

News Release

29th July 2020

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-YEARLY RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE 2020

Highlights

- Underlying profit down 24% due to retail rent relief and fewer residential completions
- Resilient performance from the Group's office portfolios
- Net assets per share down 6% on lower capital values
- Strategic partnership conditionally agreed for the West Bund project in Shanghai
- Strong financial position with ample liquidity and an unchanged interim dividend

"While second half underlying profits are expected to benefit from higher Development Properties completions on the Chinese mainland than in the first half, uncertainty remains about the duration of the pandemic and the effect it will have on the Group's full year results."

Ben Keswick
Chairman

Results

	(unaudited)		
	Six months ended 30th June		
	2020	2019	Change
	US\$m	US\$m	%
Underlying profit attributable to shareholders [#]	353	466	-24
(Loss)/profit attributable to shareholders	(1,828)	411	n/m
Shareholders' funds	35,965	38,247*	-6
Net debt	5,628	3,591*	+57
	US¢	US¢	%
Underlying earnings per share [#]	15.12	19.96	-24
Earnings per share	(78.31)	17.61	n/m
Interim dividend per share	6.00	6.00	-
	US\$	US\$	%
Net asset value per share	15.41	16.39*	-6
[#] 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 2019			

The interim dividend of US¢6.00 per share will be payable on 14th October 2020 to shareholders on the register of members at the close of business on 21st August 2020.

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HONGKONG LAND HOLDINGS LIMITED
HALF-YEARLY RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE 2020

OVERVIEW

The Group's underlying profit in the period reflected a lower contribution from Investment Properties due to the granting of pandemic-related retail rent relief, and a lower contribution from Development Properties as a result of fewer residential completions taking place than in the corresponding period last year. Higher profits are expected from Development Properties in the second half of the year due to a greater number of completions on the Chinese mainland, although some completions originally scheduled for 2020 will be delayed until 2021 as a result of construction delays caused by the pandemic.

PERFORMANCE

Underlying profit attributable to shareholders during the first half of the year was US\$353 million, compared with US\$466 million in the equivalent period in 2019.

Including net non-cash losses of US\$2,180 million arising on the bi-annual revaluation of the Group's investment properties due to lower open market rents, there was a loss attributable to shareholders for the first half of the year of US\$1,828 million. This compares with a profit of US\$411 million for the first half of 2019, which included net losses of US\$55 million primarily arising from investment property revaluations.

The net asset value per share at 30th June 2020 was US\$15.41, compared to US\$16.39 at 31st December 2019.

The Directors have declared an unchanged interim dividend of US\$6.00 per share.

GROUP REVIEW

Investment Properties

The contribution from the Group's office portfolio in Hong Kong remained resilient, despite subdued leasing activity. Vacancy was 5.0% at the end of June 2020, compared to 2.9% at the end of 2019, and on a committed basis it was 4.5%, compared to 2.9% at the end of 2019. Office rental reversions were mildly positive, with average office rents of HK\$121 per sq. ft in the first half of 2020. This compares to HK\$116 per sq. ft and HK\$119 per sq. ft in the first and second halves of 2019, respectively.

The Group's Central retail portfolio was negatively impacted in the first half by weak consumer sentiment and the various anti-pandemic measures introduced by the Hong Kong government. Vacancy of 0.4% on both a physical and committed basis is virtually unchanged compared to 0.3% at the end of 2019. Base retail rental reversions were mildly positive in the period, although temporary rent relief and decreased turnover rent resulted in average retail rents declining to HK\$151 per sq. ft in the first half of 2020, compared with HK\$239 per sq. ft and HK\$205 per sq. ft in the first and second halves of 2019, respectively. Excluding temporary rent relief, average retail rents in the first half of 2020 were HK\$230 per sq. ft.

In Singapore, vacancy across the Group's office portfolio was 1.5% at the end of June 2020, compared with 5.0% at the end of 2019. On a committed basis, vacancy was 1.0%, compared to 0.7% at the end of 2019. Average office rents increased to S\$9.9 per sq. ft in the first half of 2020, compared with S\$9.6 per sq. ft and S\$9.7 per sq. ft in the first and second halves of 2019, respectively. Rental reversions remained positive in the first half of the year.

In Beijing, footfall and tenant sales in WF CENTRAL declined significantly due to the pandemic, and the Group as a result provided rent relief in the period to support its retail tenants.

In Shanghai, planning of the Group's prime mixed-use site along the Huangpu River in the Xuhui District is underway, with completion expected in multiple phases through to 2027. Since securing the site and subject to relevant approvals by the authorities, the Group has conditionally finalised agreements with two strategic partners to jointly develop the site, receiving a prepayment of US\$2.3 billion in the first half with a further amount received in July of US\$320 million. The land premium and related costs of US\$4.5 billion were paid in the first half. Upon completion of the transaction, which is expected by early 2021, the project will be accounted for as a joint venture, with the Group remaining as the largest shareholder.

In Bangkok, the planning of the Group's 49%-owned prime retail and Grade A office development in the central business district continues. The development is expected to complete in 2026.

Development Properties

On the Chinese mainland, as anticipated the profit contribution from Development Properties in the first half of 2020 decreased compared to the first half of 2019 due to fewer sales completions. The Group's attributable interest in contracted sales in the first half of 2020 was US\$591 million, compared to US\$643 million and US\$1,225 million in the first and second halves of 2019, respectively. Market sentiment in the Group's core markets started to recover in the second quarter following the temporary closure of all sales galleries and the suspension of construction activities for some two months in the first quarter as a result of the impact of the pandemic. At 30th June 2020, the Group had US\$2,183 million in sold but unrecognised contracted sales, compared with US\$1,860 million at the end of 2019.

The profit contribution from the Singapore business in the first half of 2020 was lower than in the first half of 2019, as sales galleries and construction activities were suspended for some two months as a result of the pandemic. The 309-unit Margaret Ville is 92% pre-sold, whilst pre-sales at the 1,404-unit Parc Esta and the 638-unit Leedon Green projects have performed well under current market conditions. The Group's attributable interest in contracted sales was US\$301 million in the first half of 2020, compared to US\$255 million and US\$414 million in the first and second halves of 2019, respectively.

In the rest of Southeast Asia, construction activities at the Group's projects have largely been suspended or curtailed since April and market sentiment remains subdued.

Financing

The Group's financial position remains strong. Net debt increased to US\$5.6 billion at 30th June 2020 from US\$3.6 billion at the end of 2019, primarily due to land payments for the recently acquired site in Shanghai. Net gearing was 16% compared with 9% at the end of 2019. As at 30th June 2020, the Group had committed liquidity of US\$2.7 billion, compared to US\$3.2 billion at the end of 2019.

PEOPLE

On behalf of the Board, I would like to thank our staff for their ongoing commitment, diligence and hard work in responding to the unprecedented challenges brought about by the pandemic.

I stepped down as Managing Director on 15th June 2020, and was succeeded by John Witt, who rejoins the Board. I will continue as Chairman.

We are pleased to welcome Prijono Sugiarto to the Board as a Non-executive Director with effect from 29th July 2020.

OUTLOOK

While second half underlying profits are expected to benefit from higher Development Properties completions on the Chinese mainland than in the first half, uncertainty remains about the duration of the pandemic and the effect it will have on the Group's full year results.

Ben Keswick

Chairman

Hongkong Land Holdings Limited
Consolidated Profit and Loss Account

	(unaudited) Six months ended 30th June			2019			Year ended 31st December 2019		
	2020								
	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 (<i>note 2</i>)	820.2	-	820.2	803.9	-	803.9	2,319.7	-	2,319.7
Net operating costs (<i>note 3</i>)	(389.4)	-	(389.4)	(334.0)	32.5	(301.5)	(1,149.3)	34.4	(1,114.9)
Change in fair value of investment properties	-	(2,062.9)	(2,062.9)	-	(74.4)	(74.4)	-	(854.2)	(854.2)
Operating (loss)/profit (<i>note 4</i>)	430.8	(2,062.9)	(1,632.1)	469.9	(41.9)	428.0	1,170.4	(819.8)	350.6
Net financing charges									
- financing charges	(99.5)	-	(99.5)	(100.0)	-	(100.0)	(204.8)	-	(204.8)
- financing income	36.3	-	36.3	40.6	-	40.6	83.4	-	83.4
	(63.2)	-	(63.2)	(59.4)	-	(59.4)	(121.4)	-	(121.4)
Share of results of associates and joint ventures (<i>note 5</i>)	45.2	(134.5)	(89.3)	127.2	(9.9)	117.3	272.7	(32.6)	240.1
Profit/(loss) before tax	412.8	(2,197.4)	(1,784.6)	537.7	(51.8)	485.9	1,321.7	(852.4)	469.3
Tax (<i>note 6</i>)	(61.7)	12.3	(49.4)	(72.2)	(2.4)	(74.6)	(246.6)	(20.5)	(267.1)
Profit/(loss) after tax	351.1	(2,185.1)	(1,834.0)	465.5	(54.2)	411.3	1,075.1	(872.9)	202.2
Attributable to:									
Shareholders of the Company (<i>note 7 and 8</i>)	352.8	(2,180.4)	(1,827.6)	465.9	(55.0)	410.9	1,076.4	(878.4)	198.0
Non-controlling interests	(1.7)	(4.7)	(6.4)	(0.4)	0.8	0.4	(1.3)	5.5	4.2
	351.1	(2,185.1)	(1,834.0)	465.5	(54.2)	411.3	1,075.1	(872.9)	202.2
	US¢		US¢	US¢		US¢	US¢		US¢
Earnings per share (<i>note 8</i>)	15.12		(78.31)	19.96		17.61	46.12		8.48

Hongkong Land Holdings Limited
Consolidated Statement of Comprehensive Income

	2020 US\$m	(unaudited) Six months ended 30th June 2019 US\$m	Year ended 31st December 2019 US\$m
(Loss)/profit for the period	(1,834.0)	411.3	202.2
Other comprehensive (expense)/income			
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plans	-	-	2.2
Tax on items that will not be reclassified	-	-	(0.4)
	-	-	1.8
Items that may be reclassified subsequently to profit or loss:			
Net exchange translation differences - net gain arising during the period	42.4	88.6	166.3
Cash flow hedges			
- net gain arising during the period	3.7	13.8	25.7
- transfer to profit and loss	(0.8)	(1.5)	(0.6)
	2.9	12.3	25.1
Tax relating to items that may be reclassified	(0.5)	(2.0)	(4.1)
Share of other comprehensive (expense)/income of associates and joint ventures	(127.4)	22.7	29.5
	(82.6)	121.6	216.8
Other comprehensive (expense)/income for the period, net of tax	(82.6)	121.6	218.6
Total comprehensive (expense)/income for the period	(1,916.6)	532.9	420.8
Attributable to:			
Shareholders of the Company	(1,908.8)	532.6	418.0
Non-controlling interests	(7.8)	0.3	2.8
	(1,916.6)	532.9	420.8

Hongkong Land Holdings Limited
Consolidated Balance Sheet

	2020	(unaudited)	At 31st
	US\$m	At 30th June	December
		2019	2019
		US\$m	US\$m
Net operating assets			
Fixed assets	121.9	131.3	127.6
Right-of-use assets	11.2	13.9	12.4
Investment properties (<i>note 10</i>)	35,835.7	33,815.4	33,191.2
Associates and joint ventures (<i>note 11</i>)	6,839.9	7,152.5	7,226.1
Other investments	-	114.5	-
Non-current debtors	60.9	39.9	48.1
Deferred tax assets	16.0	18.6	26.9
Pension assets	0.1	-	0.1
Non-current assets	42,885.7	41,286.1	40,632.4
Properties for sale	1,975.9	2,065.8	2,042.0
Current debtors	847.9	985.0	1,141.3
Current tax assets	31.7	25.9	19.5
Bank balances	927.6	1,153.9	1,424.0
Current assets	3,783.1	4,230.6	4,626.8
Current creditors	(3,740.9)	(1,640.0)	(1,460.8)
Current borrowings (<i>note 12</i>)	(362.8)	(705.4)	(715.3)
Current tax liabilities	(158.1)	(119.9)	(261.0)
Current liabilities	(4,261.8)	(2,465.3)	(2,437.1)
Net current (liabilities)/assets	(478.7)	1,765.3	2,189.7
Long-term borrowings (<i>note 12</i>)	(6,192.9)	(4,329.0)	(4,299.9)
Deferred tax liabilities	(202.1)	(176.8)	(210.9)
Pension liabilities	(2.2)	(3.9)	(1.5)
Non-current creditors	(23.5)	(12.7)	(20.0)
	35,986.3	38,529.0	38,289.8
Total equity			
Share capital	233.4	233.4	233.4
Share premium	257.3	257.3	257.3
Revenue and other reserves	35,473.9	38,010.0	37,756.1
Shareholders' funds	35,964.6	38,500.7	38,246.8
Non-controlling interests	21.7	28.3	43.0
	35,986.3	38,529.0	38,289.8

Hongkong Land Holdings Limited
Consolidated Statement of Changes in Equity

	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 2020 (unaudited)								
At 1st January 2020	233.4	257.3	38,039.8	8.3	(292.0)	38,246.8	43.0	38,289.8
Total comprehensive income	-	-	(1,827.6)	(8.4)	(72.8)	(1,908.8)	(7.8)	(1,916.6)
Dividends paid by the Company (<i>note 9</i>)	-	-	(373.4)	-	-	(373.4)	(0.5)	(373.9)
Disposal of a subsidiary	-	-	-	-	-	-	(13.0)	(13.0)
At 30th June 2020	233.4	257.3	35,838.8	(0.1)	(364.8)	35,964.6	21.7	35,986.3
Six months ended 30th June 2019 (unaudited)								
At 1st January 2019	233.4	257.3	38,352.7	(8.8)	(493.1)	38,341.5	28.0	38,369.5
Total comprehensive income	-	-	410.9	9.5	112.2	532.6	0.3	532.9
Dividends paid by the Company (<i>note 9</i>)	-	-	(373.4)	-	-	(373.4)	-	(373.4)
At 30th June 2019	233.4	257.3	38,390.2	0.7	(380.9)	38,500.7	28.3	38,529.0
Year ended 31st December 2019								
At 1st January 2019	233.4	257.3	38,352.7	(8.8)	(493.1)	38,341.5	28.0	38,369.5
Total comprehensive income	-	-	199.8	17.1	201.1	418.0	2.8	420.8
Dividends paid by the Company	-	-	(513.4)	-	-	(513.4)	-	(513.4)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	(0.9)	(0.9)
Unclaimed dividends forfeited	-	-	0.7	-	-	0.7	-	0.7
Acquisition of a subsidiary	-	-	-	-	-	-	13.1	13.1
At 31st December 2019	233.4	257.3	38,039.8	8.3	(292.0)	38,246.8	43.0	38,289.8

Hongkong Land Holdings Limited
Consolidated Cash Flow Statement

	(unaudited) Six months ended 30th June 2020 US\$m	2019 US\$m	Year ended 31st December 2019 US\$m
Operating activities			
Operating (loss)/profit	(1,632.1)	428.0	350.6
Depreciation and amortisation	7.4	6.5	13.6
Change in fair value of investment properties	2,062.9	74.4	854.2
Gain on disposal of a subsidiary	(6.2)	-	-
Gain on disposal/change in fair value of other investments	-	(32.5)	(34.4)
Increase in properties for sale	(51.4)	(98.6)	(1.1)
Decrease/(increase) in debtors	206.2	(52.0)	(186.7)
Increase in creditors	129.9	216.1	26.7
Interest received	20.1	24.8	50.3
Interest and other financing charges paid	(113.4)	(95.8)	(195.2)
Tax paid	(153.7)	(87.2)	(115.5)
Dividends from associates and joint ventures	36.3	54.1	419.6
Cash flows from operating activities	506.0	437.8	1,182.1
Investing activities			
Major renovations expenditure	(59.1)	(49.8)	(116.4)
Developments capital expenditure (<i>note 14</i>)	(4,488.0)	(16.5)	(27.3)
Repayment from/(investments in and advances to) associates and joint ventures	96.7	(328.4)	(646.0)
Disposal/(acquisition) of a subsidiary	47.7	-	(25.8)
Proceeds on disposal of other investments	-	38.8	157.5
Advance received on conditional disposal of a subsidiary (<i>note 14</i>)	2,252.0	-	-
Cash flows from investing activities	(2,150.7)	(355.9)	(658.0)
Financing activities			
Drawdown of borrowings	2,481.7	626.0	1,334.5
Repayment of borrowings	(925.6)	(570.6)	(1,309.2)
Principal elements of lease payments	(2.1)	(2.2)	(5.1)
Dividends paid by the Company	(367.1)	(369.2)	(510.1)
Dividends paid to non-controlling shareholders	(0.1)	-	(0.9)
Cash flows from financing activities	1,186.8	(316.0)	(490.8)
Net cash (outflow)/inflow	(457.9)	(234.1)	33.3
Cash and cash equivalents at beginning of period	1,418.0	1,368.9	1,368.9
Effect of exchange rate changes	(35.1)	14.2	15.8
Cash and cash equivalents at end of period	925.0	1,149.0	1,418.0

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.

The Group had early adopted the 'Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7' (effective 1st January 2020) for the Group's annual reporting period commencing 1st January 2019.

There are no changes to the accounting policies as described in the 2019 annual financial statements. Amendments which are effective in 2020 and relevant to the Group's operations do not have a significant effect on the Group's accounting policies. The Group has not early adopted any other standard or amendments that have been issued but not yet effective.

2. REVENUE

	Six months ended 30th June	
	2020	2019
	US\$m	US\$m
Rental income	466.5	509.6
Service income	67.6	75.3
Sales of properties		
- recognised at a point in time	102.0	33.6
- recognised over time	184.1	185.4
	286.1	219.0
	820.2	803.9
<i>By business</i>		
Investment Properties	530.3	581.2
Development Properties	289.9	222.7
	820.2	803.9

3. NET OPERATING COSTS

	Six months ended 30th June	
	2020	2019
	US\$m	US\$m
Cost of sales	(321.8)	(256.7)
Other income	6.7	11.6
Gain on disposal of a subsidiary	6.2	-
Administrative expenses	(80.5)	(88.9)
Change in fair value of other investments	-	32.5
	<u>(389.4)</u>	<u>(301.5)</u>

4. OPERATING (LOSS)/PROFIT

	Six months ended 30th June	
	2020	2019
	US\$m	US\$m
<i>By business</i>		
Investment Properties	432.2	482.6
Development Properties	35.9	27.5
Corporate	(37.3)	(40.2)
Underlying business performance	430.8	469.9
Change in fair value of investment properties	(2,062.9)	(74.4)
Change in fair value of other investments	-	32.5
	<u>(1,632.1)</u>	<u>428.0</u>

5. SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES

	Six months ended 30th June	
	2020	2019
	US\$m	US\$m
<i>By business</i>		
Investment Properties		
- operating profit	60.7	72.0
- net financing charges	(20.2)	(25.9)
- tax	(7.6)	(8.5)
- net profit	32.9	37.6
Development Properties		
- operating profit	41.4	166.0
- net financing charges	(6.2)	(7.7)
- tax	(19.7)	(61.1)
- non-controlling interests	(3.2)	(7.6)
- net profit	12.3	89.6
Underlying business performance	45.2	127.2
Change in fair value of investment properties (net of deferred tax)	(134.5)	(9.9)
	(89.3)	117.3

6. TAX

	Six months ended 30th June	
	2020	2019
	US\$m	US\$m
Tax charged to profit and loss is analysed as follows:		
Current tax	(40.8)	(72.5)
Deferred tax		
- changes in fair value of investment properties	12.3	(2.4)
- other temporary differences	(20.9)	0.3
	(49.4)	(74.6)
Tax relating to components of other comprehensive income is analysed as follows:		
Cash flow hedges	(0.5)	(2.0)

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\$18.8 million (2019: US\$68.6 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 and equity investments which are measured at fair value through profit and loss; gains and losses arising from the sale of businesses, investments and investment properties; impairment of non-depreciable intangible assets and other investments; 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	
	2020 US\$m	2019 US\$m
Change in fair value of investment properties	(2,062.9)	(74.4)
Deferred tax on change in fair value of investment properties	12.3	(2.4)
Share of change in fair value of investment properties of associates and joint ventures (net of deferred tax)	(134.5)	(9.9)
Change in fair value of other investments	-	32.5
Non-controlling interests	4.7	(0.8)
	<u>(2,180.4)</u>	<u>(55.0)</u>

8. EARNINGS PER SHARE

Earnings per share are calculated on loss attributable to shareholders of US\$1,827.6 million (2019: profit US\$410.9 million) and on the weighted average number of 2,333.9 million (2019: 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			
	2020		2019	
	US\$m	Earnings per share US¢	US\$m	Earnings per share US¢
Underlying profit attributable to shareholders	352.8	15.12	465.9	19.96
Non-trading items (note 7)	<u>(2,180.4)</u>		<u>(55.0)</u>	
(Loss)/profit attributable to shareholders	<u>(1,827.6)</u>	<u>(78.31)</u>	<u>410.9</u>	17.61

9. DIVIDENDS

	Six months ended 30th June	
	2020	2019
	US\$m	US\$m
Final dividend in respect of 2019 of US¢16.00 (2018: US¢16.00) per share	<u>373.4</u>	<u>373.4</u>

An interim dividend in respect of 2020 of US¢6.00 (2019: US¢6.00) per share amounting to a total of US\$140.0 million (2019: 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 2020.

10. INVESTMENT PROPERTIES

	Six months ended 30th June		Year ended 31st December
	2020	2019	2019
	US\$m	US\$m	US\$m
At beginning of period	33,191.2	33,712.1	33,712.1
Exchange differences	154.3	77.0	190.6
Additions	4,553.1	100.7	142.7
Decrease in fair value	(2,062.9)	(74.4)	(854.2)
At end of period	<u>35,835.7</u>	<u>33,815.4</u>	<u>33,191.2</u>

11. ASSOCIATES AND JOINT VENTURES

	At 30th June		At 31st December
	2020	2019	2019
	US\$m	US\$m	US\$m
<i>By business</i>			
Investment Properties	3,540.0	3,944.4	3,753.7
Development Properties	<u>3,299.9</u>	<u>3,208.1</u>	<u>3,472.4</u>
	<u>6,839.9</u>	<u>7,152.5</u>	<u>7,226.1</u>

12. BORROWINGS

	2020 US\$m	At 30th June 2019 US\$m	At 31st December 2019 US\$m
<i>Current</i>			
Bank overdrafts	2.6	4.9	6.0
Bank loans	317.3	286.4	383.8
Current portion of long-term borrowings			
- bank loans	42.9	8.4	21.4
- medium term notes	-	405.7	304.1
	362.8	705.4	715.3
<i>Long-term</i>			
Bank loans	2,401.8	1,494.7	1,281.5
Medium term notes			
- due 2021	66.7	66.1	65.5
- due 2022	623.9	614.5	614.7
- due 2023	180.1	178.4	179.2
- due 2024	416.1	407.1	406.7
- due 2025	647.0	648.0	647.5
- due 2026	38.8	38.4	38.6
- due 2027	186.8	185.2	186.0
- due 2028	183.5	181.9	182.6
- due 2029	121.9	50.6	121.3
- due 2030	697.6	102.4	102.8
- due 2031	25.5	25.3	25.4
- due 2032	140.7	30.2	30.3
- due 2033	89.6	88.8	89.2
- due 2034	77.5	76.9	77.2
- due 2035	51.1	-	-
- due 2038	105.6	108.6	109.2
- due 2039	106.6	-	110.2
- due 2040	32.1	31.9	32.0
	3,791.1	2,834.3	3,018.4
	<u>6,192.9</u>	<u>4,329.0</u>	<u>4,299.9</u>
	<u>6,555.7</u>	<u>5,034.4</u>	<u>5,015.2</u>

13. FINANCIAL INSTRUMENTS

Financial instruments by category

The fair values of financial assets and financial liabilities, together with carrying amounts at 30th June 2020 and 31st December 2019 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 2020					
Financial assets measured at fair value					
Derivative financial instruments	50.6	-	-	50.6	50.6
Financial assets not measured at fair value					
Debtors	-	197.9	-	197.9	197.9
Bank balances	-	927.6	-	927.6	927.6
	-	1,125.5	-	1,125.5	1,125.5
Financial liabilities measured at fair value					
Derivative financial instruments	(5.0)	-	-	(5.0)	(5.0)
Financial liabilities not measured at fair value					
Borrowings	-	-	(6,555.7)	(6,555.7)	(6,820.8)
Trade and other payable excluding non-financial liabilities	-	-	(673.8)	(673.8)	(673.8)
	-	-	(7,229.5)	(7,229.5)	(7,494.6)
31st December 2019					
Financial assets measured at fair value					
Derivative financial instruments	30.5	-	-	30.5	30.5
Financial assets not measured at fair value					
Debtors	-	345.8	-	345.8	345.8
Bank balances	-	1,424.0	-	1,424.0	1,424.0
	-	1,769.8	-	1,769.8	1,769.8
Financial liabilities measured at fair value					
Derivative financial instruments	(4.7)	-	-	(4.7)	(4.7)
Financial liabilities not measured at fair value					
Borrowings	-	-	(5,015.2)	(5,015.2)	(5,174.4)
Trade and other payable excluding non-financial liabilities	-	-	(900.9)	(900.9)	(900.9)
	-	-	(5,916.1)	(5,916.1)	(6,075.3)

- more -

13. FINANCIAL INSTRUMENTS *(continued)*

Fair value estimation

(a) Financial instruments that are measured at fair value

Financial instruments carried at fair value at 30th June 2020 and 31st December 2019 are analysed as follows:

	At 30th June 2020 US\$m	At 31st December 2019 US\$m
Assets		
Derivative financial instruments at fair value		
- through other comprehensive income	22.7	19.7
- through profit and loss	27.9	10.8
	50.6	30.5
Liabilities		
Derivative financial instruments at fair value		
- through other comprehensive income	(5.0)	(1.8)
- through profit and loss	-	(2.9)
	(5.0)	(4.7)

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 2020 and the year ended 31st December 2019.

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

The fair values of current debtors, bank balances, current creditors and current borrowings 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.

14. NOTES TO CONSOLIDATED CASH FLOW STATEMENT

In February 2020, the Group acquired a mixed-use site along the Huangpu River in the Xuhui District in Shanghai ('the West Bund project') for a cost of US\$4.5 billion. Subject to relevant approvals by the authorities, the Group has conditionally finalised agreements with two partners to jointly develop the West Bund project, receiving an advance of US\$2.3 billion in the first half of 2020 and a further advance of US\$0.3 billion in July 2020.

15. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Total capital commitments at 30th June 2020 and 31st December 2019 amounted to US\$3,798.7 million (including US\$2,641.9 million development capital expenditure of the West Bund project) and US\$1,144.7 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.

16. RELATED PARTY TRANSACTIONS

The parent company of the Group is Jardine Strategic Holdings Limited and the ultimate holding company is Jardine Matheson Holdings Limited ('JMHL'). Both companies 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 JMHL ('Jardine Matheson group members'). The more significant of these transactions during the six months ended 30th June 2020 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\$1.8 million (2019: US\$2.3 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 JMHL.

Property and other services

The Group rented properties to Jardine Matheson group members. Gross rents on such properties amounted to US\$10.3 million (2019: US\$12.3 million).

The Group provided project management services and property management services to Jardine Matheson group members amounted to US\$1.3 million (2019: Nil).

Jardine Matheson group members provided property maintenance and other services to the Group in aggregate amounted to US\$25.1 million (2019: US\$23.9 million).

Hotel management services

Jardine Matheson group members provided hotel management services to the Group amounted to US\$0.4 million (2019: US\$1.3 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. The amounts are not material.

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 and Financial Risk
- Commercial Risk
- Regulatory and Political Risk
- Pandemic, Natural Disasters, Climate Change and Terrorism

For greater detail, please refer to page 85 of the Company's Annual Report for 2019, 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
Simon Dixon

Directors

Dividend Information for Shareholders

The interim dividend of US¢6.00 per share will be payable on 14th October 2020 to shareholders on the register of members at the close of business on 21st August 2020. The shares will be quoted ex-dividend on 20th August 2020, and the share registers will be closed from 24th to 28th August 2020, 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 2020 interim dividend by notifying the United Kingdom transfer agent in writing by 25th September 2020. The Sterling equivalent of dividends declared in United States Dollars will be calculated by reference to a rate prevailing on 30th September 2020.

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

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

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')

For those shareholders who are on CDP's DCS, they 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

For those shareholders who are not on CDP's DCS, they 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 21st August 2020, 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 20th August 2020.

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 in 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, 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 Greater China and Southeast Asia. In Singapore, its subsidiary, MCL Land, is a well-established residential developer.

Hongkong Land Holdings Limited is incorporated in Bermuda and has a standard 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.

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-Yearly Results announcement to shareholders. The Half-Yearly Results announcement will remain available on the Company's website, www.hkland.com, together with other Group announcements.