 2020 and 2022 respectively

Hidden Value from Hotels Business



HHL's Balance Sheet Highlights as at 30 Sep 2018	HK\$m
Completed investment properties	33,254
Panda Hotel	297
Properties under development	
Hopewell Centre II	
- Commercial portion	4,779
- Hotel portion	2,686
153-167 Queen's Road East	1,124
Properties for development	838
Interests in JVs (Power Plant and Lee Tung Avenue)	1,821
Other assets/liabilities	7,688
Non-controlling interests	(184)
Shareholders' equity	52,303
	(HK\$60.2/share)*
Total hidden value (hotels business)	5,215
	(HK\$6.0/share)*
Adjusted shareholders' equity (unaudited)	57,518
	(HK\$66.2/share)*

As at 30 Sep 2018 (HK\$)	Panda Hotel	HC II hotel portion
Market value	\$3,282m \$3.6m/room valuation report	\$4,916m \$4.8m/room under development valuation report
Book value	\$297m \$0.3m/room at cost less depreciation	\$2,686m \$2.6m/room under development at cost
Hidden value	\$2,985m \$3.4/share*	\$2,230m \$2.6/share*



Total: \$5,215m

\$6.0/share*



5,215

(HK\$6.0/share)*

* No. of HHL shares in issue: 868.6 million (as of 30 Sep 2018)

Share Buy-back

- Enhancing earnings per share and maximizing shareholders return

HHL Share Buy-back Summary

Financial year ended 30-Jun	No. of HHL Shares Bought Back	Highest Price (HK\$/share)	Lowest Price (HK\$/share)	Average Price (HK\$/share)
2014 Total	1,228,000 (0.1% of issued shares)	26.95	25.85	26.46
2015 Total	nil	-	-	-
2016 Total	2,000,500 (0.2% of issued shares)	27.55	23.55	25.33
2017 Total	nil	-	-	-
2018 Total*	1,218,500 (0.1% of issued shares)	27.20	26.80	27.01
Six months ended 30-Sep	No. of HHL Shares Bought Back	Highest Price (HK\$/share)	Lowest Price (HK\$/share)	Average Price (HK\$/share)
2018 Total*	1,218,500 (0.1% of issued shares)	27.20	26.80	27.01

* Change of financial year end date from 30-Jun to 31-Mar with effect from FY19. 1,218,500 shares were bought back during Apr to Jun 2018, which was an overlapped period for the financial year ended 30 Jun 2018 and FY19

FY2018/19 Interim Results

- ◆ **Supplementary Information**

Results



(HK\$ in million)	Revenue		EBIT ^{N1}	
	Jul-Dec 2017	Jul-Sep 2018	Jul-Dec 2017	Jul-Sep 2018
<u>Continuing operations:</u>				
Investment properties and hospitality				
Property letting and management	582	295	394	192
Hotel, restaurant and catering operation	250	116	68	21
sub-total	832	411	462	213
Property development	643	-	250	(5)
Power plant	482	215	6	8
Treasury income	42	62	42	62
Others	-	-	(58)	(31)
Continuing operations total	1,999	688	702	247
<u>Discontinued operation:</u>				
Toll road investment	1,323	-	434	-
Revenue / EBIT	3,322	688	1,136	247
			Results	
			Jul-Dec 2017	Jul-Sep 2018
Earnings before interest and tax			1,136	247
Finance costs			(9)	(3)
Fair value gain of completed investment properties			1,351	291
Profit before tax			2,478	535
Taxation (from continuing and discontinued operations)			(216)	(34)
Profit for the period			2,262	501
Minority interests			(152)	(1)
Profit attributable to owners of the Company			2,110	500
Core Profit ^{N2}			759	209
Earnings per shares (HK\$)			2.43	0.58

N1: These figures represent EBIT of the Company and its subsidiaries plus net profits (after interest and tax) shared from JVs

N2: Profit attributable to owners of the Company ex-fair value gain of completed investment properties and profit from en bloc sale of entire project

Reconciliation of Revenue with Consolidated Statement of Comprehensive Income



(HK\$ in million) Six months ended 30-Sep	Revenue		Revenue	
	2017	2018	Jul-Dec 2017	Jul-Sep 2018
Revenue per "Results" slide	3,254	1,454	3,322	688
<u>Less:</u>				
Sales proceeds of Broadwood Twelve properties	(230)	-	(227)	-
Treasury income	(41)	(107)	(42)	(62)
Share of revenues of JVs engaged in				
- Toll road	(1,304)	(24)	(1,323)	-
- Power plant	(453)	(494)	(482)	(215)
- Property development and property investment	(203)	(14)	(149)	(7)
Turnover per Consolidated Statement of Profit or Loss	1,023	815	1,099	404

Investment Properties and Hospitality Revenue

(HK\$ in million)	Revenue*		yoy change	Revenue*
Six months ended 30-Sep	2017	2018		Jul-Sep 2018
Investment Properties				
Rental income - office	200	215	+8%	108
Rental income - retail	165	165	+0%	80
Rental income - residential	38	37	-3%	19
Convention and exhibition	36	38	+6%	19
Air conditioning and management fee	83	87	+5%	44
Carpark and others	54	55	+2%	25
Investment Properties sub-total	576	597	+4%	295
Hospitality				
Room Revenue	95	105	+11%	54
Restaurants, catering operations and others	99	126	+27%	62
Hospitality sub-total	194	231	+19%	116
Total	770	828	+8%	411

* Excluding tenancies for HHL's own use

Disposed ~66.69% Issued Shares of HHI^{N1}



- to Shenzhen Investment Int'l Capital Holdings Infrastructure Co Ltd
(completed 4 Apr 2018)

■ Received net cash proceeds of ~HK\$9b and recognised post-tax net gain ~HK\$5.1b

Use of Net Sale Proceeds (present plan)	HK\$m
Special cash interim dividend (paid on 2 May 2018)	~1,740
Funding for Hopewell Centre II, Hill Side Terrace Cluster and 153-167 QRE developments	5,000
• Fund New Investment Opportunities^{N2} - in both HK and the Mainland, in particular Guangdong-HK-Macao Bay Area • Strengthen general working capital and cash position (meantime pending the identification of New Investment Opportunities)	The Balance

N1: For details, please refer to the Joint Announcement and Circular dated 29 December 2017 and 22 January 2018 respectively

N2: Together with other funding resources available to HHL

Reasons For Disposal of HHI^{N1}

(completed 4 Apr 2018)



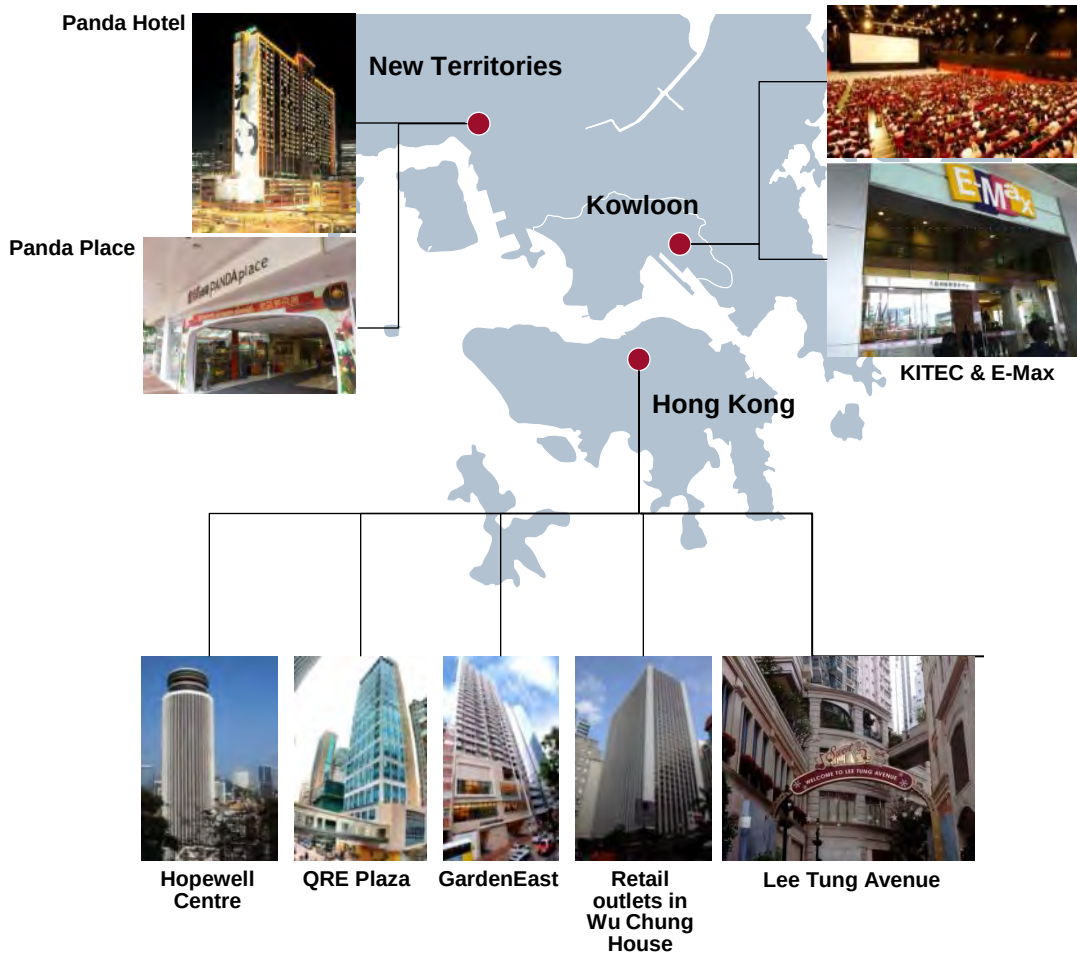
- Significant contributor to Shenzhen Investment Holdings' continuous expansion of the connections in the Guangdong-HK-Macao Bay Area
- Good opportunity for HHL to realise its investment in two highway projects
- HHL may re-deploy proceeds to:
 - ◆ Funding for Hopewell Centre II, Hill Side Terrace Cluster and 153-167 QRE developments
 - ◆ Further strengthen general working capital and cash position
 - ◆ Explore new investment opportunities in both HK and the Mainland, in particular the Guangdong-Hong Kong-Macao Bay Area

N1: For details, please refer to the

Joint Announcement dated 29 December 2017: <http://www.hkexnews.hk/listedco/listconews/SEHK/2017/1229/LTN20171229605.pdf>

Circular dated 22 January 2018: <http://www.hkexnews.hk/listedco/listconews/sehk/2018/0119/LTN20180119749.pdf>

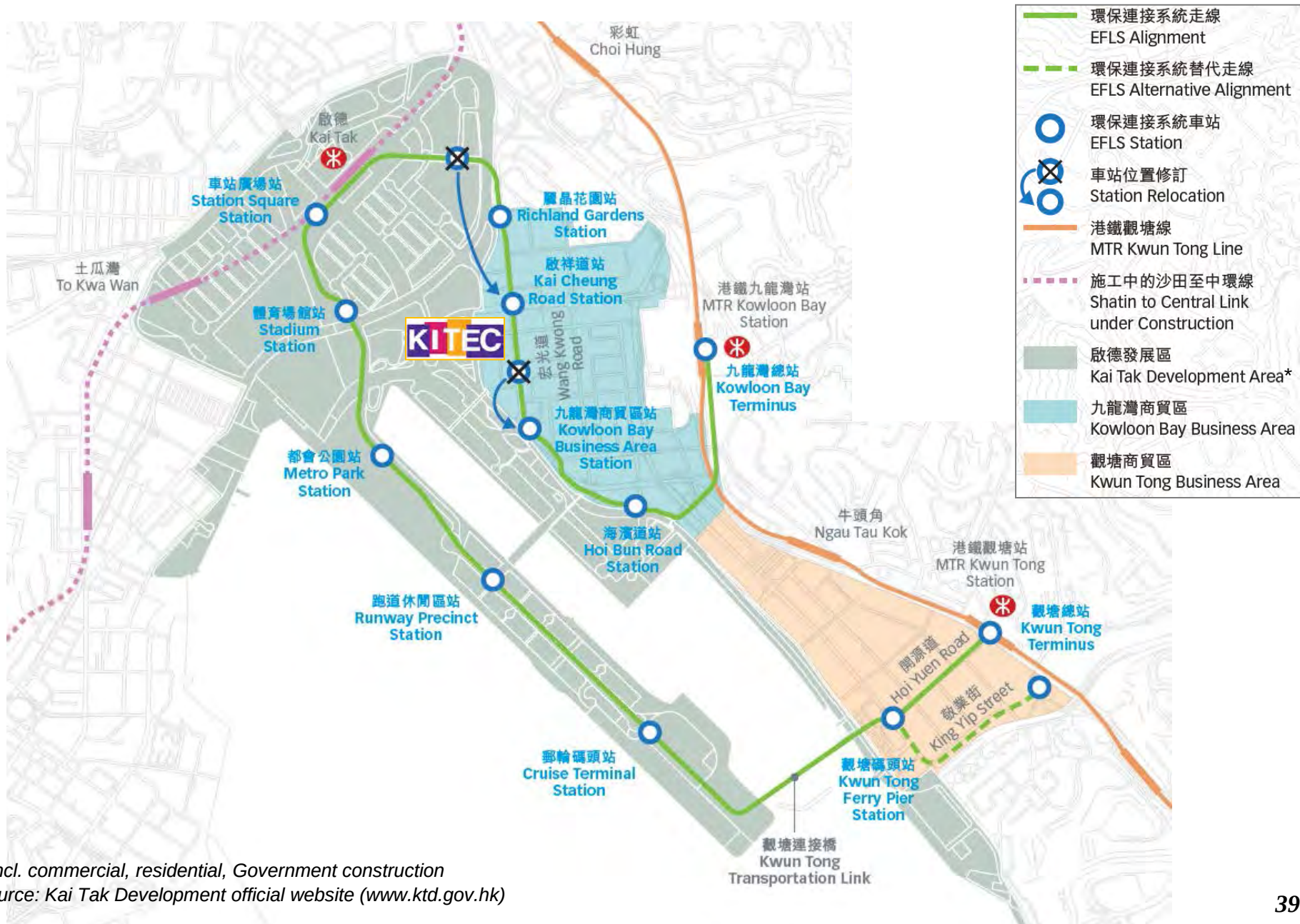
Investment Properties



	Approx. GFA (sq.ft.)
Hopewell Centre	840,000
KITEC and E-Max <i>(incl. Star Hall 30,000sq.ft. and Metroplex >1,100 seats)</i>	1,775,000*
QRE Plaza	77,000
GardenEast (216 units)	96,500
Lee Tung Avenue (HHL attr.)	26,000
Wu Chung House retail	17,670
Panda Place	229,000
Panda Hotel (911 rooms)	440,000
Total GFA	3.5M sq.ft.

* GFA of office ~750,000 sq.ft.; retail ~760,000 sq.ft.

Kowloon East Developments Benefit KITEC and E-Max



* Incl. commercial, residential, Government construction

Source: Kai Tak Development official website (www.ktd.gov.hk)

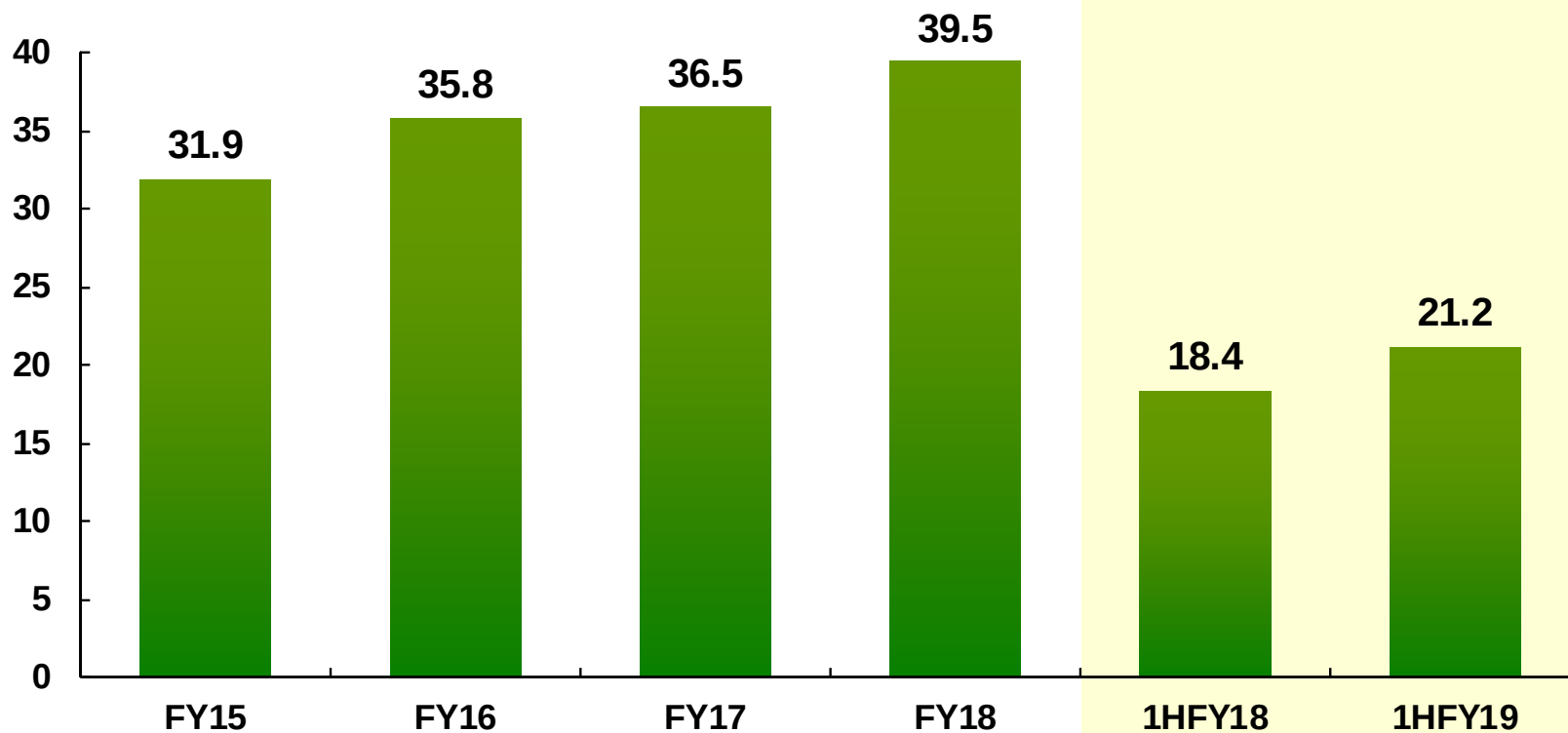
QRE Plaza, Wan Chai



■ Refining tenant mix has helped lift rental income

Rental Income

Year ended 31-Mar
(HK\$'m)



Average passing rent per sq.ft.

\$37.1

\$37.9

\$40.0

\$42.5

\$41.2

\$43.8

Panda Place, Tsuen Wan

GFA approx. 229,000sq.ft.

1H FY19:

- ◆ Rental income remained flat at HK\$32m
- ◆ Average occupancy rate: 98%



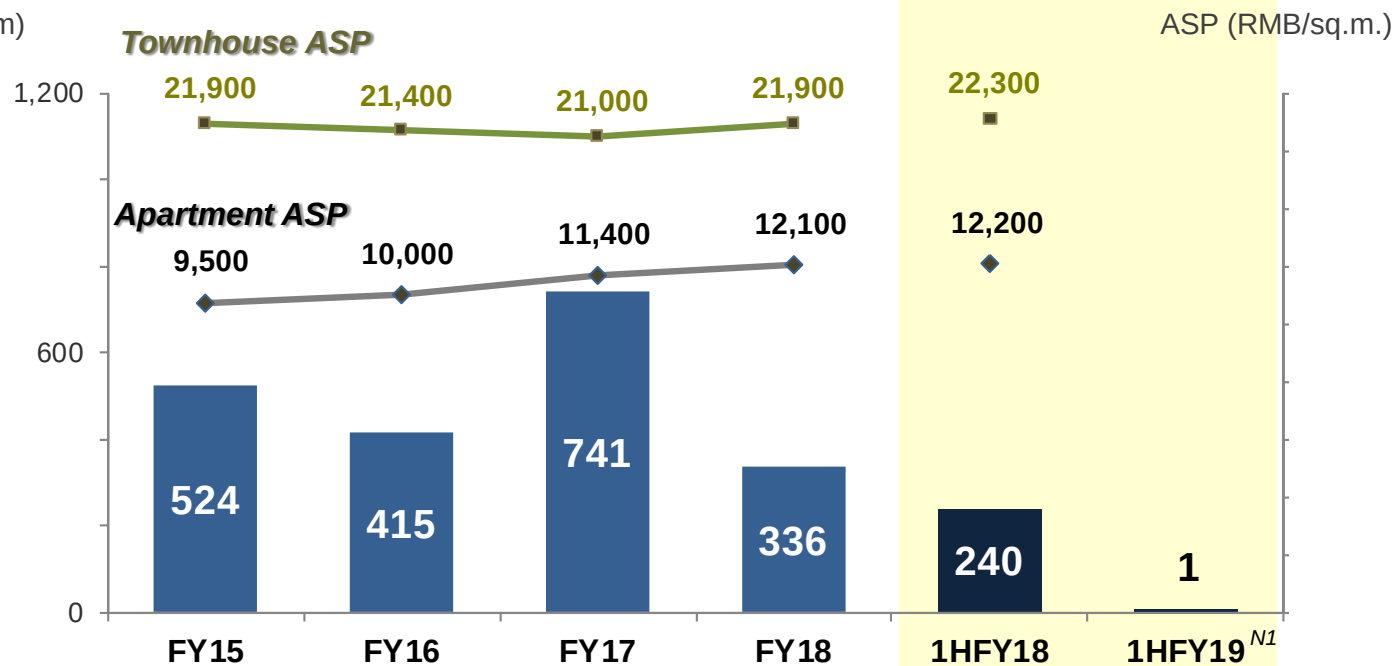
Hopewell New Town, Huadu, Guangzhou

– Historical Revenue and Average Selling Price

Total Site Area:	~ 610,200 sq.m.
Total Plot Ratio GFA:	~ 1.11m sq.m.
Total GFA sold & booked (as of 30.9.2018):	~ 483,900 sq.m. (44% of total)

Revenue and Average Selling Price (“ASP”) Booked

Year ended 31-Mar
Revenue (RMB'm)



GFA booked (sq.m.)

Townhouse	600	600	3,700	2,900	1,700	-
Apartment	53,800	40,300	57,600	14,600	11,000	-

Units booked

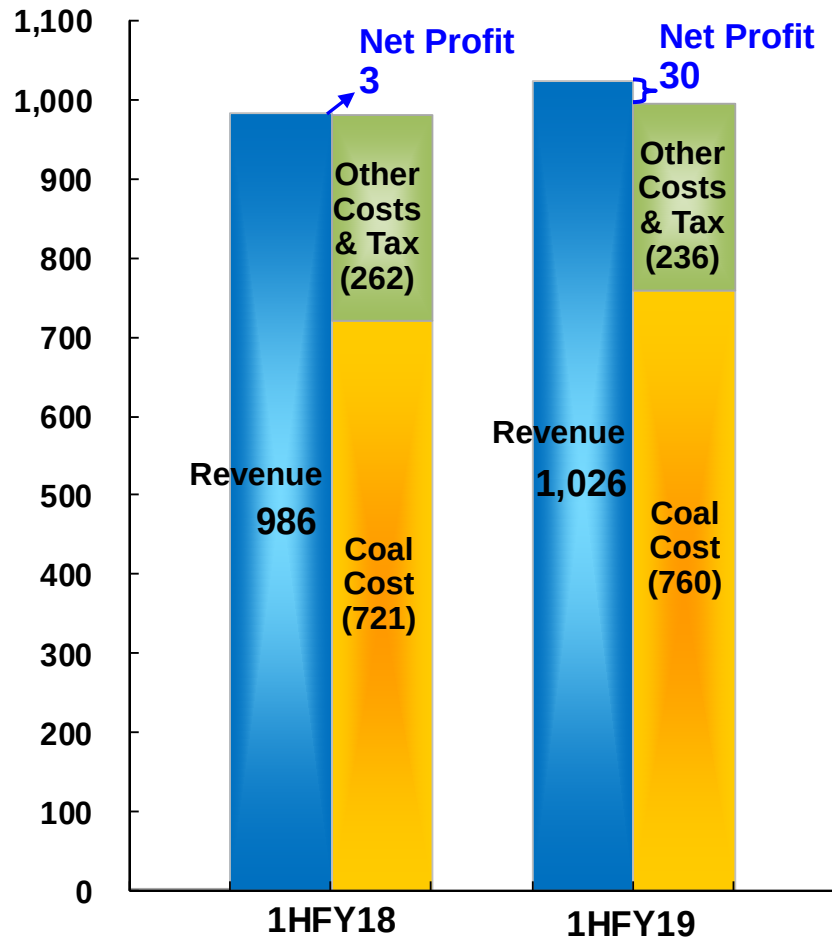
Townhouse	2	2	13	10	6	-
Apartment	611	345	509	123	93	-

N1: No residential sales were launched given tightening policies in PRC property market. RMB1m booked in 1H FY19 represents car park sales

Heyuan Power Plant, Guangdong

P&L Highlight - JV Level 100%

Six months ended 30-Sep
(RMB in million)



Updates

- Net profit rose to RMB30m in 1HFY19 from RMB3m in 1HFY18 due to ↑ gross generation and ↓ power plant depreciation
- Adjustment on accounting estimates of the power plant's useful life and depreciation schedule: effective 1 Jul 2018
- Stable cash flow contribution to HHL given solid power demand in Guangdong

Heyuan Power Plant, Guangdong

Key Operating Statistics

	1HFY18	1HFY19
Gross generation	2,800 GWh	3,000 GWh
Utilisation rate ^{N1} (hours)	54% (2,372 hours)	57% (2,504 hours)
Availability factor ^{N2}	84%	89%
Average on-grid tariff (with desulphurization, denitrification, dust removal and super low emission) (excl. VAT)	RMB368.3/MWh	RMB363.0/MWh
Approx. coal cost (5,500 kcal/kg) (incl. transport; excl.VAT)	RMB659/ton	RMB666/ton

$$N1 = \frac{\text{Gross generation during the period under review}}{\text{Total no. of hours during the period under review} \times \text{Installed capacity}}$$

$$N2 = \frac{\text{The no. of hours for electricity generation during the period under review}}{\text{Total no. of hours during the period under review}}$$

Terms	Meanings
"1HFY15"	The first half of financial year ended 31 Mar 2015 (i.e. 1 Apr to 30 Sep 2014)
"1HFY16"	The first half of financial year ended 31 Mar 2016 (i.e. 1 Apr to 30 Sep 2015)
"1HFY17"	The first half of financial year ended 31 Mar 2017 (i.e. 1 Apr to 30 Sep 2016)
"1HFY18"	The first half of financial year ended 31 Mar 2018 (i.e. 1 Apr to 30 Sep 2017)
"1HFY19"	The first half of financial year ending 31 Mar 2019 (i.e. 1 Apr to 30 Sep 2018)
"FY15"	The financial year ended 31 Mar 2015
"FY16"	The financial year ended 31 Mar 2016
"FY17"	The financial year ended 31 Mar 2017
"FY18"	The financial year ended 31 Mar 2018
"FY19"	The financial year ending 31 Mar 2019
"FY20"	The financial year ending 31 Mar 2020
"FY21"	The financial year ending 31 Mar 2021

Appendix

- ♦ **Company Background & Projects**
- ♦ **Macro Data**

HHL's Board of Directors



Board of Directors	15	Audit Committee (100% INED)	Remuneration Committee (75% INED)
Executive Directors	7		
Sir Gordon Ying Sheung WU_{KCMG, FICE*} (Chairman) Mr. Eddie Ping Chang HO (Vice Chairman) Mr. Thomas Jefferson WU[#] (Deputy Chairman and Managing Director) Mr. Josiah Chin Lai KWOK (Deputy Managing Director) Mr. Albert Kam Yin YEUNG Mr. William Wing Lam WONG Ir. Dr. Leo Kwok Kee LEUNG			
Non-Executive Directors	3		
Lady WU Ivy Sau Ping KWOK_{JP} Mr. Carmelo Ka Sze LEE_{JP} Mr. Guy Man Guy WU			√
Independent Non-Executive Directors (33% of the Board of Directors)	5		
Ms. Linda Lai Chuen LOKE Mr. Sunny TAN Dr. Gordon YEN Mr. Ahito NAKAMURA Mr. Yuk Keung IP		√	√
		Chairman	
		√	√
		√	Chairman

* Also as Alternate Director to Mr. Eddie Ping Chang HO

Also as Alternate Director to Sir Gordon Ying Sheung WU and Lady WU Ivy Sau Ping KWOK

Sir Gordon Ying Sheung WU KCMG, FICE – Chairman

- Aged 82, one of the founders and visionary leader
- Pioneer in property and infrastructure sector
- Established solid foundation and set the stage for company's continued achievements

Mr. Thomas Jefferson WU – Deputy Chairman & Managing Director

- Aged 46, the mastermind for business breakthrough
- Taking up various management roles since he joined HHL in 1999
- Active involvement in strategic planning and organisation performance review
- Director of the Year Award 2010, Asian Corporate Director Recognition Award 2011, 2012 and 2013 and named the Asia's Best CEO (Investor Relations) 2012, 2013 and 2014 with his accredited professionalism

HHL Eminent Management Team

– Senior Management for Property Business

Mr. William Wing Lam WONG – Executive Director

- Aged 61, joined the company in 2005 and appointed as Executive Director in 2007
- Registered professional surveyor with over 25 years of experience in property and land matters
- Key role in supervising property sales and leasing projects of the company

Mr. Albert Kam Yin YEUNG – Executive Director

- Aged 67, appointed as Executive Director of HHL since 2002
- Registered architect
- Key role in overseeing property development and construction projects of the company

Mr. Bruce Pei Sai LEUNG – Director, Hopewell Asset Management Ltd

- Aged 55, joined a subsidiary as Director in 2010
- Over 25 years of experience in real estate industry; prior to joining a subsidiary of the company, Mr. Leung was the Head of Asset Management of a listed REIT in Hong Kong
- A member of RICS (Royal Institution of Chartered Surveyors)
- Responsible for overseeing the investment property portfolio of the company

Corporate Sustainability – Awards & Recognitions



Hang Seng Corporate Sustainability Index Series Member 2017-2018

■ HHL has been selected as a **constituent stock of the Hang Seng Composite LargeCap & MidCap Index** and the **Hang Seng Corporate Sustainability Benchmark Index** respectively

■ HHL received the **Certificate of Appreciation** for supporting the **“Hong Kong Green Shop Alliance”** organised by the Hong Kong Green Building Council



■ HHL received the **Certificate of Appreciation** for supporting **“Say Yes To Breastfeeding 2018/2019”** campaign organised by UNICEF Hong Kong



Guangdong-HK-Macao Bay Area*



- First addressed in the 13th Five-Year Plan (2016-2020)
- Strengthen infrastructure linkages and stimulate economic cooperation in the region
- The HK section of Guangzhou-Shenzhen-Hong Kong Express Rail Link commissioned in Sep 2018
- Hong Kong-Zhuhai-Macao Bridge opened in Oct 2018



* Include HKSAR, Macao SAR, Guangzhou, Shenzhen, Zhuhai, Dongguan, Huizhou, Zhongshan, Foshan, Zhaoqing and Jiangmen

HHL's Distinguished Presence in Wan Chai



GFA calculates area owned and attributable to the group only

* Excludes GFA of properties in Kowloon Bay (1,775,000 sq.ft.), Tsuen Wan (670,000 sq.ft.) and The Avenue/Lee Tung Avenue

Source: Annual reports, websites of the companies. The map is for reference only and is not drawn to scale.

Major Investment Properties at a Glance



Hopewell Centre

- Hopewell's flagship property
- A landmark situated at the heart of Wan Chai
- GFA of approx. 840,000ft² office and retail space



KITEC & E-Max

- Situated in Kowloon East commercial area
- GFA of approx 1.77m ft² comprising:
 - KITEC 750,000ft² office;
 - E-Max 760,000ft²* retail
- Star Hall for concerts/ exhibitions
- The Metroplex (multi-cinema complex)

* Exclude C&E area



Panda Hotel & Panda Place

- Conveniently connected to the HK International Airport
- Over 900 hotel rooms for business and leisure travelers
- Approx. 229,000 ft² retail space for hotel guests and local families



QRE Plaza

- A 25-storey commercial building in Wan Chai
- Total GFA approx. 77,000ft²
- A mix of dining and entertainment

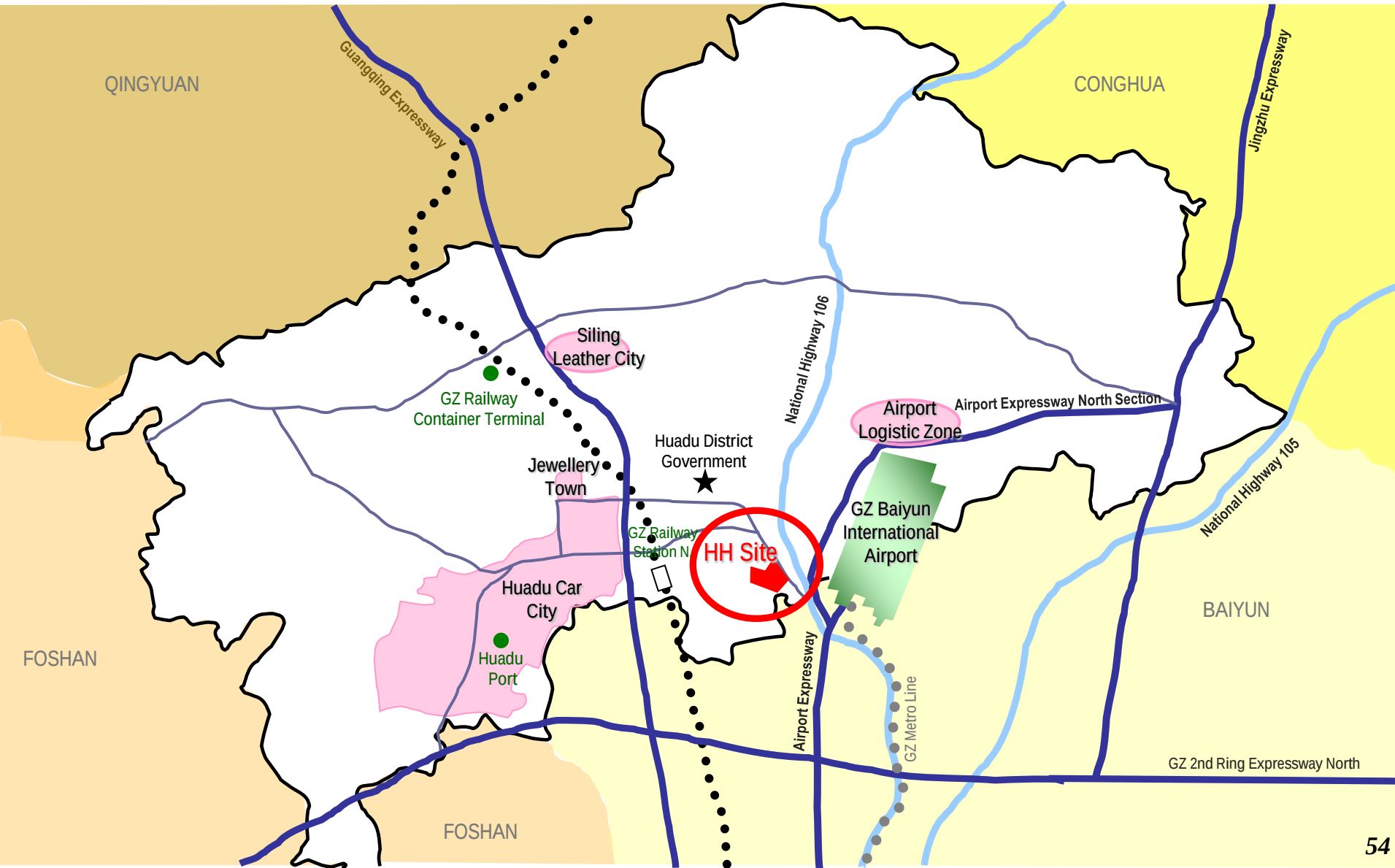
GARDENEast

- A 28-storey building with 96,500ft²
- 216 luxury serviced apartments and retail shops

Huadu District – Strategic Development Plan

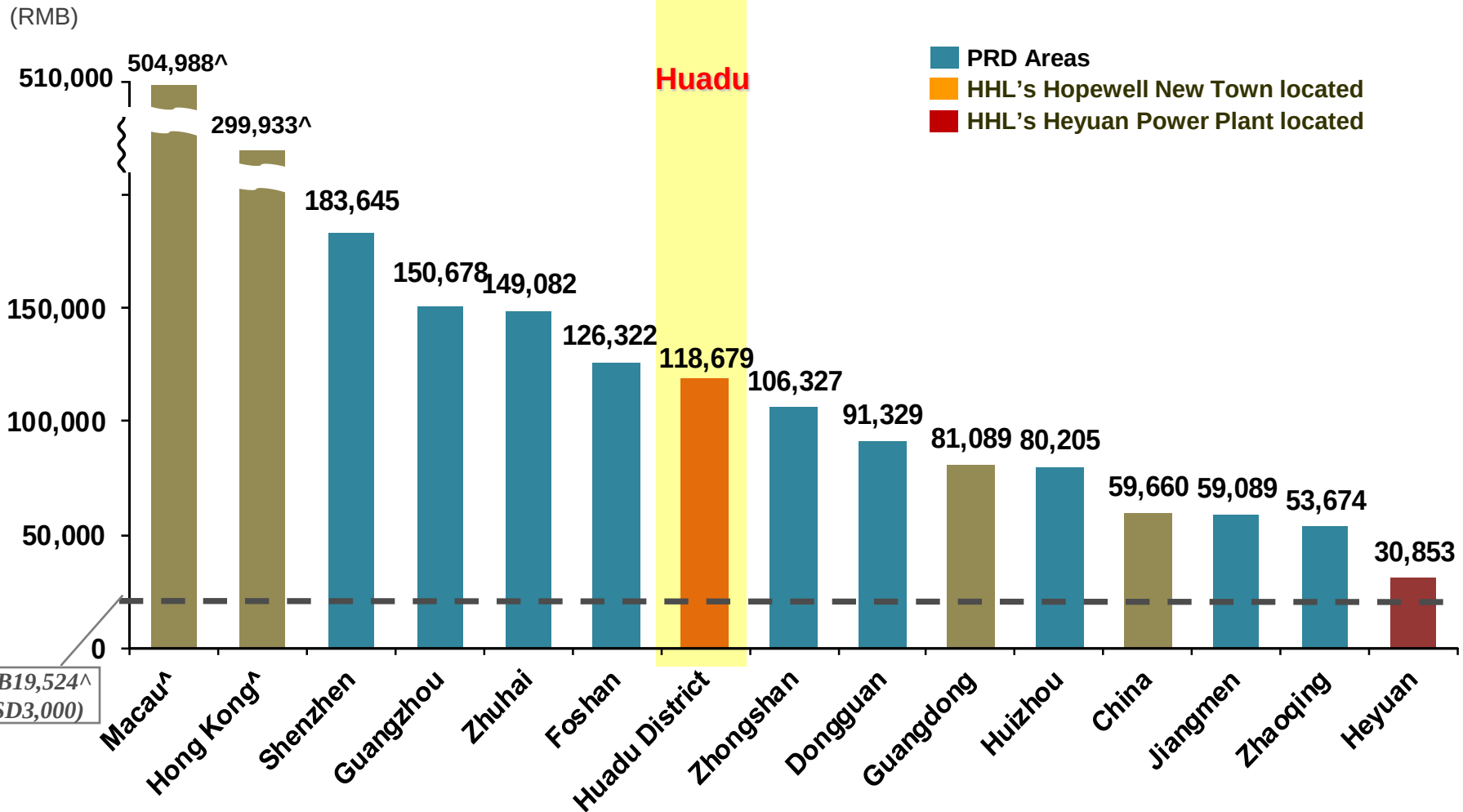


- Approx. 3km away from GZ Baiyun Int'l Airport & 20km from Guangzhou City



Huadu District – GDP per Capita

PRD: 2017 GDP per Capita



Source: 廣東省及各市區國民經濟和社會發展統計公報, Hong Kong Census & Statistics Department and Macao Statistics & Census Service, Bloomberg, CEIC

[^] Based on exchange rate RMB1 = HKD1.201; USD1 = HKD7.816

Heyuan Power Plant

Project Description

Location	Heyuan City (Northeast of the Guangdong Province)
Installed Capacity	2 x 600MW Coal-fired Power Plant
HHL's Stake	35%
JV Partner	Shenzhen Energy Group Co., Ltd
Total Investment	About RMB4.7b*
Financing Structure	Equity: 30% (fully injected) Bank Debt: 70%
Sales Market	Guangdong Province

** As per final account*

~ END ~