

Announcement

28th July 2023

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 2023

Highlights

- Underlying profit in line with first half of 2022
- Higher profits from Investment Properties
- Development Properties profits lower due to fewer planned completions

“The Group’s financial performance was stable in the first half of 2023, although trading conditions are likely to remain challenging in a number of key markets for the remainder of the year. Full-year underlying profits are expected to improve somewhat compared to 2022, driven by the timing of Development Properties project completions. Modestly higher contributions from Investment Properties are also anticipated, as improved retail trading performance is expected to offset negative rental reversions in Hong Kong. The Group’s balance sheet remains strong.”

Ben Keswick
Chairman

Results

	(unaudited)		Change %
	Six months ended 30th June		
	2023 US\$m	2022 US\$m	
Underlying profit attributable to shareholders [#]	422	425	-1
(Loss)/profit attributable to shareholders	(333)	292	n/m
Shareholders’ funds	32,133	33,303*	-4
Net debt	5,545	5,817*	-5
	US¢	US¢	%
Underlying earnings per share [#]	19.02	18.67	+2
(Loss)/earnings per share	(15.00)	12.83	n/m
Interim dividend per share	6.00	6.00	-
	US\$	US\$	%
Net asset value per share	14.51	14.95*	-3

[#] 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 2022.

The interim dividend of US¢6.00 per share will be payable on 11th October 2023 to shareholders on the register of members at the close of business on 18th August 2023.

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HONGKONG LAND HOLDINGS LIMITED
HALF-YEAR RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE 2023

OVERVIEW

The Group's results from Investment Properties remained resilient in the first half of the year, with improved performance by the luxury retail portfolio more than offsetting a lower contribution from the Hong Kong office portfolio. In Development Properties, the Group recognised profit in the period from the acquisition of additional stakes in two existing projects in China at valuation below cost; nevertheless, profit contributions were lower than the first half of 2022, reflecting substantially lower planned sales completions.

PERFORMANCE

Underlying profit attributable to shareholders was US\$422 million, in line with the prior year, while underlying earnings per share were US¢19.02, a 2% increase compared to the prior year.

There was a loss attributable to shareholders of US\$333 million in the first half of 2023, compared to a profit of US\$292 million in the first half of 2022. This figure reflected unrealised losses mainly arising from Investment Properties revaluations of US\$755 million and US\$133 million in the first half of 2023 and 2022, respectively. The 2023 revaluation loss is principally attributable to the Hong Kong office portfolio following a modest decrease in market rents and a slight cap rate expansion.

The net asset value per share at 30th June 2023 was US\$14.51, compared with US\$14.95 at the end of 2022.

The Directors are recommending an interim dividend of US¢6.00 per share, unchanged from the prior year.

GROUP REVIEW

Investment Properties

In Hong Kong, the Group's Central office portfolio delivered a solid performance amidst challenging market conditions due to uncertainty in the global financial markets. Physical and committed vacancy was 6.9% and 6.2% respectively at the end of June 2023, an increase from 4.9% and 4.7% at the end of 2022, although significantly lower than the average vacancy in the Central market. Negative rental reversions resulted in average office rents decreasing to HK\$107 per sq. ft., compared to HK\$112 per sq. ft. and HK\$111 per sq. ft. in the first and second halves of 2022, respectively.

The Group's LANDMARK retail portfolio delivered an improved performance during the first half of 2023, following several challenging years for the retail market in Hong Kong. An increase in tenant sales and the removal of temporary rent relief led to an increase in average retail rent to HK\$204 per sq. ft., compared with HK\$168 per sq. ft. and HK\$181 per sq. ft. in the first and second halves of 2022, respectively. The LANDMARK retail portfolio remains effectively fully let.

Contributions from the Group's CENTRAL series luxury retail malls in Beijing and Macau increased in the period, due to higher average rents as tenant sales experienced a strong recovery.

In Singapore, market conditions remained healthy, with vacancy across the Group's office portfolio of 2.1% at the end of June 2023, compared with 7.5% at the end of 2022. On a committed basis, vacancy was 1.0%. Rental reversions were positive, with average rents increasing to S\$10.9 per sq. ft, compared to S\$10.5 per sq. ft. and S\$10.6 per sq. ft. in the first and second halves of 2022, respectively.

Development Properties

On the Chinese mainland, the profit contribution from sales completions in the Development Properties business was significantly lower compared to the first half of 2022 due to a lower number of planned sales completions.

The pace of recovery in the Chinese residential market was mixed in the first half of 2023, with sales performance varying between cities and individual developments. The Group's focus on premium residential products in a select number of top-tier cities has resulted in a better sales performance than the general market. The weak economic outlook in China, however, weighed on consumer sentiment despite the introduction of policy support measures. The Group's attributable interest in contracted sales was US\$745 million, compared to US\$419 million and US\$881 million in the first and second halves of 2022, respectively. At 30th June 2023, the Group had US\$2,274 million in sold but unrecognised contracted sales, compared with US\$2,087 million at the end of 2022.

During the period, the Group completed the acquisition of equity stakes in two existing projects in Nanjing and Wuhan from joint-venture partners. These were acquired in both cases for consideration below development cost, resulting in immediate net fair-value pre-tax accounting gains of US\$72 million. The projects are mixed-use in nature, with residential and commercial components.

In Singapore, where the Group recognises profits on the percentage of completion basis, the profit contribution in the period was broadly unchanged compared to the same period in 2022. Market conditions remained healthy, with strong sales at the recently launched 638-unit Tembusu Grand project, which was 55% sold at the end of June 2023. The Group's attributable interest in contracted sales was US\$487 million, compared to US\$270 million and US\$345 million in the first and second halves of 2022, respectively.

In the rest of Southeast Asia, total contributions were lower due to the timing of planned sales completions.

Financing

Net debt at 30th June 2023 was US\$5.5 billion, down from US\$5.8 billion at the end of 2022, primarily due to net cash inflows from trading activities. Net gearing was 17%, unchanged from the end of last year.

As at 30th June 2023, the Group had undrawn committed facilities of US\$3.3 billion, compared to US\$3.1 billion at the end of 2022, with an average debt tenor of 5.7 years, compared to 5.8 years at the end of 2022. 54% of the Group's interest rate on debt is at fixed rates, with an average hedge tenor of 6.5 years. The Group issued a US\$400 million 10-year public bond on 14th July 2023 to refinance a US\$400 million bond maturing in early 2024. This new bond extended the Group's average debt and hedge tenors to 5.9 and 6.9 years, respectively.

Share Buyback

Since the Group's announcements of its US\$1 billion share buyback programme in September 2021 and July 2022, it has invested US\$599 million. Following the cancellation of these purchased shares, the total issued share capital has reduced by 5.1%.

OUTLOOK

The Group's financial performance was stable in the first half of 2023, although trading conditions are likely to remain challenging in a number of key markets for the remainder of the year. Full-year underlying profits are expected to improve somewhat compared to 2022, driven by the timing of Development Properties project completions. Modestly higher contributions from Investment Properties are also anticipated, as improved retail trading performance is expected to offset negative rental reversions in Hong Kong. The Group's balance sheet remains strong.

Ben Keswick

Chairman

Hongkong Land Holdings Limited
Consolidated Profit and Loss Account
for the six months ended 30th June 2023

	(unaudited) Six months ended 30th June			2022			Year ended 31st December 2022		
	2023								
	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)	670.3	-	670.3	894.0	-	894.0	2,244.4	-	2,244.4
Net operating costs (note 3)	(277.6)	-	(277.6)	(499.9)	-	(499.9)	(1,398.4)	-	(1,398.4)
Change in fair value of investment properties	-	(742.6)	(742.6)	-	(120.5)	(120.5)	-	(559.3)	(559.3)
Operating (loss)/profit (note 4)	392.7	(742.6)	(349.9)	394.1	(120.5)	273.6	846.0	(559.3)	286.7
Net financing charges									
- financing charges	(123.7)	-	(123.7)	(114.4)	-	(114.4)	(234.9)	-	(234.9)
- financing income	40.1	-	40.1	24.9	-	24.9	66.8	-	66.8
	(83.6)	-	(83.6)	(89.5)	-	(89.5)	(168.1)	-	(168.1)
Share of results of associates and joint ventures (note 5)	164.3	(8.6)	155.7	175.5	(21.4)	154.1	229.3	(24.5)	204.8
(Loss)/profit before tax	473.4	(751.2)	(277.8)	480.1	(141.9)	338.2	907.2	(583.8)	323.4
Tax (note 6)	(49.8)	(2.7)	(52.5)	(55.8)	6.8	(49.0)	(131.7)	7.9	(123.8)
(Loss)/profit after tax	423.6	(753.9)	(330.3)	424.3	(135.1)	289.2	775.5	(575.9)	199.6
Attributable to:									
Shareholders of the Company (note 7)	422.2	(755.2)	(333.0)	424.6	(132.8)	291.8	776.1	(573.4)	202.7
Non-controlling interests	1.4	1.3	2.7	(0.3)	(2.3)	(2.6)	(0.6)	(2.5)	(3.1)
	423.6	(753.9)	(330.3)	424.3	(135.1)	289.2	775.5	(575.9)	199.6
	US¢		US¢	US¢		US¢	US¢		US¢
(Loss)/earnings per share (note 8)	19.02		(15.00)	18.67		12.83	34.44		8.99

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Hongkong Land Holdings Limited
Consolidated Statement of Comprehensive Income
for the six months ended 30th June 2023

	2023	(unaudited) Six months ended 30th June 2022	Year ended 31st December 2022
	US\$m	US\$m	US\$m
(Loss)/profit for the period	(330.3)	289.2	199.6
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plans	-	-	(1.6)
Tax on items that will not be reclassified	-	-	0.3
	-	-	(1.3)
Items that may be reclassified subsequently to profit or loss:			
Net exchange translation differences - net loss arising during the period	(209.2)	(259.6)	(116.8)
Cash flow hedges			
- net (loss)/gain arising during the period	(16.4)	20.4	2.4
- transfer to profit and loss	(1.4)	(2.5)	(2.4)
	(17.8)	17.9	-
Tax relating to items that may be reclassified	2.9	(3.0)	-
Share of other comprehensive expense of associates and joint ventures	(204.7)	(373.5)	(523.6)
	(428.8)	(618.2)	(640.4)
Other comprehensive expense for the period, net of tax	(428.8)	(618.2)	(641.7)
Total comprehensive expense for the period	(759.1)	(329.0)	(442.1)
Attributable to:			
Shareholders of the Company	(759.1)	(322.7)	(431.9)
Non-controlling interests	-	(6.3)	(10.2)
	(759.1)	(329.0)	(442.1)

Hongkong Land Holdings Limited
Consolidated Balance Sheet
at 30th June 2023

	2023	(unaudited) At 30th June	At 31st December
	US\$m	2022 US\$m	2022 US\$m
Net operating assets			
Fixed assets	104.1	118.6	111.8
Right-of-use assets	13.7	14.9	13.0
Investment properties (<i>note 10</i>)	27,167.4	28,278.1	28,054.1
Associates and joint ventures (<i>note 11</i>)	8,943.5	9,574.0	9,616.0
Non-current debtors	13.2	34.6	16.8
Deferred tax assets	107.4	60.1	98.2
Pension assets	0.9	1.2	0.9
Non-current assets	36,350.2	38,081.5	37,910.8
Properties for sale	3,085.1	3,161.1	2,910.7
Current debtors	531.2	862.0	539.4
Current tax assets	58.5	41.4	62.5
Bank balances	1,143.4	746.7	1,173.4
Current assets	4,818.2	4,811.2	4,686.0
Current creditors	(1,779.3)	(1,982.7)	(1,667.0)
Current borrowings (<i>note 12</i>)	(858.5)	(366.6)	(419.1)
Current tax liabilities	(238.2)	(208.9)	(328.9)
Current liabilities	(2,876.0)	(2,558.2)	(2,415.0)
Net current assets	1,942.2	2,253.0	2,271.0
Long-term borrowings (<i>note 12</i>)	(5,829.6)	(6,441.6)	(6,571.4)
Deferred tax liabilities	(278.7)	(228.4)	(257.1)
Pension liabilities	(2.2)	(0.1)	(1.8)
Non-current creditors	(25.4)	(17.0)	(24.4)
	32,156.5	33,647.4	33,327.1
Total equity			
Share capital	221.5	224.3	222.7
Revenue and other reserves	31,911.9	33,395.0	33,080.7
Shareholders' funds	32,133.4	33,619.3	33,303.4
Non-controlling interests	23.1	28.1	23.7
	32,156.5	33,647.4	33,327.1

Hongkong Land Holdings Limited
Consolidated Statement of Changes in Equity
for the six months ended 30th June 2023

	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 2023 (unaudited)								
At 1st January 2023	222.7	-	33,449.8	(3.0)	(366.1)	33,303.4	23.7	33,327.1
Total comprehensive expense	-	-	(333.0)	(16.9)	(409.2)	(759.1)	-	(759.1)
Dividends paid by the Company (<i>note 9</i>)	-	-	(355.9)	-	-	(355.9)	-	(355.9)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	(0.6)	(0.6)
Repurchase of shares	(1.2)	-	(53.8)	-	-	(55.0)	-	(55.0)
At 30th June 2023	<u>221.5</u>	<u>-</u>	<u>32,707.1</u>	<u>(19.9)</u>	<u>(775.3)</u>	<u>32,133.4</u>	<u>23.1</u>	<u>32,156.5</u>
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>
Year ended 31st December 2022								
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	-	-	201.4	17.2	(650.5)	(431.9)	(10.2)	(442.1)
Dividends paid by the Company	-	-	(498.8)	-	-	(498.8)	-	(498.8)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	(0.5)	(0.5)
Unclaimed dividends forfeited	-	-	1.0	-	-	1.0	-	1.0
Repurchase of shares	(7.1)	(67.4)	(276.2)	-	-	(350.7)	-	(350.7)
At 31st December 2022	<u>222.7</u>	<u>-</u>	<u>33,449.8</u>	<u>(3.0)</u>	<u>(366.1)</u>	<u>33,303.4</u>	<u>23.7</u>	<u>33,327.1</u>

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Hongkong Land Holdings Limited
Consolidated Cash Flow Statement
for the six months ended 30th June 2023

	(unaudited) Six months ended 30th June 2023 US\$m	2022 US\$m	Year ended 31st December 2022 US\$m
Operating activities			
Operating (loss)/profit	(349.9)	273.6	286.7
Depreciation and amortisation	8.4	8.9	17.5
Change in fair value of investment properties	742.6	120.5	559.3
Loss on disposal of fixed assets	-	-	2.8
Gain on acquisition of subsidiaries	(31.6)	-	(1.3)
(Increase)/decrease in properties for sale	(41.6)	(358.8)	88.9
(Increase)/decrease in debtors	(9.2)	157.0	487.4
Increase/(decrease) in creditors	123.9	(143.3)	(498.0)
Interest received	22.4	13.3	45.6
Interest and other financing charges paid	(124.0)	(105.0)	(228.2)
Tax paid	(127.2)	(42.9)	(124.7)
Dividends from associates and joint ventures	58.9	42.1	222.3
Cash flows from operating activities	272.7	(34.6)	858.3
Investing activities			
Major renovations expenditure	(48.1)	(41.5)	(94.6)
Repayments from/(investments in and advances to) associates and joint ventures	482.7	(310.6)	(617.6)
Acquisition of subsidiaries	(30.9)	-	(14.5)
Cash flows from investing activities	403.7	(352.1)	(726.7)
Financing activities			
Drawdown of borrowings	836.6	1,087.7	2,399.6
Repayment of borrowings	(1,106.6)	(753.3)	(1,954.7)
Principal elements of lease payments	(1.5)	(1.9)	(4.1)
Repurchase of shares	(55.0)	(278.9)	(352.3)
Dividends paid by the Company	(353.6)	(370.6)	(503.7)
Dividends paid to non-controlling shareholders	(0.6)	-	(0.5)
Cash flows from financing activities	(680.7)	(317.0)	(415.7)
Net cash outflow	(4.3)	(703.7)	(284.1)
Cash and cash equivalents at beginning of period	1,171.5	1,476.1	1,476.1
Effect of exchange rate changes	(26.4)	(30.2)	(20.5)
Cash and cash equivalents at end of period	1,140.8	742.2	1,171.5

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 2022 annual financial statements. Amendments that were effective from 1st January 2023 and relevant to the Group's operations are set out below:

Amendment to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective from 1st January 2023)

The amendment requires deferred tax to be recognised on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They typically apply to transactions such as leases of lessees and decommissioning obligations and require the recognition of additional deferred tax assets and liabilities.

Amendments to IAS 12 - International Tax Reform - Pillar Two Model Rules (effective for annual reporting period commencing on or after 1st January 2023)

The amendment provides a temporary mandatory exception from deferred tax accounting in respect of Pillar Two income taxes and certain additional disclosure requirements. The Group is in the process of assessing the estimated impact of Pillar Two income taxes to its consolidated financial statements and appropriate disclosures will be made in the financial statements for the year ending 31st December 2023.

The Group has not early adopted any amendments that have been issued but not yet effective.

2. REVENUE

	Six months ended 30th June	
	2023	2022
	US\$m	US\$m
Rental income	463.9	455.6
Service income	103.2	92.2
Sales of properties		
- recognised at a point in time	94.4	235.4
- recognised over time	8.8	110.8
	103.2	346.2
	670.3	894.0
<i>By business</i>		
Investment Properties	538.4	521.4
Development Properties	131.9	372.6
	670.3	894.0

3. NET OPERATING COSTS

	Six months ended 30th June	
	2023	2022
	US\$m	US\$m
Cost of sales	(218.3)	(402.8)
Other income	21.1	9.8
Gain on acquisition of subsidiaries	31.6	-
Administrative expenses	(112.0)	(106.9)
	(277.6)	(499.9)

4. OPERATING (LOSS)/PROFIT

	Six months ended 30th June	
	2023	2022
	US\$m	US\$m
<i>By business</i>		
Investment Properties	422.1	412.8
Development Properties	18.3	25.9
Corporate	(47.7)	(44.6)
Underlying business performance	392.7	394.1
Change in fair value of investment properties	(742.6)	(120.5)
	(349.9)	273.6

5. SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES

	Six months ended 30th June	
	2023	2022
	US\$m	US\$m
<i>By business</i>		
Investment Properties		
- operating profit	75.4	68.5
- net financing charges	(25.1)	(17.6)
- tax	(8.3)	(8.7)
- net profit	42.0	42.2
Development Properties		
- operating profit	161.2	196.8
- net financing charges	(15.8)	(4.6)
- tax	(23.1)	(57.8)
- non-controlling interests	-	(1.1)
- net profit	122.3	133.3
Underlying business performance	164.3	175.5
Change in fair value of investment properties (net of deferred tax)	(8.6)	(21.4)
	155.7	154.1

6. TAX

	Six months ended 30th June	
	2023	2022
	US\$m	US\$m
Tax charged to profit and loss is analysed as follows:		
Current tax	(47.8)	(40.5)
Deferred tax		
- changes in fair value of investment properties	(2.7)	6.8
- other temporary differences	(2.0)	(15.3)
	(52.5)	(49.0)
Tax relating to components of other comprehensive income or expense is analysed as follows:		
Cash flow hedges	2.9	(3.0)

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

The Group has applied the exception to recognising and disclosing information about deferred tax assets and liabilities relating to Pillar Two income tax.

Share of tax charge of associates and joint ventures of US\$30.5 million (2022: US\$65.2 million) is included in share of results of associates and joint ventures.

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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; 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	
	2023	2022
	US\$m	US\$m
Change in fair value of investment properties	(742.6)	(120.5)
Deferred tax on change in fair value of investment properties	(2.7)	6.8
Share of change in fair value of investment properties of associates and joint ventures (net of deferred tax)	(8.6)	(21.4)
Non-controlling interests	(1.3)	2.3
	<u>(755.2)</u>	<u>(132.8)</u>

8. (LOSS)/EARNINGS PER SHARE

Loss per share are calculated on loss attributable to shareholders of US\$333.0 million (2022: profit of US\$291.8 million) and on the weighted average number of 2,220.2 million (2022: 2,274.0 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			
	2023		2022	
	US\$m	Earnings per share US¢	US\$m	Earnings per share US¢
Underlying profit attributable to shareholders	422.2	19.02	424.6	18.67
Non-trading items (note 7)	<u>(755.2)</u>		<u>(132.8)</u>	
(Loss)/profit attributable to shareholders	<u>(333.0)</u>	<u>(15.00)</u>	<u>291.8</u>	12.83

9. DIVIDENDS

	Six months ended 30th June	
	2023	2022
	US\$m	US\$m
Final dividend in respect of 2022 of US¢16.00 (2021: US¢16.00) per share	<u>355.9</u>	<u>364.5</u>

An interim dividend in respect of 2023 of US¢6.00 (2022: US¢6.00) per share amounting to a total of US\$132.9 million (2022: US\$134.3 million) is declared by the Board and will be accounted for as an appropriation of revenue reserves in the year ending 31st December 2023.

10. INVESTMENT PROPERTIES

	Six months ended 30th June		Year ended 31st December
	2023	2022	2022
	US\$m	US\$m	US\$m
At beginning of period	28,054.1	28,600.2	28,600.2
Exchange differences	(179.2)	(232.7)	(77.3)
Additions	35.1	31.1	95.4
Transfer to fixed assets	-	-	(4.9)
Decrease in fair value	(742.6)	(120.5)	(559.3)
At end of period	<u>27,167.4</u>	<u>28,278.1</u>	<u>28,054.1</u>

11. ASSOCIATES AND JOINT VENTURES

	At 30th June		At 31st December
	2023	2022	2022
	US\$m	US\$m	US\$m
<i>By business</i>			
Investment Properties	4,480.1	4,870.3	4,960.4
Development Properties	4,463.4	4,703.7	4,655.6
	<u>8,943.5</u>	<u>9,574.0</u>	<u>9,616.0</u>

12. BORROWINGS

	2023 US\$m	At 30th June 2022 US\$m	At 31st December 2022 US\$m
<i>Current</i>			
Bank overdrafts	2.6	4.5	1.9
Bank loans	61.5	117.8	87.4
Current portion of long-term borrowings			
- bank loans	219.1	179.9	150.4
- medium term notes	575.3	64.4	179.4
	858.5	366.6	419.1
<i>Long-term</i>			
Bank loans	2,586.6	2,630.5	2,924.9
Medium term notes			
- due 2023	-	178.2	-
- due 2024	-	397.8	394.9
- due 2025	641.9	643.5	642.9
- due 2026	38.4	38.3	38.6
- due 2027	185.3	184.9	186.2
- due 2028	181.8	181.4	182.7
- due 2029	120.8	120.5	121.3
- due 2030	698.0	697.3	698.3
- due 2031	569.0	568.4	569.2
- due 2032	139.5	139.2	140.2
- due 2033	88.7	88.6	89.2
- due 2034	76.7	76.6	77.1
- due 2035	252.6	252.1	253.8
- due 2038	108.8	105.8	109.6
- due 2039	109.7	106.8	110.6
- due 2040	31.8	31.7	31.9
	3,243.0	3,811.1	3,646.5
	5,829.6	6,441.6	6,571.4
	6,688.1	6,808.2	6,990.5

13. FINANCIAL INSTRUMENTS

Financial instruments by category

The fair values of financial assets and financial liabilities, together with carrying amounts at 30th June 2023 and 31st December 2022 are as follows:

	Fair value of hedging instruments US\$m	Financial assets at amortised costs US\$m	Other financial liabilities US\$m	Total carrying amount US\$m	Fair value US\$m
30th June 2023					
Financial assets measured at fair value					
Derivative financial instruments	3.4	-	-	3.4	3.4
Financial assets not measured at fair value					
Debtors	-	410.3	-	410.3	410.3
Bank balances	-	1,143.4	-	1,143.4	1,143.4
	-	1,553.7	-	1,553.7	1,553.7
Financial liabilities measured at fair value					
Derivative financial instruments	(19.7)	-	-	(19.7)	(19.7)
Financial liabilities not measured at fair value					
Borrowings	-	-	(6,688.1)	(6,688.1)	(6,384.4)
Trade and other payable excluding non-financial liabilities	-	-	(797.9)	(797.9)	(797.9)
	-	-	(7,486.0)	(7,486.0)	(7,182.3)
31st December 2022					
Financial assets measured at fair value					
Derivative financial instruments	5.0	-	-	5.0	5.0
Financial assets not measured at fair value					
Debtors	-	418.0	-	418.0	418.0
Bank balances	-	1,173.4	-	1,173.4	1,173.4
	-	1,591.4	-	1,591.4	1,591.4
Financial liabilities measured at fair value					
Derivative financial instruments	(16.2)	-	-	(16.2)	(16.2)
Financial liabilities not measured at fair value					
Borrowings	-	-	(6,990.5)	(6,990.5)	(6,616.7)
Trade and other payable excluding non-financial liabilities	-	-	(882.0)	(882.0)	(882.0)
	-	-	(7,872.5)	(7,872.5)	(7,498.7)

- more -

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 2023 US\$m	At 31st December 2022 US\$m
Assets		
Derivative designated at fair value - through other comprehensive income	3.4	5.0
Liabilities		
Derivative designated at fair value - through other comprehensive income	(18.9)	(12.8)
- through profit and loss	(0.8)	(3.4)
	(19.7)	(16.2)

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 2023 and the year ended 31st December 2022.

(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 2023 and 31st December 2022 amounted to US\$985.8 million and US\$1,016.9 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 2023 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 (2022: US\$2.1 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\$9.0 million (2022: US\$8.4 million).

The Group provided project management services and property management services to Jardine Matheson group members amounting to US\$1.4 million (2022: US\$1.3 million).

Jardine Matheson group members provided property maintenance and other services to the Group in aggregate amounting to US\$27.6 million (2022: US\$26.2 million).

Hotel management services

Jardine Matheson group members provided hotel management services to the Group amounting to US\$1.8 million (2022: US\$1.0 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
- Pandemic, War, Terrorism and Natural Disasters Risk
- Key Contracts Risk
- Cybersecurity Risk
- Governance and Misconduct Risk
- Health and Safety Risk
- People Risk
- Investment, Strategic Transactions and Partnerships Risk
- Environmental and Climate Risk

For greater detail, please refer to pages 101 to 105 of the Company's Annual Report for 2022, a copy of which is available on the Company's website www.hkland.com.

Responsibility Statements

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

- (a) the condensed financial statements prepared in accordance with IAS 34 'Interim Financial Reporting' give a true and fair view of the assets, liabilities, financial position and profit and losses of the Group; and
- (b) the interim management report includes a fair review of all information required to be disclosed under Rules 4.2.7 and 4.2.8 of the Disclosure Guidance and Transparency Rules 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 11th October 2023 to shareholders on the register of members at the close of business on 18th August 2023. The shares will be quoted ex-dividend on 17th August 2023, and the share registers will be closed from 21st to 25th August 2023, inclusive.

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

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

Shareholders on the Jersey branch register

Shareholders registered on the Jersey branch register can elect for their dividends to be paid in Sterling. These shareholders may make new currency elections for the 2023 interim dividend by notifying the United Kingdom transfer agent in writing by 22nd September 2023. The Sterling equivalent of dividends declared in United States Dollars will be calculated by reference to a rate prevailing on 27th September 2023.

Shareholders holding their shares through CREST in the United Kingdom will receive 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 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 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 18th August 2023, 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 17th August 2023.

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 assets in key Asian cities, principally Hong Kong, Singapore, Beijing and Jakarta. Its properties hold industry leading green building certifications and 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, five 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 in the standard segment of 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.

For further information, please contact:

Hongkong Land Limited

Mark Lam

(852) 2842 8211

Gary Leung

(852) 2842 8601

Brunswick Group Limited

Kay Lau

(852) 6021 7009

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 2023 to shareholders. This Half-Year Results announcement will be made available on the Company's website, www.hkland.com, together with other Group announcements.