

**HOPEWELL HONGKONG PROPERTIES LTD:
THIS IS A VERY LONG-TERM INVESTMENT,
SUITABLE ONLY FOR THE PATIENT FEW**

Long term – four years or more – Hopewell Hongkong Properties Ltd () (Code: 288, Main Board, The Stock Exchange of Hongkong Ltd) could well be a winner.

But for the short term – one year or less – this Company is likely to be an absolute dud.

Hopewell Hongkong Properties pitched its story in its Global Offering Prospectus, dated June 6, 2013, when it Offered 340 million, 10-cent Shares at the Indicative Offer Price Per Share, ranging from \$HK15.30 to \$HK17.80.

The Company is hoping to raise about \$HK5,428.30 million (or more, of course), based on the midpoint of the Indicative Offer Price Range of \$HK16.55.

This amount of money will be utilised for the following purposes, one is told at Page 212 of the Global Offering Prospectus:

1. About 40.50 percent – about \$HK2.20 billion –for the capital expenditures of a Wanchai property development, called Hopewell Centre II;
2. About 22.10 percent – about \$HK1.20 billion – for the acquisition and development of Amalgamated Properties [individual units in several sites in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), sites that are being assembled for amalgamation by the Company] potential acquisitions and development of land and properties for future development;
3. About 31.30 percent – about \$HK1.70 billion – to retire some of the Company's debts; and,
4. About 6 percent – about \$HK328.30 million – to be tipped into the Working Capital Account.

In respect of Point Number 3, this is with regard to a Revolving Credit Facility, amounting to \$HK7 billion, obtained from a syndicate of banks. This Facility is guaranteed by Hopewell Holdings Ltd () (Code: 54, Main Board, The Stock Exchange of Hongkong Ltd). Hopewell Holdings is the Controlling Shareholder of this Company. This debt is supposed to be repaid in September of 2014.

The Business

The business of Hopewell Hongkong Properties is succinctly stated at Page 61 of the Global Offering Prospectus as follows:

'We are one of the leading developers, owners and operators of high quality properties in Hong Kong given our recognition as one of the "Top Ten Developers" in Hong Kong at the BCI Asia Awards 2012. We have a highly recognised brand, symbolising quality, innovation and excellence, and a well-established track record of over 40 years of creating shareholder value through developing projects in prime locations and in areas with high redevelopment and significant growth potential in Hong Kong. We have three main business segments:

- 1 *property investment, comprising property letting, agency and management;*

- ¹ *hotel, restaurant and catering operation, comprising hotel ownership and management, restaurant operations and food catering; and*
- ¹ *property development, comprising the development and/or sale of investment properties held for sale, property under development and project management.'*

The Company ... [CLICK TO ORDER FULL ARTICLE](#)

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