
HISTORY AND CORPORATE STRUCTURE

HISTORY

Our origins and the establishment of Hopewell brand trace back to 1963, when Sir Gordon Ying Sheung WU and his father Mr. WU Chung co-founded Hopewell Construction Company, Limited in Hong Kong, which is one of the first companies to obtain registered contractor status in Hong Kong. At the time of establishment, the development of properties for sale and construction were Hopewell Construction Company, Limited's core competence and in the course of 40 years, it has developed property projects with an aggregate GFA of over 25 million sq. ft. Since 1969, Hopewell has focused on the area of urban redevelopment, well before the establishment of statutory redevelopment bodies such as the Land Development Corporation, which was established in 1988, and the URA, which replaced the Land Development Corporation in 2001.

In the late 1970s, economic reform and the opening up of China to global trade provided new opportunities for investment into a large and emerging market. Following such developments, Hopewell took advantage of this opportunity and built a five-star 1,200 room hotel in Guangzhou, China, known as China Hotel (中國大酒店), which commenced operations in 1984. Having anticipated the infrastructure required to support urban and economic development, such as power plants, roads and highways, Sir Gordon Ying Sheung WU made a pioneering move to further extend Hopewell's investment focus to the Pearl River Delta region in China and developed Hopewell into one of the leading transport and infrastructure conglomerates over the next few decades. In August 2003, Hopewell successfully spun-off its highway and toll road operating and development businesses in China into Hopewell Highway.

While establishing a strong presence in China, Hopewell continued to expand its business interests in property investment and the hospitality industry in Hong Kong by applying its project management experience in the PRC to its projects in Hong Kong and gradually shifting its focus to asset management in the 2000s.

In the past four decades, we have developed a comprehensive property portfolio of assets located in prime locations and in areas with high redevelopment and significant growth potential. Since our establishment, we have been continually developing ourselves as one of the largest landlords in terms of GFA in Wan Chai through continued enhancement of our existing properties and construction of new projects, such as the 200 Queen's Road East Project and the Hopewell Centre II Project. Our Tsuen Wan properties, Panda Hotel and Panda Place, enjoy a well-recognised local reputation and have significant growth potential due to their convenient location and relative proximity to the PRC. We were also one of the first property developers to have a large-scale multi-purpose commercial complex in the Kowloon East district. The Hong Kong Government has recently announced that it intends to transform the Kowloon East district into Hong Kong's second CBD. For further information on our business, please refer to "*Business*".

The key milestones in our over 40 years of heritage are set out below:

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| 1970s | Hopewell was listed on the Stock Exchange in August 1972. During this period, Hopewell engaged in the construction of a variety of properties, ranging from Conway Mansion, Rosemary and Evelyn Towers, and Butler Towers, being high-end residential properties, and Allway Gardens, a large housing and retail complex, to Kowloon Air Freight Agents Terminal, an industrial centre, and the Hing Wai Ice & Cold Storage, being a storage facility. |
| 1980s | Construction of the flagship property, Hopewell Centre was completed in 1983. It was the tallest building in Hong Kong for the next six years and is also known for its innovative architectural design and high utilisation rate. Between 1980 to 1989, we completed, among others, (i) our joint venture development, Telford Gardens, a large-scale private residential and commercial complex located in Kowloon Bay, (ii) several high-end residences located on Plantation Road on the Peak, and |

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(iii) Parkway Court located on Park Road in the Mid-Levels. Further, throughout the course of this decade, Hopewell contributed to the idea of widening Broadwood Road from a narrow one-way path in Happy Valley to a standard two-way road and constructed several high-end residential properties in this area such as Villa Lotto, Villa Rocha and Broadwood Park in the 1980s, and Broadview Villa in the 1990s.

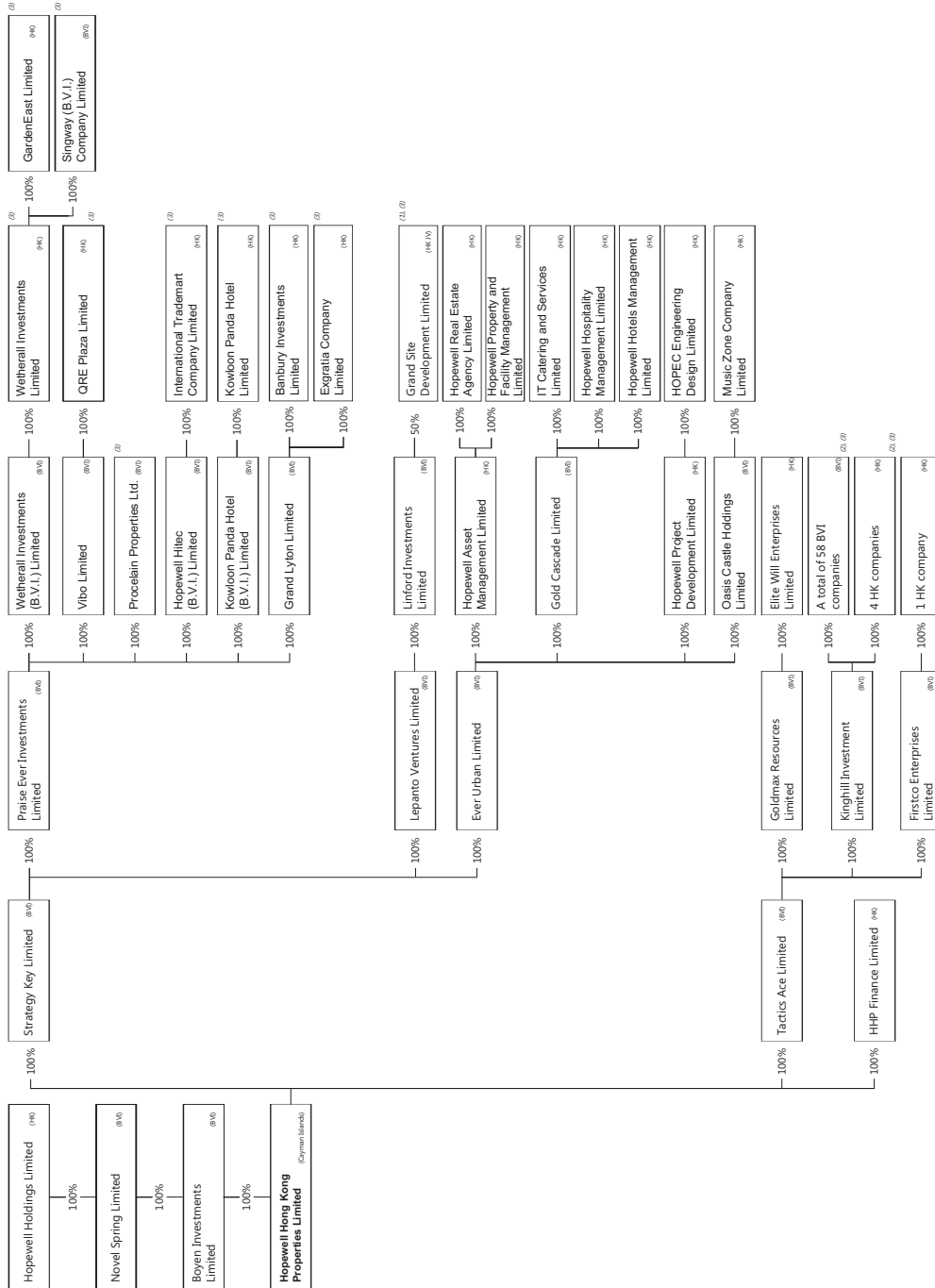
- 1990s** Panda Hotel opened in March 1992 and commenced operations with about 1,000 guest rooms. At the time, it had the largest number of guest rooms amongst all hotels in Hong Kong. In 1993, Wu Chung House, named in honour of the late Mr. WU Chung, the co-founder of the Hopewell Group, was completed. In 1995, construction of KITEC (formerly known as Hongkong International Trade & Exhibition Centre), one of the first large-scale multi-purpose commercial complexes in the Kowloon East district, was completed. We were involved in the design and construction of B P International House located in the prime location of Tsim Sha Tsui for its owner, Scout Association of Hong Kong, and continued to provide management services to B P International House since 1993.
- 2000s** The shopping arcade located beneath Panda Hotel underwent extensive renovation works and re-opened as Panda Place in 2005. E-Max, a new shopping and entertainment centre located in KITEC commenced operations in 2007. Between 2005 and 2009, we completed several construction projects in Wan Chai which are clustered around our flagship property, Hopewell Centre, such as QRE Plaza and GardenEast. In 2009, the tender for the 200 Queen's Road East Project in Wan Chai was awarded to the joint venture company which we formed with Sino Land.
- 2010s to the present** The sale of units of Broadwood Twelve, a luxury apartment project in Happy Valley, commenced in 2010. The land exchange with the Hong Kong Government for Hopewell Centre II was completed in October 2012.

As at the Latest Practicable Date, the Group owned and/or operated several Hong Kong properties, including, among others, Hopewell Centre, QRE Plaza, Wu Chung House (six retail shops and 80 car parking spaces only), GardenEast, KITEC, Panda Place, Panda Hotel, Broadwood Twelve and the Amalgamation Properties. We are currently engaged in the development of Hopewell Centre II, a hotel with comprehensive conference facilities and the development of the 200 Queen's Road East Project, a URA redevelopment project with a joint venture partner. For more information on these properties and projects, please refer to "*Business*".

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CORPORATE STRUCTURE

The simplified shareholding and corporate structure of the Group after the Reorganisation and before the Global Offering is set out below:

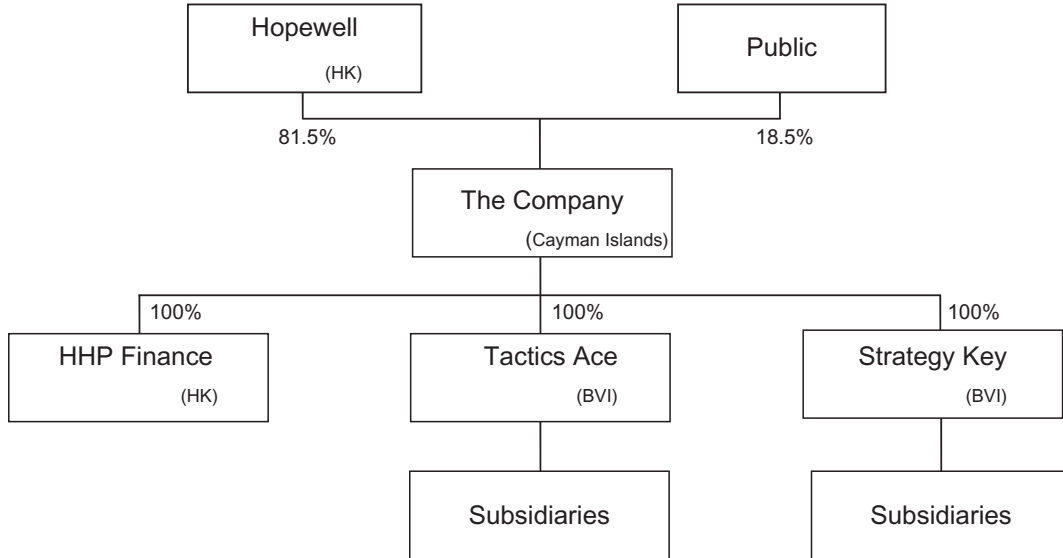


Notes:

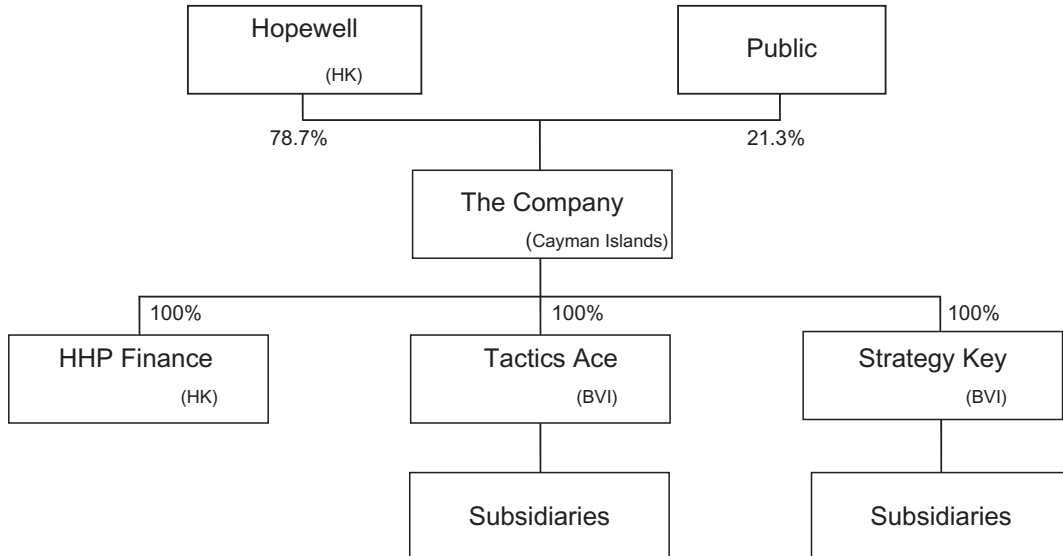
- (1) The other shareholder of Grand Site holding the other 50% of its entire issued share capital is Mega Sino, a wholly-owned subsidiary of Sino Land.
- (2) Such companies were established for the purposes of, among others, holding properties for the purpose of site amalgamation.
- (3) Such companies directly hold the Group's property interests.

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The simplified shareholding and corporate structure of the Group immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised and that no connected person of the Company who is an Eligible Employee or a Qualifying Hopewell Shareholder takes up any Shares under the Employee Preferential Offering or the Preferential Offering (as the case may be)) is set out below:

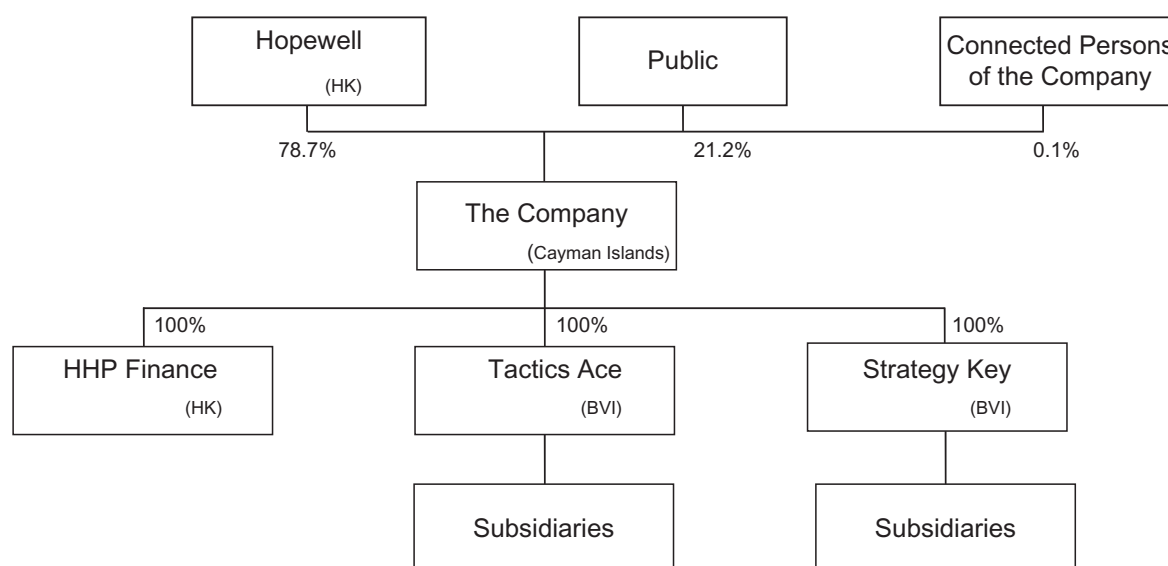


The simplified shareholding and corporate structure of the Group immediately following the completion of the Global Offering (assuming that the Over-allotment Option is exercised in full, and that no connected person of the Company who is an Eligible Employee or a Qualifying Hopewell Shareholder takes up any Shares under the Employee Preferential Offering or the Preferential Offering (as the case may be)) is set out below:



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The simplified shareholding and corporate structure of the Group immediately following the completion of the Global Offering (assuming that (i) the Over-allotment Option is exercised in full; (ii) the Assured Entitlements under the Preferential Offering are fully taken up by the Qualifying Hopewell Shareholders (except Sir Gordon Ying Sheung WU, Mr. Thomas Jefferson WU and Lady WU Ivy Sau Ping KWOK, and the companies controlled by them, who will not take up any Reserved Shares to which they or the companies controlled by them would be entitled to apply for under the Preferential Offering⁽¹⁾); (iii) no connected persons of the Company who is an Eligible Employee takes up any Shares under the Employee Preferential Offering; (iv) connected persons of the Company would not take up any Shares except in the capacity of Qualifying Hopewell Shareholders; and (v) there is no change in the relationship between the Eligible Employees and the Qualifying Hopewell Shareholders on the one hand and the Group on the other hand after the Latest Practicable Date) is set out below:



Spin-off by Hopewell

On 8 February 2013, Hopewell announced, among others, that on 14 January 2013, it had submitted a spin-off proposal to the Stock Exchange pursuant to Practice Note 15 of the Listing Rules (“**PN15**”) in relation to the proposed spin-off of the Company by way of a separate listing of the Shares on the Main Board of the Stock Exchange (the “**Spin-off**”) and that the Stock Exchange had, on 6 February 2013, granted approval on the Spin-off proposal and confirmed that Hopewell may proceed with the Spin-off. In the same announcement (the “**PN15 Announcement**”), Hopewell also announced, among others, that the reduction of the issued share capital of the Company held by it following completion of the Spin-off would be expected to constitute a deemed disposal under Rule 14.29 of the Listing Rules and that this may constitute a major transaction of Hopewell under Chapter 14 of the Listing Rules. Accordingly, the Spin-off would be subject to the reporting, announcement and shareholders’ approval requirements under the Listing Rules. The Spin-off was approved by an ordinary resolution passed at an extraordinary general meeting of Hopewell held on 23 May 2013.

Note:

(1) For further details, please refer to “Structure of the Global Offering – The Preferential Offering – Basis of the Assured Entitlement”.

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REASONS FOR THE SPIN-OFF

In the PN15 Announcement, Hopewell stated, among others, that it considered the Spin-off to be in the interests of Hopewell and the Hopewell Shareholders taken as a whole based on the following reasons:

(i) *More defined business focus and efficient resource allocation:*

The separate listing of the Company creates a more defined business focus for both the Group and the Remaining Group. Following completion of the Spin-off, the Remaining Group will focus on further development of property development and investment, property related services and hospitality businesses and power in the PRC (the “**Remaining Group Businesses**”). The Group will focus on the property development and investment, property related services and hospitality businesses in Hong Kong (the “**Group Businesses**”). The Spin-off will separate the strategies for each of the Remaining Group and the Group and allow the respective management to efficiently allocate their resources to their respective businesses. The Spin-off will help to establish the Company as a premium Hong Kong property pure play platform and further enhance branding for its Hong Kong property development and investment, property related services and hospitality businesses.

The independent listing of the Company will also lead to a distinct alignment of its management’s responsibilities and accountability with its operating and financial performance. This is expected to result in enhanced management focus, which should in turn lead to improved decision-making processes, faster response-time to market changes and increased operational efficiency. The top management of the Company will be under heightened scrutiny from the investor community, which will be able to measure their performance against the stock market performance of the Company relative to its industry peers listed on the Stock Exchange. It will also be possible to link management incentives to such performance, thereby increasing management motivation and commitment.

(ii) *Enhances access to capital markets for the Group and increases financing flexibility:*

As a result of the Spin-off, the Remaining Group and the Group will have separate fund raising platforms in the equity and debt capital markets, which will increase financing flexibility for both groups. This flexibility will create a separate robust capital structure with a separate balance sheet for the Group and will allow the Company to independently raise capital to support its growth through continuing organic expansion as well as acquisitions (as demonstrated by the raising of equity via the Global Offering, should it proceed). A listing on the Stock Exchange will also provide clarity to the credit profile of the Company for rating agencies and financial institutions that wish to analyse and lend against the credit rating of an operator of Hong Kong property development and investment, property related services and hospitality businesses.

(iii) *Clarifies the equity story and creates own investor base for the Group Businesses:*

Through the Spin-off, the Group Businesses will be able to be valued on a stand-alone basis and investors will be provided with more details regarding the operating performance of each of the Group and the Remaining Group so that they can better analyse their respective businesses.

The Spin-off will also help to diversify the shareholder base of Hopewell as a whole. The Group will also be able to attract new investors who are seeking investments specifically in the industries of Hong Kong property development and investment, property related services and hospitality, thereby creating its own investor base and market following.

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(iv) Creates value for the Hopewell Shareholders by better identifying and establishing the value of the Group:

The Hopewell Board believes that a separate listing of the Group Businesses will enhance value for the Hopewell Shareholders by better identifying and establishing the fair value of the Group Businesses. Given that the Company will remain as a subsidiary of Hopewell after completion of the Spin-off, the Hopewell Board believes that this value will represent an enhancement to its existing value within the confines of Hopewell's listing, as Hopewell will benefit directly from the Company's growth. Listing the Group Businesses separately can improve transparency of its market value by increasing visibility of its future earnings, bringing direct research coverage and aligning the specific characteristics of Hong Kong property development and investment, property related services and hospitality businesses with the appropriate investor base. The Hopewell Board also believes that the Spin-off of the Company will mark a new milestone of growth for Hopewell's corporate branding.

On 8 February 2013, Hopewell announced, among others, that in accordance with the requirements of PN15, it proposes to give due regard to the interests of the Hopewell Shareholders by providing the Qualifying Hopewell Shareholders pursuant to the Assured Entitlement if the Spin-off proceeds. Details of the Preferential Offering are set out in "*Structure of the Global Offering*".