

Announcement

28th July 2022

The following announcement was issued today to a Regulatory Information Service approved by the Financial Conduct Authority in the United Kingdom.

HONGKONG LAND HOLDINGS LIMITED HALF-YEAR RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE 2022

Highlights

- Underlying profit up 8%
- Higher profits from Development Properties
- Investment Properties profits marginally lower
- Group's financial position remains strong
- Additional US\$500 million share buyback announced

"Resilient financial performance at Hongkong Land in the first half of 2022 was pleasing to see, although contracted sales of China Development Properties were affected by weak market sentiment. The Group's full-year underlying profits are expected to be significantly lower than the prior year. This is primarily due to the planned timing of sales completions and the impact of pandemic-related restrictions on construction activities on the Chinese mainland, which will result in some completions being deferred from the second half of 2022 into 2023."

Ben Keswick
Chairman

Results

	(unaudited)		
	Six months ended 30th June		
	2022	2021	Change
	US\$m	US\$m	%
Underlying profit attributable to shareholders [#]	425	394	+8
Profit/(loss) attributable to shareholders	292	(865)	n/m
Shareholders' funds	33,619	34,584*	-3
Net debt	6,062	5,104*	+19
	US¢	US¢	%
Underlying earnings per share [#]	18.67	16.90	+10
Earnings/(loss) per share	12.83	(37.06)	n/m
Interim dividend per share	6.00	6.00	-
	US\$	US\$	%
Net asset value per share	14.99	15.05*	-

[#] The Group uses 'underlying profit attributable to shareholders' in its internal financial reporting to distinguish between ongoing business performance and non-trading items, as more fully described in note 7 to the condensed financial statements. Management considers this to be a key measure which provides additional information to enhance understanding of the Group's underlying business performance.

* At 31st December 2021.

The interim dividend of US¢6.00 per share will be payable on 12th October 2022 to shareholders on the register of members at the close of business on 19th August 2022.

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HONGKONG LAND HOLDINGS LIMITED
HALF-YEAR RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE 2022

OVERVIEW

Anti-pandemic measures taken across China led to subdued consumer demand in the Group's retail and residential properties businesses in the period, although the impact on underlying profit in the first half of the year was modest. Profits from the Group's Investment Properties business were marginally lower than the same period last year, while a greater number of residential sales completions in China resulted in a higher contribution from the Development Properties business.

PERFORMANCE

Underlying profit attributable to shareholders was US\$425 million, US\$31 million higher than the prior year.

Profit attributable to shareholders was US\$292 million in the first half of 2022, compared to a loss of US\$865 million in the first half of 2021. This is after including losses mainly arising from Investment Property revaluations of US\$133 million in 2022 and US\$1,259 million in 2021.

The net asset value per share at 30th June 2022 was US\$14.99, compared with US\$15.05 at the end of 2021.

The Directors are recommending an interim dividend of US¢6.00 per share.

GROUP REVIEW

Investment Properties

In Hong Kong, anti-pandemic measures introduced in the early part of the year impacted the number of new office leasing enquiries and resulted in the Group providing rental support to a select number of retail tenants. Despite these challenges, the Group's Central office portfolio continued to benefit from a flight to quality, as a number of new tenants committed to long-term leases.

Physical vacancy was 5.4% at the end of June 2022, compared to 5.2% at the end of 2021 and, on a committed basis, it was 5.1%, compared to 4.9% at the end of 2021. Rental reversions were negative, reflecting lower market rents. Average office rents were HK\$112 per sq. ft. in the first half of 2022, compared to HK\$118 per sq. ft. and HK\$115 per sq. ft. in the first and second halves of 2021, respectively.

Vacancy at the Group's LANDMARK retail portfolio was unchanged from the end of 2021, although base rental reversions remained negative. Tourism has not yet returned to Hong Kong, due to a combination of travel and quarantine restrictions, adversely impacting retail sales levels. Average retail rents were HK\$168 per sq. ft. in the first half of 2022, compared with HK\$180 per sq. ft. and HK\$190 per sq. ft. in the first and second halves of 2021, respectively. These average rents included the impact of temporary rental support.

Footfall and tenant sales at the Group's retail operations in Beijing and Macau were also negatively impacted by pandemic-related restrictions, although a number of luxury brands opened new stores as planned despite the market challenges.

In Shanghai, city-wide lockdowns saw development activities at the multi-phase West Bund site suspended for over two months, although construction has since resumed.

In Singapore, the Group's office portfolio continued to benefit from healthy leasing momentum, with average office rents increasing to S\$10.5 per sq. ft. in the first half of 2022, compared to S\$10.2 per sq. ft. and S\$10.3 per sq. ft. in the first and second halves of 2021, respectively. On a committed basis, vacancy in the Group's office portfolio remained low at 3.0%, compared with 2.9% at the end of 2021.

Development Properties

On the Chinese mainland, there were more sales completions in the first half of 2022, resulting in higher profits than the same period last year.

Pandemic-related shutdowns impacted construction progress at the Group's mixed-use Galaxy Midtown project in Shanghai, possibly delaying anticipated sales completions from the end of 2022 into early 2023.

Market sentiment was weak in a majority of the cities where the Group has a presence, impacting contracted sales despite the continued relaxation of cooling measures. The Group's attributable interest in contracted sales was US\$419 million in the first half of 2022, compared to US\$1,360 million and US\$1,288 million in the first and second halves of 2021, respectively. At 30th June 2022, the Group had US\$2,425 million in sold but unrecognised contracted sales, compared with US\$2,853 million at the end of 2021.

Results from the Group's residential development activities in Singapore declined compared to the first half of 2021, primarily due to lower completion progress on projects. Pre-sales at the 407-unit Piccadilly Grand project commenced in May 2022 and it is 75% sold. The Group's attributable interest in contracted sales was US\$270 million in the first half of 2022, compared to US\$172 million and US\$156 million in the first and second halves of 2021, respectively.

Sales demand for the Group's projects in the rest of Southeast Asia was generally subdued.

Business Development

On the Chinese mainland, the Group secured a 34% interest in a primarily residential site in Xuhui District in Shanghai, adjacent to our 1.1 million sq. m. mixed-used project in West Bund. The site has an attributable developable area of 18,700 sq. m. and will feature six high-rise apartment blocks with over 470 premium residential units.

In Singapore, the Group acquired a 49% interest in a residential site in the Tanjong Katong area with a developable area of 599,000 sq. ft., which is expected to yield 638 units.

Financing

Net debt at 30th June 2022 was US\$6.1 billion, up from US\$5.1 billion at the end of 2021, primarily due to lower residential pre-sale proceeds, investments in recently acquired development sites and the buyback of Group shares.

Net gearing was 18%, compared with 15% at the end of last year. As at 30th June 2022, the Group had committed liquidity of US\$2.6 billion, compared to US\$4.0 billion at the end of 2021, with an average debt tenor of 6.4 years, compared to 6.5 years at the end of 2021. 55% of the Group's interest rate on debt is at fixed rates, with an average hedge tenor of 7.3 years.

In September 2021, the Group announced a US\$500 million share buyback programme, of which US\$491 million had been invested up to 22nd July 2022, reducing issued share capital by 4%. An additional US\$500 million has been allocated to buy back shares until the end of 2023.

OUTLOOK

Resilient financial performance at Hongkong Land in the first half of 2022 was pleasing to see, although contracted sales of China Development Properties were affected by weak market sentiment. The Group's full-year underlying profits are expected to be significantly lower than the prior year. This is primarily due to the planned timing of sales completions and the impact of pandemic-related restrictions on construction activities on the Chinese mainland, which will result in some completions being deferred from the second half of 2022 into 2023.

Ben Keswick

Chairman

Hongkong Land Holdings Limited
Consolidated Profit and Loss Account
for the six months ended 30th June 2022

	(unaudited) Six months ended 30th June			2021			Year ended 31st December 2021		
	2022								
	Underlying business performance US\$m	Non- trading items US\$m	Total US\$m	Underlying business performance US\$m	Non- trading items US\$m	Total US\$m	Underlying business performance US\$m	Non- trading items US\$m	Total US\$m
Revenue (note 2)	894.0	-	894.0	885.8	-	885.8	2,384.3	-	2,384.3
Net operating costs (note 3)	(499.9)	-	(499.9)	(476.4)	0.5	(475.9)	(1,440.9)	2.6	(1,438.3)
Change in fair value of investment properties	-	(120.5)	(120.5)	-	(1,248.8)	(1,248.8)	-	(1,375.5)	(1,375.5)
Operating profit/(loss) (note 4)	394.1	(120.5)	273.6	409.4	(1,248.3)	(838.9)	943.4	(1,372.9)	(429.5)
Net financing charges									
- financing charges	(114.4)	-	(114.4)	(106.9)	-	(106.9)	(222.2)	-	(222.2)
- financing income	24.9	-	24.9	33.8	-	33.8	67.0	-	67.0
	(89.5)	-	(89.5)	(73.1)	-	(73.1)	(155.2)	-	(155.2)
Share of results of associates and joint ventures (note 5)	175.5	(21.4)	154.1	120.1	(4.4)	115.7	355.9	80.6	436.5
Profit/(loss) before tax	480.1	(141.9)	338.2	456.4	(1,252.7)	(796.3)	1,144.1	(1,292.3)	(148.2)
Tax (note 6)	(55.8)	6.8	(49.0)	(62.1)	(4.8)	(66.9)	(178.7)	(16.9)	(195.6)
Profit/(loss) after tax	424.3	(135.1)	289.2	394.3	(1,257.5)	(863.2)	965.4	(1,309.2)	(343.8)
Attributable to:									
Shareholders of the Company (note 7)	424.6	(132.8)	291.8	394.4	(1,259.3)	(864.9)	966.0	(1,315.2)	(349.2)
Non-controlling interests	(0.3)	(2.3)	(2.6)	(0.1)	1.8	1.7	(0.6)	6.0	5.4
	424.3	(135.1)	289.2	394.3	(1,257.5)	(863.2)	965.4	(1,309.2)	(343.8)
	US¢		US¢	US¢		US¢	US¢		US¢
Earnings/(loss) per share (note 8)	18.67		12.83	16.90		(37.06)	41.49		(15.00)

Hongkong Land Holdings Limited
Consolidated Statement of Comprehensive Income
for the six months ended 30th June 2022

	2022	(unaudited) Six months ended 30th June 2021	Year ended 31st December 2021
	US\$m	US\$m	US\$m
Profit/(loss) for the period	289.2	(863.2)	(343.8)
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plans	-	-	3.3
Tax on items that will not be reclassified	-	-	(0.5)
	-	-	2.8
Items that may be reclassified subsequently to profit or loss:			
Net exchange translation differences - net loss arising during the period	(259.6)	(55.9)	(148.1)
Cash flow hedges			
- net gain/(loss) arising during the period	20.4	(7.5)	(11.7)
- transfer to profit and loss	(2.5)	(0.2)	(0.1)
	17.9	(7.7)	(11.8)
Tax relating to items that may be reclassified	(3.0)	1.3	1.9
Share of other comprehensive (expense)/income of associates and joint ventures	(373.5)	5.8	87.1
	(618.2)	(56.5)	(70.9)
Other comprehensive expense for the period, net of tax	(618.2)	(56.5)	(68.1)
Total comprehensive expense for the period	(329.0)	(919.7)	(411.9)
Attributable to:			
Shareholders of the Company	(322.7)	(922.2)	(419.4)
Non-controlling interests	(6.3)	2.5	7.5
	(329.0)	(919.7)	(411.9)

Hongkong Land Holdings Limited
Consolidated Balance Sheet
as 30th June 2022

	2022	(unaudited)	At 31st
	US\$m	At 30th June	December
		2021	2021
		US\$m	US\$m
Net operating assets			
Fixed assets	118.6	126.0	127.8
Right-of-use assets	14.9	10.2	12.4
Investment properties (<i>note 10</i>)	28,278.1	28,814.7	28,600.2
Associates and joint ventures (<i>note 11</i>)	9,574.0	8,990.6	9,515.3
Non-current debtors	34.6	29.9	29.7
Deferred tax assets	60.1	42.0	67.7
Pension assets	1.2	0.6	1.8
Non-current assets	38,081.5	38,014.0	38,354.9
Properties for sale	3,161.1	2,304.3	2,970.5
Current debtors	862.0	995.7	1,029.4
Current tax assets	41.4	34.5	28.3
Bank balances	746.7	2,352.9	1,479.5
Current assets	4,811.2	5,687.4	5,507.7
Current creditors	(1,982.7)	(2,241.8)	(2,194.6)
Current borrowings (<i>note 12</i>)	(366.6)	(906.5)	(865.3)
Current tax liabilities	(208.9)	(158.5)	(202.9)
Current liabilities	(2,558.2)	(3,306.8)	(3,262.8)
Net current assets	2,253.0	2,380.6	2,244.9
Long-term borrowings (<i>note 12</i>)	(6,441.6)	(5,708.7)	(5,717.9)
Deferred tax liabilities	(228.4)	(204.0)	(227.9)
Pension liabilities	(0.1)	(1.8)	-
Non-current creditors	(17.0)	(35.6)	(35.8)
	33,647.4	34,444.5	34,618.2
Total equity			
Share capital	224.3	233.4	229.8
Share premium	-	257.3	67.4
Revenue and other reserves	33,395.0	33,922.8	34,286.6
Shareholders' funds	33,619.3	34,413.5	34,583.8
Non-controlling interests	28.1	31.0	34.4
	33,647.4	34,444.5	34,618.2

Hongkong Land Holdings Limited
Consolidated Statement of Changes in Equity
for the six months ended 30th June 2022

	Share capital US\$m	Share premium US\$m	Revenue reserves US\$m	Hedging reserves US\$m	Exchange reserves US\$m	Attributable to shareholders of the Company US\$m	Attributable to non- controlling interests US\$m	Total equity US\$m
Six months ended 30th June 2022 (unaudited)								
At 1st January 2022	229.8	67.4	34,022.4	(20.2)	284.4	34,583.8	34.4	34,618.2
Total comprehensive (expense)/income	-	-	291.8	23.9	(638.4)	(322.7)	(6.3)	(329.0)
Dividends paid by the Company (<i>note 9</i>)	-	-	(364.5)	-	-	(364.5)	-	(364.5)
Repurchase of shares	(5.5)	(67.4)	(204.4)	-	-	(277.3)	-	(277.3)
At 30th June 2022	<u>224.3</u>	<u>-</u>	<u>33,745.3</u>	<u>3.7</u>	<u>(354.0)</u>	<u>33,619.3</u>	<u>28.1</u>	<u>33,647.4</u>
Six months ended 30th June 2021 (unaudited)								
At 1st January 2021	233.4	257.3	34,881.2	(21.6)	358.8	35,709.1	29.4	35,738.5
Total comprehensive (expense)/income	-	-	(864.9)	(0.5)	(56.8)	(922.2)	2.5	(919.7)
Dividends paid by the Company (<i>note 9</i>)	-	-	(373.4)	-	-	(373.4)	(0.9)	(374.3)
At 30th June 2021	<u>233.4</u>	<u>257.3</u>	<u>33,642.9</u>	<u>(22.1)</u>	<u>302.0</u>	<u>34,413.5</u>	<u>31.0</u>	<u>34,444.5</u>
Year ended 31st December 2021								
At 1st January 2021	233.4	257.3	34,881.2	(21.6)	358.8	35,709.1	29.4	35,738.5
Total comprehensive (expense)/income	-	-	(346.4)	1.4	(74.4)	(419.4)	7.5	(411.9)
Dividends paid by the Company	-	-	(513.4)	-	-	(513.4)	-	(513.4)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	(0.9)	(0.9)
Unclaimed dividends forfeited	-	-	1.0	-	-	1.0	-	1.0
Disposal of subsidiaries	-	-	-	-	-	-	(1.6)	(1.6)
Repurchase of shares	(3.6)	(189.9)	-	-	-	(193.5)	-	(193.5)
At 31st December 2021	<u>229.8</u>	<u>67.4</u>	<u>34,022.4</u>	<u>(20.2)</u>	<u>284.4</u>	<u>34,583.8</u>	<u>34.4</u>	<u>34,618.2</u>

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Hongkong Land Holdings Limited
Consolidated Cash Flow Statement
for the six months ended 30th June 2022

	(unaudited) Six months ended 30th June 2022 US\$m	2021 US\$m	Year ended 31st December 2021 US\$m
Operating activities			
Operating profit/(loss)	273.6	(838.9)	(429.5)
Depreciation and amortisation	8.9	7.7	16.3
Change in fair value of investment properties	120.5	1,248.8	1,375.5
Gain on disposal of subsidiaries and joint ventures	-	-	(37.6)
Increase in properties for sale	(358.8)	(353.7)	(991.6)
Decrease in debtors	157.0	79.2	52.4
(Decrease)/increase in creditors	(143.3)	708.3	633.3
Interest received	13.3	20.1	43.2
Interest and other financing charges paid	(105.0)	(109.3)	(215.8)
Tax paid	(42.9)	(79.3)	(156.7)
Dividends from associates and joint ventures	42.1	39.6	239.1
Cash flows from operating activities	(34.6)	722.5	528.6
Investing activities			
Major renovations expenditure	(41.5)	(50.1)	(98.9)
Developments capital expenditure	-	(1.5)	(1.5)
Investments in and advances to associates and joint ventures	(310.6)	(34.5)	(397.1)
Proceeds received for disposal of subsidiaries	-	-	5.7
Proceeds received for disposal of joint ventures	-	-	59.6
Cash flows from investing activities	(352.1)	(86.1)	(432.2)
Financing activities			
Drawdown of borrowings	1,087.7	593.8	1,840.0
Repayment of borrowings	(753.3)	(505.1)	(1,764.1)
Principal elements of lease payments	(1.9)	(1.4)	(3.3)
Repurchase of shares	(278.9)	-	(191.9)
Dividends paid by the Company	(370.6)	(369.4)	(509.1)
Dividends paid to non-controlling shareholders	-	(0.9)	(0.9)
Cash flows from financing activities	(317.0)	(283.0)	(629.3)
Net cash (outflow)/inflow	(703.7)	353.4	(532.9)
Cash and cash equivalents at beginning of period	1,476.1	1,990.4	1,990.4
Effect of exchange rate changes	(30.2)	5.7	18.6
Cash and cash equivalents at end of period	742.2	2,349.5	1,476.1

Hongkong Land Holdings Limited
Notes to Condensed Financial Statements

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' and on a going concern basis. The condensed financial statements have not been audited or reviewed by the Group's auditors pursuant to the UK Auditing Practices Board guidance on the review of interim financial information.

There are no changes to the accounting policies as described in the 2021 annual financial statements and the Group has not early adopted any standard or amendments that have been issued but not yet effective. The more important amendments applicable to the Group is as follows:

Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract (effective from 1st January 2022)

The amendments clarifies that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. The Group applied the amendment from 1st January 2022 and there is no significant impact on the Group's consolidated financial statements.

2. REVENUE

	Six months ended 30th June	
	2022	2021
	US\$m	US\$m
Rental income	455.6	469.8
Service income	92.2	83.3
Sales of properties		
- recognised at a point in time	235.4	46.0
- recognised over time	110.8	286.7
	346.2	332.7
	894.0	885.8
<i>By business</i>		
Investment Properties	521.4	541.9
Development Properties	372.6	343.9
	894.0	885.8

3. NET OPERATING COSTS

	Six months ended 30th June	
	2022	2021
	US\$m	US\$m
Cost of sales	(402.8)	(383.9)
Other income	9.8	4.5
Administrative expenses	(106.9)	(97.0)
Asset impairment reversal	-	0.5
	<u>(499.9)</u>	<u>(475.9)</u>

4. OPERATING PROFIT/(LOSS)

	Six months ended 30th June	
	2022	2021
	US\$m	US\$m
<i>By business</i>		
Investment Properties	412.8	431.7
Development Properties	25.9	21.2
Corporate	(44.6)	(43.5)
Underlying business performance	394.1	409.4
Change in fair value of investment properties	(120.5)	(1,248.8)
Asset impairment reversal	-	0.5
	<u>273.6</u>	<u>(838.9)</u>

5. SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES

	Six months ended 30th June	
	2022	2021
	US\$m	US\$m
<i>By business</i>		
Investment Properties		
- operating profit	68.5	70.6
- net financing charges	(17.6)	(16.3)
- tax	(8.7)	(8.7)
- net profit	42.2	45.6
Development Properties		
- operating profit	196.8	120.8
- net financing charges	(4.6)	(4.3)
- tax	(57.8)	(40.4)
- non-controlling interests	(1.1)	(1.6)
- net profit	133.3	74.5
Underlying business performance	175.5	120.1
Change in fair value of investment properties (net of deferred tax)	(21.4)	(4.4)
	154.1	115.7

6. TAX

	Six months ended 30th June	
	2022	2021
	US\$m	US\$m
Tax charged to profit and loss is analysed as follows:		
Current tax	(40.5)	(62.9)
Deferred tax		
- changes in fair value of investment properties	6.8	(4.8)
- other temporary differences	(15.3)	0.8
	(49.0)	(66.9)
Tax relating to components of other comprehensive income or expense is analysed as follows:		
Cash flow hedges	(3.0)	1.3

Tax on profits has been calculated at the rates of taxation prevailing in the territories in which the Group operates.

Share of tax charge of associates and joint ventures of US\$65.2 million (2021: US\$52.7 million) is included in share of results of associates and joint ventures.

7. NON-TRADING ITEMS

Non-trading items are separately identified to provide greater understanding of the Group's underlying business performance. Items classified as non-trading items include fair value gains or losses on revaluation of investment properties; gains and losses arising from the sale of businesses and investment properties; impairment of non-depreciable intangible assets; provisions for the closure of businesses; acquisition-related costs in business combinations; and other credits and charges of a non-recurring nature that require inclusion in order to provide additional insight into underlying business performance.

An analysis of non-trading items after interest, tax and non-controlling interests is set out below:

	Six months ended 30th June	
	2022 US\$m	2021 US\$m
Change in fair value of investment properties	(120.5)	(1,248.8)
Deferred tax on change in fair value of investment properties	6.8	(4.8)
Share of change in fair value of investment properties of associates and joint ventures (net of deferred tax)	(21.4)	(4.4)
Asset impairment reversal	-	0.5
Non-controlling interests	2.3	(1.8)
	<u>(132.8)</u>	<u>(1,259.3)</u>

8. EARNINGS/(LOSS) PER SHARE

Earnings per share are calculated on profit attributable to shareholders of US\$291.8 million (2021: loss of US\$864.9 million) and on the weighted average number of 2,274.0 million (2021: 2,333.9 million) shares in issue during the period.

Earnings per share are additionally calculated based on underlying profit attributable to shareholders. A reconciliation of earnings is set out below:

	Six months ended 30th June			
	2022		2021	
	US\$m	Earnings per share US¢	US\$m	Earnings per share US¢
Underlying profit attributable to shareholders	424.6	18.67	394.4	16.90
Non-trading items (note 7)	<u>(132.8)</u>		<u>(1,259.3)</u>	
Profit/(loss) attributable to shareholders	<u>291.8</u>	12.83	<u>(864.9)</u>	(37.06)

9. DIVIDENDS

	Six months ended 30th June	
	2022	2021
	US\$m	US\$m
Final dividend in respect of 2021 of US¢16.00 (2020: US¢16.00) per share	<u>364.5</u>	<u>373.4</u>

An interim dividend in respect of 2022 of US¢6.00 (2021: US¢6.00) per share amounting to a total of US\$134.6 million (2021: US\$140.0 million) is declared by the Board and will be accounted for as an appropriation of revenue reserves in the year ending 31st December 2022.

10. INVESTMENT PROPERTIES

	Six months ended 30th June		Year ended 31st December
	2022	2021	2021
	US\$m	US\$m	US\$m
At beginning of period	28,600.2	30,083.3	30,083.3
Exchange differences	(232.7)	(45.9)	(155.7)
Additions	31.1	26.1	56.4
Disposal of subsidiaries	-	-	(8.3)
Decrease in fair value	(120.5)	(1,248.8)	(1,375.5)
At end of period	<u>28,278.1</u>	<u>28,814.7</u>	<u>28,600.2</u>

11. ASSOCIATES AND JOINT VENTURES

	At 30th June		At 31st December
	2022	2021	2021
	US\$m	US\$m	US\$m
<i>By business</i>			
Investment Properties	4,870.3	4,907.3	5,025.9
Development Properties	4,703.7	4,083.3	4,489.4
	<u>9,574.0</u>	<u>8,990.6</u>	<u>9,515.3</u>

12. BORROWINGS

	2022 US\$m	At 30th June 2021 US\$m	At 31st December 2021 US\$m
<i>Current</i>			
Bank overdrafts	4.5	3.4	3.4
Bank loans	117.8	62.4	86.0
Current portion of long-term borrowings			
- bank loans	179.9	218.9	155.5
- medium term notes	64.4	621.8	620.4
	366.6	906.5	865.3
<i>Long-term</i>			
Bank loans	2,630.5	2,339.5	1,882.2
Medium term notes			
- due 2022	-	65.0	-
- due 2023	178.2	179.9	179.2
- due 2024	397.8	411.0	406.8
- due 2025	643.5	645.4	644.5
- due 2026	38.3	38.6	38.6
- due 2027	184.9	186.7	186.0
- due 2028	181.4	183.2	182.5
- due 2029	120.5	121.8	121.2
- due 2030	697.3	697.9	697.7
- due 2031	568.4	25.5	568.6
- due 2032	139.2	140.6	140.0
- due 2033	88.6	89.5	89.1
- due 2034	76.6	77.4	77.1
- due 2035	252.1	254.6	253.6
- due 2038	105.8	109.5	109.0
- due 2039	106.8	110.5	109.9
- due 2040	31.7	32.1	31.9
	3,811.1	3,369.2	3,835.7
	6,441.6	5,708.7	5,717.9
	6,808.2	6,615.2	6,583.2

13. FINANCIAL INSTRUMENTS

Financial instruments by category

The fair values of financial assets and financial liabilities, together with carrying amounts at 30th June 2022 and 31st December 2021 are as follows:

	Fair value of hedging instruments US\$m	Financial assets at amortised costs US\$m	Other financial liabilities at amortised costs US\$m	Total carrying amount US\$m	Fair value US\$m
30th June 2022					
Financial assets measured at fair value					
Derivative financial instruments	23.1	-	-	23.1	23.1
Financial assets not measured at fair value					
Debtors	-	253.9	-	253.9	253.9
Bank balances	-	746.7	-	746.7	746.7
	-	1,000.6	-	1,000.6	1,000.6
Financial liabilities measured at fair value					
Derivative financial instruments	(0.1)	-	-	(0.1)	(0.1)
Financial liabilities not measured at fair value					
Borrowings	-	-	(6,808.2)	(6,808.2)	(6,603.0)
Trade and other payable excluding non-financial liabilities	-	-	(787.5)	(787.5)	(787.5)
	-	-	(7,595.7)	(7,595.7)	(7,390.5)
31st December 2021					
Financial assets measured at fair value					
Derivative financial instruments	22.4	-	-	22.4	22.4
Financial assets not measured at fair value					
Debtors	-	247.2	-	247.2	247.2
Bank balances	-	1,479.5	-	1,479.5	1,479.5
	-	1,726.7	-	1,726.7	1,726.7
Financial liabilities measured at fair value					
Derivative financial instruments	(17.6)	-	-	(17.6)	(17.6)
Financial liabilities not measured at fair value					
Borrowings	-	-	(6,583.2)	(6,583.2)	(6,810.0)
Trade and other payable excluding non-financial liabilities	-	-	(948.2)	(948.2)	(948.2)
	-	-	(7,531.4)	(7,531.4)	(7,758.2)

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13. FINANCIAL INSTRUMENTS *(continued)*

Fair value estimation

(a) Financial instruments that are measured at fair value based on observable current market transactions

	At 30th June 2022 US\$m	At 31st December 2021 US\$m
Assets		
Derivative designated at fair value		
- through other comprehensive income	22.1	9.9
- through profit and loss	1.0	12.5
	23.1	22.4
Liabilities		
Derivative designated at fair value		
- through other comprehensive income	(0.1)	(17.6)

The fair values of derivative financial instruments are determined using rates quoted by the Group's bankers at the balance sheet date. The rates for interest rate swaps and forward foreign exchange contracts are calculated by reference to market interest rates and foreign exchange rates.

There were no changes in valuation techniques during the six months ended 30th June 2022 and the year ended 31st December 2021.

(b) Financial instruments that are not measured at fair value

The fair values of current debtors, bank balances, current creditors, current borrowings and current lease liabilities are assumed to approximate their carrying amounts due to the short-term maturities of these assets and liabilities.

The fair values of long-term borrowings are based on market prices or are estimated using the expected future payments discounted at market interest rates. The fair values of non-current lease liabilities are estimated using the expected future payments discounted at market interest rates.

14. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Total capital commitments at 30th June 2022 and 31st December 2021 amounted to US\$1,049.8 million and US\$1,183.5 million, respectively.

Various Group companies are involved in litigation arising in the ordinary course of their respective businesses. Having reviewed outstanding claims and taking into account legal advice received, the Directors are of the opinion that adequate provisions have been made in the condensed financial statements.

15. RELATED PARTY TRANSACTIONS

The parent company of the Group is Jardine Strategic Limited ('JSL') and the ultimate parent company of the Group is Jardine Matheson Holdings Limited ('JMH'). Both JMH and JSL are incorporated in Bermuda.

In the normal course of business, the Group has entered into a variety of transactions with the subsidiaries, associates and joint ventures of JMH ('Jardine Matheson group members'). The more significant of these transactions during the six months ended 30th June 2022 are described below:

Management fee

The management fee payable by the Group, under an agreement entered into in 1995, to Jardine Matheson Limited ('JML') was US\$2.1 million (2021: US\$2.0 million), being 0.5% per annum of the Group's underlying profit in consideration for management consultancy services provided by JML, a wholly-owned subsidiary of JMH.

Property and other services

The Group rented properties to Jardine Matheson group members. Gross rents on such properties amounted to US\$8.4 million (2021: US\$9.5 million).

The Group provided project management services and property management services to Jardine Matheson group members amounting to US\$1.3 million (2021: US\$1.1 million).

Jardine Matheson group members provided property maintenance and other services to the Group in aggregate amounting to US\$26.2 million (2021: US\$22.8 million).

Hotel management services

Jardine Matheson group members provided hotel management services to the Group amounting to US\$1.0 million (2021: US\$1.2 million).

Outstanding balances with associates and joint ventures

Amounts of outstanding balances with associates and joint ventures are included in debtors and creditors as appropriate.

Hongkong Land Holdings Limited

Principal Risks and Uncertainties

The Board has overall responsibility for risk management and internal control. The following have been identified previously as the areas of principal risk and uncertainty facing the Company, and they remain unchanged:

- Economic Risk
- Commercial Risk
- Financial and Treasury Risk
- Regulatory and Political Risk
- Key Contracts Risk
- Pandemic, Terrorism and Natural Disasters Risk
- Cybersecurity Risk
- People Risk
- Investment, Strategic Transactions and Partnerships Risk
- Environmental and Climate Risk

For greater detail, please refer to pages 98 to 101 of the Company's Annual Report for 2021, a copy of which is available on the Company's website www.hkland.com.

Responsibility Statement

The Directors of the Company confirm to the best of their knowledge that:

- (a) the condensed financial statements have been prepared in accordance with IAS 34; and
- (b) the interim management report includes a fair review of all information required to be disclosed by the Disclosure Guidance and Transparency Rules 4.2.7 and 4.2.8 issued by the Financial Conduct Authority in the United Kingdom.

For and on behalf of the Board

Robert Wong
Craig Beattie

Directors

Dividend Information for Shareholders

The interim dividend of US¢6.00 per share will be payable on 12th October 2022 to shareholders on the register of members at the close of business on 19th August 2022. The shares will be quoted ex-dividend on 18th August 2022, and the share registers will be closed from 22nd to 26th August 2022, inclusive.

Shareholders will receive their cash dividends in United States Dollars, except when elections are made for alternate currencies in the following circumstances.

Shareholders on the Jersey branch register

Shareholders registered on the Jersey branch register will have the option to elect for their dividends to be paid in Sterling. These shareholders may make new currency elections for the 2022 interim dividend by notifying the United Kingdom transfer agent in writing by 23rd September 2022. The Sterling equivalent of dividends declared in United States Dollars will be calculated by reference to a rate prevailing on 28th September 2022.

Hongkong Land Holdings Limited
Dividend Information for Shareholders *(continued)*

Shareholders holding their shares through CREST in the United Kingdom will receive their cash dividends in Sterling only as calculated above.

Shareholders on the Singapore branch register who hold their shares through The Central Depository (Pte) Limited ('CDP')

Shareholders who are on CDP's Direct Crediting Service ('DCS')

Those shareholders who are on CDP's DCS will receive their cash dividends in Singapore Dollars unless they opt out of CDP Currency Conversion Service, through CDP, to receive United States Dollars.

Shareholders who are **not on** CDP's DCS

Those shareholders who are not on CDP's DCS will receive their cash dividends in United States Dollars unless they elect, through CDP, to receive Singapore Dollars.

Shareholders on the Singapore branch register who wish to deposit their shares into the CDP system by the dividend record date, being 19th August 2022, must submit the relevant documents to M & C Services Private Limited, the Singapore branch registrar, by no later than 5.00 p.m. (local time) on 18th August 2022.

About Hongkong Land Group

Hongkong Land is a major listed property investment, management and development group. Founded in 1889, Hongkong Land's business is built on excellence, integrity and partnership.

The Group owns and manages more than 850,000 sq. m. of prime office and luxury retail property in key Asian cities, principally Hong Kong, Singapore, Beijing and Jakarta. Its properties attract the world's foremost companies and luxury brands.

The Group's Central Hong Kong portfolio represents some 450,000 sq. m. of prime property. It has a further 165,000 sq. m. of prestigious office space in Singapore mainly held through joint ventures, four retail centres on the Chinese mainland, including a luxury retail centre at Wangfujing in Beijing, and a 50% interest in a leading office complex in Central Jakarta. The Group also has a number of high-quality residential, commercial and mixed-use projects under development in cities across China and Southeast Asia, including a 43% interest in a 1.1 million sq. m. mixed-use project in West Bund, Shanghai. Its subsidiary, MCL Land, is a well-established residential developer in Singapore.

Hongkong Land Holdings Limited is incorporated in Bermuda and has a primary listing on the London Stock Exchange, with secondary listings in Bermuda and Singapore. The Group's assets and investments are managed from Hong Kong by Hongkong Land Limited. Hongkong Land is a member of the Jardine Matheson Group.

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For further information, please contact:

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As permitted by the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority in the United Kingdom, the Company will not be posting a printed version of the Half-Year Results announcement for the six months ended 30th June 2022 to shareholders. This Half-Year Results announcement will be made available on the Company's website, www.hkland.com, together with other Group announcements.