

CHAIRMAN'S STATEMENT

“ The Company believes that its strategic expressway network in the PRD region and its property investment portfolio will provide sustainable results and attractive yield to the shareholders of the Company in the long run. ”



I am pleased to report to shareholders that Hopewell Holdings Limited and its subsidiaries (the “Group”) achieved satisfactory results for the financial year ended 30 June 2009. The Group’s turnover for the year rose 6% to HK\$3,090 million while the earnings before interest and tax increased marginally to HK\$1,899 million as compared to last year. In the absence of substantial non-recurring exceptional gains, profit attributable to equity holders dropped 72% to HK\$1,681 million from last year’s HK\$5,979 million (restated), the latter included exceptional gains of HK\$4,791 million. Basic earnings per share was HK\$1.90, representing a decrease of 71% over HK\$6.66 (restated) of last year.

Final Dividend

The Board of Directors (the “Board”) has proposed a final dividend of HK58 cents per share in respect of the year ended 30 June 2009. Together with the interim dividend of HK40 cents and an extraordinary special interim dividend of 330 cents per share already paid, total cash dividends for the year will be HK428 cents per share, representing an increase of 65% from last year’s HK260 cents (which included special dividends in the total of HK165 cents per share).

The Company also paid a non-cash special interim dividend for the year, which was effected by way of a distribution in specie of shares in Hopewell Highway Infrastructure

Limited (“HHI”). Eligible shareholders received one ordinary share in HHI (“HHI Share”) for every whole multiple of 10 ordinary shares in the Company held by them. An aggregate of 88,027,402 ordinary shares of HHI were distributed to the eligible shareholders. Based on the closing price of HHI Share as traded on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) on 31 March 2009 (the date of distribution of HHI Shares), the aggregate market value of the HHI Shares distributed to the eligible shareholders was approximately HK\$385 million, which represents a distribution of approximately HK43.7 cents per share of the Company.

Total dividends for this year comprise cash dividends of HK428 cents per share and non-cash special interim dividend by way of a distribution in specie of HHI shares. Excluding the extraordinary special interim dividend of HK\$3.3 per share and the non-cash special interim dividend by way of distribution in specie of shares, total dividends for this year represents a 57% payout of net profits (before effect of property revaluation gain).

Subject to approval of the shareholders at the forthcoming annual general meeting to be held on 13 October 2009, the proposed final dividend will be paid on or about 14 October 2009 to shareholders as registered at the close of business on 13 October 2009.

Closure of Register

The Register of Members of the Company will be closed from Wednesday, 7 October 2009 to Tuesday, 13 October 2009, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company’s Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 6 October 2009.

Business Review

During the year under review, the financial tsunami originated in 2007 from the United States of America continued to affect the global economy and resulted in the collapse of global stock markets in September 2008 and the world-wide credit crunch in first half of 2009. The economies of The People’s Republic of China (“PRC”) and Hong Kong have inevitably been affected. Nonetheless, the PRC Central Government has adopted a series of measures to tackle the difficulties brought along by the financial crisis, including a proactive fiscal policy, a moderately loose monetary policy and a stimulus package in the order of RMB4 trillion. These measures have obtained initial success.

The economic growth of the Pearl River Delta ("PRD") region slowed down with a year-on-year growth rate in gross domestic product of about 10% for 2008. As the liberalization measures under the Mainland and Hong Kong Closer Economic Partnership Arrangement (the "CEPA") deepen, the economic integration of Hong Kong and the PRD region continues to accelerate. The economy of Hong Kong benefits from the integration and remains strong as evidenced in its robust domestic demand.

Properties — rental

The performance of the Group's investment properties remained strong for the year, with occupancy maintained at a high level while rental rates held strong. The total revenue from the Group's rental property business in Hong Kong achieved a growth of 14% as compared to last year, even though the spot rent experienced a mild downward adjustment in the last quarter of the financial year. The average occupancy rate of Hopewell Centre, the Group's flagship property, remained at a high level of about 93%. Several shops in Wu Chung House were acquired, further expanding the Group's portfolio in the area. During the year, the completion of GardenEast not only brought additional rental revenue, but also synergy to the Group's investment portfolio of retail properties in the Wanchai district. On Kowloon side, the rise in overall occupancy rate of the Hongkong

International Trade and Exhibition Centre ("HITEC") boosted its rental revenue for the year by 18% when compared to last year.

Within the Group, the hospitality business was the most affected by the global financial crisis and the human swine influenza during the year, as well as the new PRC policy forbidding travel agencies from offering tour packages below cost. The average room occupancy rate of the Panda Hotel dropped slightly to 80% for the year. The total revenue of the Panda Hotel slightly decreased by 3% for the year, partly offset by the significant improvement in the banquet business which recorded a growth of 29%.

Properties — development

Hopewell Centre II: It has been 15 years since the Company's original plan for the Hopewell Centre II project was officially approved. After various rounds of consultation and internal review, the Company announced its revised plan in November 2008. This revised plan strikes a balance between economic development and environmental protection, under which the total number of storeys, floor area and hotel rooms have been drastically reduced while the original size of the green park and the scale of the road improvement works has remained intact and undiminished. This fully demonstrated the Company's commitment to building Wanchai a sustainable and modern business district.

Significant economic benefits will cascade from the project. At a cost of about HK\$5 billion, it will usher in a revitalized Wanchai, creating over 4,000 jobs of different nature, during and after the construction period. The Company is committed to the project and will continue to drive it forward with an aim for completion in 2016.

Lee Tung Street Project: The Group has formed a joint venture project with Sino Land Company Limited (“Sino”) which has successfully won the bid for the redevelopment of Lee Tung Street and McGregor Street (commonly called the “Lee Tung Street Project”), under Hong Kong’s urban renewal plan administered by the Urban Renewal Authority (“URA”). Majority of the project is high-grade residential towers located in prime area which is linked by subway to the Wanchai MTR Station. Construction is planned to commence by the end of 2009.

Hopewell Centre II and the Lee Tung Street Project, are also expected to bring synergy with the Company’s existing properties in Wanchai including Hopewell Centre, QRE Plaza and GardenEast.

Hopewell New Town in Huadu: The residential property market in the PRC, including Guangzhou, has rebounded significantly since the downturn in 2008. With the more relaxed mortgage policy of PRC banks toward first time buyers and the improvement in general economic environment, the sentiment in PRC residential property market stays positive.

The prospects of sale of residential units of Hopewell New Town in Huadu, due for sale in the fourth quarter of 2009, are brightening.

12 Broadwood Road: The superstructure work of 12 Broadwood Road, Happy Valley, a luxurious residential property development, is progressing ahead of schedule. It is currently planned to be completed in the second quarter of 2010.

Infrastructure

As for toll road business, the earnings before interest and tax for the year increased by 8% while the profit attributable to shareholders decreased by 47% as compared to last year, mainly due to the inclusion of the non-recurring gain on disposal of the Group’s interests in the Guangzhou East-South-West Ring Road (“ESW Ring Road”) and exchange gain from appreciation of Renminbi in last year’s results. During the year, it was announced that the estimated total amount of investment for Phase II and Phase III of the Western Delta Route (“Phase II West” and “Phase III West” respectively) will be increased to RMB12.8 billion and the contribution of registered capital by HHI will be increased by the total amount of approximately RMB812 million, subject to the approval by the relevant PRC authorities. The construction of Phase II West remains on track and is planned to be completed by the end of June 2010. Application for project approval of Phase III West was made. Depending upon the approval progress, it is currently planned to commence the construction of Phase III West in 2010 with completion in approximately 3 to 4 years.

With the continuous growth in car ownership in Guangdong, traffic and toll revenue of Guangzhou-Shenzhen Superhighway ("GS Superhighway") from Class 1 small cars rose to a historical high since the opening of the GS Superhighway. Although the export sector in Guangdong was hit hard in the fourth quarter of 2008, there were signs that its impact on the traffic and toll revenue from Classes 4 and 5 commercial vehicles had stabilized after a drop in the first quarter of 2009.

The first unit of the ultra super-critical coal-fired power plant project in Heyuan City, Guangdong Province ("Heyuan Power Plant") commenced commercial operation in January 2009, with total electricity of 1,134GWh generated in the first half of 2009. The second unit has also commenced operation in August 2009. The project is expected to generate cleaner energy to Guangdong Province as well as satisfactory results for the Group.

Being part of our corporate social responsibility initiatives, the various green measures implemented for the Group's properties have produced good results for the year, including the significant energy savings after the installation of water cooled chillers in the Group's core buildings. In March 2009, Hopewell Centre has been qualified as "Good Energy Performance" under the Hong Kong Energy Efficiency Registration Scheme for Building administered by the Electrical and Mechanical Services Department of the Hong Kong Government.

As at the balance sheet date, the Group had no outstanding corporate debt and cash balances of about HK\$5.3 billion (the Group (other than HHI subgroup) : HK\$2.5 billion; HHI subgroup : HK\$2.8 billion) and available committed banking facilities of HK\$17.0 billion (the Group (other than HHI subgroup) : HK\$13.4 billion; HHI subgroup : HK\$3.6 billion). This strong financial position enables us to capture any good investment opportunities in future.

Prospects

The last few months of 2008 saw the worst decline in the world economic environment since the end of World War II. With conscious and forceful efforts taken by the governments of major countries, there are signs of stabilization throughout the world. The economic growth rate of PRC remains high among developing countries. Furthermore, the swift policy reactions and proactive stimulative measures put in place by the PRC government to reform the economic structure and to maintain the economic growth of the country will help ensure the sustainable development of the economy in the long run.

Growth of the property business comes from facility upgrading and expansion of the portfolio through new projects. Besides the planned completion of the luxurious residential rental property development at 12 Broadwood Road in second quarter of 2010, the Hopewell Centre II project and the Lee Tung Street Project allow the Group to benefit from the revitalization of Wanchai. Upon the completion of Hopewell Centre II, the Group's property and hospitality operations will be expanded significantly.

With the completion of the Phase II West, the total length of the toll expressway in operation will be increased by about one-third, thus the recurring income base of the infrastructure business will be further enhanced. It is currently targeted that breakeven in cash flow would be achieved for the first year's operation of Phase II West. Further integration between Hong Kong and Guangdong will see freer cross-border vehicular traffic flow, enhancing the potential road users on the highway system.

As to the power business, the second unit of the Heyuan Power Plant has commenced operation in August 2009. Upon full operation, the Heyuan Power Plant is targeted to generate satisfactory return to the Group. In view of the consistent and strong demand for clean renewable electricity power, the Group is also actively developing its own technology for large-scale wind turbines. The Company believes that the power industry will continue to benefit from the steadily growing demand for electricity in the PRC as a whole.

Following the announcement of a series of urban integration agreements by Guangzhou and neighbouring Foshan City and the further liberalization measures under the CEPA, the pace of economic integration of the PRD region, Hong Kong and Macau will continue to accelerate. This will foster the economic development of the PRD region as

well as Hong Kong and the Group's focused investment within such regions will benefit. The Company believes that its strategic expressway network in the PRD region and its property investment portfolio will provide sustainable results and attractive yield to the shareholders of the Company in the long run.

Change of Director

Mr. Leo Kwok Kee LEUNG was appointed a Non-Executive Director of the Company with effect from 1 July 2009. He has resigned from the board of directors of HHI on the same day.

Acknowledgement

I would like to take this opportunity to thank our shareholders, customers, suppliers and business partners for their continuous support and contribution. I would also like to express my gratitude to my fellow directors, management team and all staff members for their loyalty, support and hard work. Their efforts are invaluable in contributing to the strong performance of the Group in the past year and for future years to come.

Sir Gordon Ying Sheung WU GBS, KCMG, FICE
Chairman

Hong Kong, 26 August 2009