Hongkong Land Holdings Limited

News Release

To: Business Editor

28th February 2019
For immediate release

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
2018 PRELIMINARY ANNOUNCEMENT OF RESULTS

Highlights

- Underlying profit up 9% to a record US$1,036 million
- Full-year dividend increases 10%
- Stable asset values
- Twelve new projects secured

"The profit contribution from the Group's Investment Properties is expected to remain stable in 2019, while anticipated higher profits from the Group's Development Properties in mainland China as a result of more completions will be offset by lower contributions from other markets."

Ben Keswick
Chairman

Results

	Year ended 31st December		
	2018 **US$m**	2017 US$m restated†	Change %
Underlying profit attributable to shareholders*	**1,036**	947	+9
Profit attributable to shareholders	**2,457**	5,614	–56
Shareholders' funds	**38,342**	36,842	+4
Net debt	**3,564**	2,549	+40
	US¢	US¢	%
Underlying earnings per share*	**44.24**	40.24	+10
Earnings per share	**104.92**	238.61	–56
Dividends per share	**22.00**	20.00	+10
	US$	US$	%
Net asset value per share	**16.43**	15.66	+5

* 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 28 to the financial statements. Management considers this to be a key measure which provides additional information to enhance understanding of the Group's underlying business performance.

† The accounts have been restated due to change in accounting policies upon adoption of IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers', as set out in note 1 to the financial statements.

The final dividend of US¢16.00 per share will be payable on 15th May 2019, subject to approval at the Annual General Meeting to be held on 8th May 2019, to shareholders on the register of members at the close of business on 15th March 2019.

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HONGKONG LAND HOLDINGS LIMITED

PRELIMINARY ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST DECEMBER 2018

OVERVIEW

In 2018, Hongkong Land achieved a second consecutive year of record underlying profit. The Group's Investment Properties portfolio benefited from higher overall average rents. In the Development Properties business, the contribution from mainland China was broadly in line with the prior year, while higher profits were recognised in Singapore. The Group continued to make good progress in acquiring new sites during the year.

PERFORMANCE

Underlying profit attributable to shareholders rose 9% to US$1,036 million.

Including the net gains of US$1,421 million resulting from higher valuations of the Group's investment properties, the profit attributable to shareholders was US$2,457 million. This compares to US$5,614 million in 2017, which included net gains of US$4,667 million arising from revaluations.

The net asset value per share at 31st December 2018 was US$16.43, compared with US$15.66 at the end of 2017.

The Directors are recommending a final dividend of US¢16.00 per share, providing a total dividend for the year of US¢22.00 per share, compared with US¢20.00 per share for 2017.

GROUP REVIEW

Investment Properties

In Hong Kong, the office leasing market in Central continues to benefit from high occupancy and limited new supply. At the end of 2018, the Group's Central office vacancy was 1.4%, unchanged compared to the end of 2017. Positive rental reversions continued, with average office rents increasing to HK$113 per sq. ft in 2018 from HK$108 per sq. ft in 2017. The Group's Central retail portfolio effectively remains fully occupied with positive rental reversions. The average retail rent in 2018 increased to HK$233 per sq. ft from HK$224 per sq. ft in 2017. The value of the Group's Investment Properties portfolio in Hong Kong increased by 4%, due to higher rents.

In Singapore, vacancy in the Group's office portfolio was 2.5% at the end of 2018, compared with 0.3% at the end of 2017, although this will decline as committed space is taken up in 2019. Rental reversions in the second half of the year were positive as the market continued to improve, with average rents increasing slightly to S$9.2 per sq. ft in 2018 from S$9.1 per sq. ft in 2017.

In mainland China, the retail component of WF CENTRAL in Beijing is performing in line with expectations and has attracted many of the world's leading luxury brands. The official opening of the hotel component of the development, Mandarin Oriental Wangfujing, is scheduled in March 2019.

Planning of the Group's 49%-owned prime mixed-use retail and Grade A office development in the central business district of Bangkok in Thailand continues to be in line with schedule. The development is expected to complete in 2025.

Development Properties

The profit contribution from Development Properties in mainland China remained largely unchanged compared to the prior year despite fewer completions, while the Group's attributable interest in contracted sales was 42% higher than 2017 at US$1,578 million due to a greater number of sales launches. Sentiment in the Group's key markets remained stable. At 31st December 2018, the Group had an attributable interest of US$1,358 million in sold but unrecognised contracted sales, compared with US$1,032 million at the end of 2017.

During the year, the Group secured four new residential sites in mainland China, with a wholly-owned project in Chongqing and joint ventures in each of Chongqing, Nanjing and Chengdu. The Group also secured a 50% interest in a commercial mixed-use site in the centre of Nanjing, and a 26.7% interest in a predominantly commercial mixed-use site in the Xuhui district of Shanghai. The Group's effective interest in these projects equates to a developable area of 566,000 sq. m.

In Singapore, higher profits were recognised in 2018 compared to the prior year, primarily as a result of the completion of the 1,327-unit Sol Acres executive condominium development. The 309-unit Margaret Ville project and the 1,404-unit Parc Esta project both experienced successful sales launches during the year, despite moderating market demand due to additional cooling measures introduced by the government. During the year, the Group conditionally acquired a 50% interest in a freehold residential site with a developable area of 47,000 sq. m. which will comprise 672 mid-rise apartments. The transaction was completed in January 2019.

The Group's projects in the rest of Southeast Asia are progressing on schedule with satisfactory contracted sales, as well as completions at Anandamaya Residences in Indonesia and The Nassim in Vietnam during 2018. The Group entered into agreements to develop five new projects during the year, with two in both Jakarta and Bangkok, and one in Manila. The Group's effective interest in these projects equates to a developable area of 398,000 sq. m.

Financing

The Group's financial position remains strong with net debt of US$3.6 billion at 31st December 2018, up from US$2.5 billion at the end of 2017, due to land purchases in respect of its new projects. Net gearing at the end of the year was 9%, compared with 7% at the end of 2017. Net debt will move modestly higher as payments are made during the first half of 2019 for land purchases that have already been committed.

PEOPLE

I would like to express my appreciation on behalf of the Board to all of our staff for their continued commitment and professionalism, as well as for their hard work in driving the growth of the Group during the year.

Dr Richard Lee stepped down as a Director on 9th May 2018 and Sir Henry Keswick retired from the Board on 31st December 2018. We would like to record our gratitude to both of them for the significant contributions they have made over many years to the Group. We were pleased to welcome Christina Ong to the Board in May 2018.

OUTLOOK

The profit contribution from the Group's Investment Properties is expected to remain stable in 2019, while anticipated higher profits from the Group's Development Properties in mainland China as a result of more completions will be offset by lower contributions from other markets.

Ben Keswick
Chairman

CHIEF EXECUTIVE'S REVIEW

Hongkong Land had another excellent year in 2018, with improved contributions from both its Investment Properties and Development Properties businesses. The Group continues to maintain a strong balance sheet with ample financial liquidity.

STRATEGY

Hongkong Land is a landlord and a developer in Greater China and Southeast Asia. The Group operates a well-diversified portfolio of prime investment properties which it develops and holds as long-term investments, as well as developing premium residential and commercial properties for sale.

The Group's investment properties are predominantly commercial in nature and located in the core central business districts of Asian gateway cities, with a concentration in Hong Kong and Singapore. Returns principally arise from rental income and long-term capital appreciation. Investment Properties is the largest contributor to the Group's earnings given its relative size and maturity. It accounted for 88% of the Group's gross assets at the end of 2018 (2017: 90%) and contributed 64% of the Group's underlying operating profit before corporate expenses in 2018 (2017: 66%).

The Group's development properties are primarily premium residential and mixed-use developments, located in mainland China and Singapore, with a growing presence in other Southeast Asian markets. Returns principally arise from trading profits for the immediate sale of the residential and office components, and rental and trading profits for certain commercial elements of mixed-use sites that are disposed of or reclassified after rents have stabilised. Development Properties accounted for 12% of the Group's gross assets at the end of 2018 (2017: 10%) and 36% of the Group's underlying operating profit before corporate expenses in 2018 (2017: 34%).

Geographically, Greater China generates the bulk of the Group's earnings. Hong Kong, which comprises predominantly investment properties, accounted for 54% of the Group's underlying operating profit before corporate expenses (2017: 56%), whilst mainland China, which comprises predominantly development properties, accounted for 26% (2017: 30%).

The commercial portfolios in Hong Kong and Singapore provide a stable stream of recurring earnings and balance sheet strength that enables the Group to pursue new opportunities in both its Investment Properties and Development Properties businesses in its key markets. Capital allocation by both business and geographical segments will be opportunity driven. The pace of new investments in the coming year may moderate when compared to the prior two years, during which over US$6 billion has been committed to new projects.

Hong Kong's Central Portfolio

In Hong Kong, the Group's Central Portfolio consists of 12 interconnected prime commercial buildings forming the heart of the financial district in Central, providing over 450,000 sq. m. of Grade A office and luxury retail space. This integrated mixed-use development is positioned as the pre-eminent office, luxury retail, restaurant and hotel accommodation in Hong Kong, and continues to attract both prime office tenants and luxury retailers.

Hong Kong's positioning as one of Asia's main financial and business hubs, combined with the scarcity of supply of high quality space in Central and the unique advantages of the Group's portfolio, continues to support low vacancy and strong rents.

The Group's 54,000 sq. m. retail portfolio is integrated with the office buildings to create part of the Group's distinctive and successful mixed-use business model. Its tenants include numerous luxury brand flagship stores, as well as a number of leading restaurants. LANDMARK is firmly established as the iconic shopping and fine dining destination in Hong Kong.

Other Investment Properties

Outside Hong Kong, the Group has similarly established itself as a leading provider of prime office and retail space.

In Singapore, Hongkong Land's attributable interests of 165,000 sq. m., principally concentrated in the Marina Bay Area, include some of the finest Grade A office space in the market. In mainland China, the 43,000 sq. m. retail component of the Group's WF CENTRAL development in Beijing is positioned as a premium retail and lifestyle destination in the city. In Indonesia, the Group has attributable interests of over 100,000 sq. m. of Grade A office space through its 50%-owned joint venture, Jakarta Land. In Cambodia, the Group's EXCHANGE SQUARE complex comprises 25,000 sq. m. of office and retail space in the heart of Phnom Penh.

Our performance in these markets depends on the levels of demand for, and supply of, prime office and luxury retail space, both of which are influenced by global and regional macro-economic conditions. The Group is committed to maintaining excellence in product quality and service to retain and attract tenants and customers, and will continue to seek new opportunities to develop prime investment properties in Asia.

Development Properties

The Group has established a strong and profitable trading business focusing primarily on the premium market segment in mainland China and Southeast Asia. While the capital invested in this business is significantly lower than in Investment Properties, the earnings derived from Development Properties enhance the Group's overall profits and returns on capital. The Group's attributable interest in the developable area of its projects at the end of 2018 totalled 9.3 million sq. m., compared to 8.2 million sq. m. at the end of 2017. Of this, construction of approximately 36% had been completed at the end of 2018, compared to 34% at the end of 2017.

Annual returns from Development Properties fluctuate due to the nature of the projects and the Group's accounting policy of recognising profits on sold properties on completion in a number of markets including mainland China. Demand is also dependent on overall economic conditions, which can be significantly affected by government policies and the availability of credit. Ongoing land acquisitions are necessary to build and maintain a stable income stream over the longer term.

REVIEW OF INVESTMENT PROPERTIES

Profits from the Group's investment properties were higher in 2018 than in 2017, due primarily to positive rental reversions and continuing low vacancy in Hong Kong and Singapore.

Hong Kong

Demand in the Hong Kong office leasing market remained buoyant during the first half of the year, but there has been a slowdown in leasing momentum in recent months, particularly in terms of demand from mainland Chinese companies. As a result of high occupancy and the continued scarcity of new Grade A office supply in Central, the Group's vacancy at the end of 2018 was low at 1.4%, unchanged from the end of 2017. Vacancy for the overall Central Grade A market was 1.8% at the end of 2018, compared to 1.7% at the end of 2017. The Group's average office rent in 2018 was HK$113 per sq. ft, an increase from last year's average of HK$108 per sq. ft. Financial institutions, legal firms and accounting firms occupy 78% of the Group's total leased office space.

The Group's retail portfolio in Hong Kong benefited from generally improved market sentiment throughout the year, and was effectively fully let at 31st December 2018. Base rental reversions were mildly positive during the year, while the average rent of HK$233 per sq. ft was up from the HK$224 per sq. ft achieved in the prior year.

The value of the Group's investment portfolio in Hong Kong at 31st December 2018, based on independent valuations, increased by 4% to US$32.1 billion when compared to the prior year, due to increased open market rents with no change in capitalisation rates.

Singapore

The Singapore office leasing market continues to improve as new supply has gradually been absorbed by the market. The overall vacancy rate across the entire Grade A central business district was 7.2% as at the end of 2018, compared to 10.8% at the end of 2017. The Group's office portfolio continued to perform well, reflecting its high quality and unique positioning. The Group's average rent in 2018 was S$9.2 per sq. ft, a slight increase from S$9.1 per sq. ft in the previous year, due to positive rental reversions. Vacancy was higher at 2.5% at the year end, compared to 0.3% at the end of 2017, although this will decline as committed space is taken up in 2019. Financial institutions, legal firms and accounting firms occupy 80% of the Group's total leased office space.

Mainland China

In Beijing, the retail component of WF CENTRAL, the Group's unique lifestyle, luxury retail and hotel project in Wangfujing, was formally launched in May 2018 and is performing within expectations, having attracted a large number of renowned international brands. The 73-room Mandarin Oriental hotel component is scheduled to open in March 2019. In the central business district of Beijing's Chaoyang District, the Group's 30%-owned Grade A office development of 120,000 sq. m. remains in the planning phase, with expectations that construction will commence in 2020. In Shanghai, the Group's joint venture in the Qiantan area of Pudong to develop a mixed-use project was terminated in December 2018 as certain conditions precedent were not fulfilled.

Other Investment Properties

In One Central Macau, retail occupancy was 92%, unchanged from the end of 2017. Tenant sales were up 9% despite a cooling in retail market sentiment in recent months. Rental reversions were negative during the year, although the average rent of MOP213 per sq. ft was up from the MOP200 per sq. ft achieved in the prior year due to higher turnover rent.

In Jakarta, the development of the fifth tower at the Group's 50%-owned joint venture, Jakarta Land, was completed in early 2018. Its occupancy was 33% at the end of 2018, with a further 24% of space now committed. Excluding the new office tower, occupancy across the portfolio was 91% at the end of 2018, compared to 92% at the end of 2017, reflecting a resilient performance in the context of the continued surplus of city-wide office supply. The average gross rent of all five towers in 2018 was US$25.7 per sq. m., compared to US$25.1 per sq. m. in the prior year.

In Phnom Penh, EXCHANGE SQUARE, the Group's 25,000 sq. m. prime mixed-use complex in the heart of the city's emerging financial district, continues to be taken up by tenants, and was 85% occupied at the end of 2018, compared to 65% at the end of the prior year.

In Bangkok, planning of the Group's 49%-owned prime commercial joint-venture development in the central business district, secured in late 2017, continues in line with schedule. This development has a developable area of 440,000 sq. m. and is expected to complete in 2025.

Performances at the Group's other investment properties were within expectations.

REVIEW OF DEVELOPMENT PROPERTIES

Earnings from the Group's development properties were higher in 2018 compared to 2017, primarily due to higher contributions from Singapore.

Mainland China

The Group's development properties in mainland China comprise 20 projects in seven cities, of which 10 projects are in Chongqing. The scale of the business has grown significantly, with interests in 11 projects secured over the past two years for a total committed investment of over US$3 billion. During this period, the Group's net investment in development properties in mainland China has grown from US$1.6 billion at 31st December 2016 to US$3.4 billion at 31st December 2018.

During the year, the Group acquired a wholly-owned project in Chongqing and five joint venture projects, including two in Nanjing and one in each of Chongqing, Shanghai and Chengdu. All projects are residential, except for one project in Nanjing which is commercial and one project in Shanghai which is predominantly commercial in nature.

Market sentiment in the Group's key markets remained resilient despite government cooling measures. Total contracted sales in 2018 were US$1,578 million, 42% higher than the US$1,112 million achieved in the prior year. The Group's attributable interest in revenue recognised, including its share of revenue in joint ventures and associates, decreased by 10% to US$1,207 million in 2018 from US$1,347 million in 2017, due to the timing of completions.

At 31st December 2018, the Group's attributable interest in sold but not yet recognised contracted sales amounted to US$1,358 million, an increase of 32% from US$1,032 million at the end of 2017.

Chongqing, the largest city in western China, remains the most significant market in the country for the Group's development properties, representing some 42% of its mainland China exposure in this area of the business. Including newly acquired projects during the year, the Group has four wholly-owned projects - Yorkville South, Yorkville North, Bamboo Grove Riverside which was acquired in August 2017 and a project in Yuelai acquired in December 2018 - and six 50%-owned joint ventures: Bamboo Grove, New Bamboo Grove, Landmark Riverside, Central Avenue, Lijia Landscape which was acquired in August 2017 and a project in Lijia acquired in December 2018.

The newly acquired 100%-owned site in Yuelai is primarily residential, with a total developable area of 125,000 sq. m. The newly acquired 50%-owned site located in Lijia is also primarily residential, with a total developable area of 61,000 sq. m. Both projects will be developed in two phases through to 2021.

The Group's attributable interest in revenue from property sales in Chongqing, including its share of revenue in joint ventures and associates, increased by 26% to US$1,015 million in 2018 from US$806 million in 2017, due to the timing of completions. The Group's attributable interest in the developable area of its Chongqing projects at the end of 2018 totalled 4.5 million sq. m., compared to 4.3 million sq. m. at the end of 2017. Of this, construction of approximately 57% had been completed at the end of 2018, compared to 48% at the end of 2017.

In Chengdu, the Group will develop a predominantly residential site located in the Huafu area of Shuangliu District. The 33%-owned project has a developable area of 155,000 sq. m., and will be developed in one phase with completion expected in 2021.

In Nanjing, the Group acquired two new projects during the year. The first is JL CENTRAL, a prime mixed-use site in Xinjiekou, a mature business and retail district in the heart of the Nanjing central business district. The 50%-owned project will comprise offices and retail space over a developable area of 255,000 sq. m. and will be developed in one phase with expected completion in 2023. The second newly acquired project is a pure residential site located in Jiangbei New District in northwestern Nanjing. The 50%-owned project has a developable area of 254,000 sq. m. and will be developed in two phases with completion expected to take place in 2021.

In Shanghai, the Group will develop a prime mixed-use site located in Xuhui District. The 26.7%-owned project has a developable area of 392,000 sq. m., comprising Grade A office and retail space as well as residential apartments. The project will be developed in three phases in the period to 2023.

Singapore

The Group completed one residential project during 2018, the 1,327-unit Sol Acres executive condominium project, which was fully sold. The 710-unit Lake Grande project, a residential site located adjacent to the LakeVille project, is fully pre-sold and is on schedule for completion in 2019.

The 309-unit Margaret Ville project, a residential site with a developable area of 22,000 sq. m., is 42% pre-sold with completion scheduled in 2021. At the Parc Esta project (formerly Eunosville), a residential site at Sims Avenue near the Eunos MRT station, construction commenced in 2018 and is expected to complete in 2021. Upon completion, the project will offer 1,404 units over a developable area of approximately 98,000 sq. m. As at the end of 2018, 18% of units had been pre-sold.

In April 2018, the Group conditionally acquired a freehold residential site on Farrer Road in District 10 for redevelopment. The transaction was completed in January 2019. The 50%-owned project consists of 672 apartment units and has a developable area of 47,000 sq. m. Construction will be in one phase with completion scheduled in 2022.

Other Development Properties

In Indonesia, construction of the Group's residential projects is progressing well. Nava Park, the Group's 49%-owned joint venture with Bumi Serpong Damai, is a 68 hectare site in the southwest of central Jakarta. Upon completion in 2033, Nava Park will comprise a mix of landed houses, villas, mid-rise apartments and low-rise commercial components. Of the 734 units which have been launched for sale, 84% had been pre-sold as at the end of 2018.

Anandamaya Residences, the 40%-owned joint venture project with affiliate Astra International, is a 509-unit luxury apartment development which was completed in August 2018. As of the end of 2018, 95% of the units had been sold.

Asya, a joint venture in which the Group has a 33.5% attributable interest, is a 68 hectare site located east of central Jakarta. The project will yield a total developable area of approximately 1.1 million sq. m., comprising landed houses, villas, apartments and low-rise commercial shophouses. The project will be developed in multiple phases through to 2031. Of the 351 launched units, 32% had been pre-sold as at the end of 2018.

In January 2018, the Group agreed to jointly develop on a 40-60 basis a luxury condominium project in South Jakarta named Arumaya. The project will yield 262 luxury garden villas over a developable area of 24,000 sq. m., and is expected to complete in 2021. As at the end of 2018, 20% of the units had been reserved. During the year, the Group jointly secured a 50% interest in a mixed-use development situated on Jl. Jend. Gatot Subroto in central Jakarta, which will comprise of over 300 high-end apartments and a Grade A office tower. The project has a developable area of 77,000 sq. m. and will be developed in two phases through to 2023.

In the Philippines, the 40%-owned Two Roxas Triangle is a 182-unit luxury condominium tower located in Manila's central Makati area. The development is expected to complete in the first half of 2019 and was 100% pre-sold at the end of 2018.

At Mandani Bay, a 40%-owned 20 hectare development comprising principally residential units with some office and retail components in Cebu, construction is progressing well. The project will be developed in multiple phases through to 2035. Of the 3,115 units which have been launched, 71% were pre-sold at the end of 2018.

In February 2018, the Group agreed to jointly develop a 2,048-unit luxury condominium project situated in the Bridgetowne Township in Pasig City, Manila. The 40%-owned project will be developed in three phases through to 2026 and has a developable area of 144,000 sq. m.

In Vietnam, Thu Thiem River Park, a 64% conditionally owned residential development in District 2 of Ho Chi Minh City, is a luxury condominium development consisting of over 1,000 units, with a total developable area of 175,000 sq. m. Completion is scheduled over two phases through to 2024. 29B NDC, a 70%-owned residential development in District 1 of Ho Chi Minh City, is a 515-unit luxury residential tower with a total developable area of approximately 57,000 sq. m. Construction is progressing on schedule, with completion expected in 2021.

In Thailand, the Esse Sukhumvit 36, a 49%-owned 338-unit luxury condominium tower in the Sukhumvit area of Bangkok, is currently 59% pre-sold. Construction remains on track for completion in 2020.

During the year, the Group secured a 49% interest in two luxury landed housing sites in Bangkok. The first site is located in Nonthaburi in Western Bangkok. The project has a total developable area of 433,000 sq. m., and will consist of over 1,200 villas. It is expected to be developed in four phases through to 2028. The second site, which has a developable area of 164,000 sq. m., is located on King Kaew Road close to Suvarnabhumi International Airport. The project will comprise 438 villas and is expected to complete in 2027.

THE YEAR AHEAD

The Group's Investment Properties portfolio is expected to continue generating stable returns in 2019 and will remain the largest contributor to the Group's earnings. In the Development Properties business, higher profits are expected from mainland China although these will be offset by a lower contribution from projects in Southeast Asia.

The foundation of Hongkong Land's success is in satisfying its tenants' and customers' needs through the delivery of world-class services and products. By maintaining its focus on its core values, Hongkong Land will continue to strengthen its market positions and achieve long-term success. The Group intends to utilise its strong balance sheet and disciplined investment approach to achieve sustained growth and strong shareholder returns over the long-term.

Robert Wong
Chief Executive

Hongkong Land Holdings Limited
Consolidated Profit and Loss Account
for the year ended 31st December 2018

	2018 Underlying business performance US$m	**2018** Non-trading items US$m	**2018** Total US$m	2017 Underlying business performance US$m restated	2017 Non-trading items US$m restated	2017 Total US$m restated
Revenue *(note 2)*	**2,665.4**	**-**	**2,665.4**	1,616.1	-	1,616.1
Net operating costs *(note 3)*	**(1,576.1)**	**20.1**	**(1,556.0)**	(740.2)	51.4	(688.8)
Change in fair value of investment properties *(note 7)*	**-**	**1,222.4**	**1,222.4**	-	4,677.9	4,677.9
Gain on acquisition of a subsidiary	**-**	**-**	**-**	-	3.0	3.0
Operating profit *(note 4)*	**1,089.3**	**1,242.5**	**2,331.8**	875.9	4,732.3	5,608.2
Net financing charges						
- financing charges	**(170.7)**	**-**	**(170.7)**	(121.3)	-	(121.3)
- financing income	**56.4**	**-**	**56.4**	43.1	-	43.1
	(114.3)	**-**	**(114.3)**	(78.2)	-	(78.2)
Share of results of associates and joint ventures *(note 5)*						
- before change in fair value of investment properties	**265.1**	**-**	**265.1**	301.8	-	301.8
- change in fair value of investment properties	**-**	**188.6**	**188.6**	-	(53.1)	(53.1)
	265.1	**188.6**	**453.7**	301.8	(53.1)	248.7
Profit before tax	**1,240.1**	**1,431.1**	**2,671.2**	1,099.5	4,679.2	5,778.7
Tax *(note 6)*	**(206.3)**	**(7.8)**	**(214.1)**	(151.3)	(1.8)	(153.1)
Profit after tax	**1,033.8**	**1,423.3**	**2,457.1**	948.2	4,677.4	5,625.6
Attributable to:						
Shareholders of the Company	**1,036.1**	**1,421.0**	**2,457.1**	946.8	4,667.1	5,613.9
Non-controlling interests	**(2.3)**	**2.3**	**-**	1.4	10.3	11.7
	1,033.8	**1,423.3**	**2,457.1**	948.2	4,677.4	5,625.6
	US¢		**US¢**	US¢		US¢
Earnings per share (basic and diluted) *(note 8)*	**44.24**		**104.92**	40.24		238.61

Hongkong Land Holdings Limited
Consolidated Statement of Comprehensive Income
for the year ended 31st December 2018

	2018 US$m	2017 US$m restated
Profit for the year	**2,457.1**	5,625.6
Other comprehensive (expense)/income		
Items that will not be reclassified to profit or loss:		
Remeasurements of defined benefit plans	**(2.6)**	2.3
Tax on items that will not be reclassified	**0.4**	(0.4)
	(2.2)	1.9
Items that may be reclassified subsequently to profit or loss:		
Net exchange translation differences		
- net (loss)/gain arising during the year	**(197.7)**	72.2
- transfer to profit and loss	**0.3**	11.2
	(197.4)	83.4
Cash flow hedges		
- net loss arising during the year	**(2.8)**	(27.8)
- transfer to profit and loss	**(2.6)**	(2.8)
	(5.4)	(30.6)
Tax relating to items that may be reclassified	**0.9**	5.1
Share of other comprehensive (expense)/ income of associates and joint ventures	**(156.7)**	237.2
	(358.6)	295.1
Other comprehensive (expense)/income for the year, net of tax	**(360.8)**	297.0
Total comprehensive income for the year	**2,096.3**	5,922.6
Attributable to:		
Shareholders of the Company	**2,100.4**	5,905.7
Non-controlling interests	**(4.1)**	16.9
	2,096.3	5,922.6

Hongkong Land Holdings Limited
Consolidated Balance Sheet
at 31st December 2018

	At 31st December **2018** **US$m**	At 31st December 2017 US$m restated	At 1st January 2017 US$m restated
Net operating assets			
Fixed assets	**133.7**	106.9	44.9
Investment properties *(note 10)*	**33,712.1**	32,481.0	27,712.3
Associates and joint ventures	**6,694.7**	5,578.8	4,485.4
Other investments	**122.8**	103.0	52.2
Non-current debtors	**24.0**	28.5	60.1
Deferred tax assets	**13.9**	15.5	8.7
Pension assets	**-**	0.1	-
Non-current assets	**40,701.2**	38,313.8	32,363.6
Properties for sale	**1,983.0**	2,181.0	1,522.3
Current debtors	**892.2**	712.5	826.1
Current tax assets	**11.4**	10.6	9.2
Bank balances	**1,375.2**	1,622.1	1,908.9
Current assets	**4,261.8**	4,526.2	4,266.5
Current creditors	**(1,337.3)**	(1,507.1)	(1,064.4)
Current borrowings *(note 11)*	**(793.8)**	(190.6)	(220.7)
Current tax liabilities	**(119.4)**	(113.5)	(80.0)
Current liabilities	**(2,250.5)**	(1,811.2)	(1,365.1)
Net current assets	**2,011.3**	2,715.0	2,901.4
Long-term borrowings *(note 11)*	**(4,145.2)**	(3,980.3)	(3,695.7)
Deferred tax liabilities	**(167.4)**	(135.1)	(134.6)
Pension liabilities	**(3.3)**	-	(1.8)
Non-current creditors	**(27.1)**	(36.9)	(30.3)
	38,369.5	36,876.5	31,402.6
Total equity			
Share capital	**233.4**	235.3	235.3
Share premium	**257.3**	386.9	386.9
Revenue and other reserves	**37,850.8**	36,219.6	30,760.4
Shareholders' funds	**38,341.5**	36,841.8	31,382.6
Non-controlling interests	**28.0**	34.7	20.0
	38,369.5	36,876.5	31,402.6

Hongkong Land Holdings Limited
Consolidated Statement of Changes in Equity
for the year ended 31st December 2018

	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
2018								
At 1st January								
- as previously reported	**235.3**	**386.9**	**36,285.8**	**(7.7)**	**(126.6)**	**36,773.7**	**34.7**	**36,808.4**
- change in accounting policies	**-**	**-**	**81.2**	**-**	**(13.1)**	**68.1**	**-**	**68.1**
- as restated	**235.3**	**386.9**	**36,367.0**	**(7.7)**	**(139.7)**	**36,841.8**	**34.7**	**36,876.5**
Total comprehensive income	**-**	**-**	**2,454.9**	**(1.1)**	**(353.4)**	**2,100.4**	**(4.1)**	**2,096.3**
Dividends paid by the Company	**-**	**-**	**(469.8)**	**-**	**-**	**(469.8)**	**-**	**(469.8)**
Dividends paid to non-controlling shareholders	**-**	**-**	**-**	**-**	**-**	**-**	**(2.6)**	**(2.6)**
Unclaimed dividends forfeited	**-**	**-**	**0.6**	**-**	**-**	**0.6**	**-**	**0.6**
Share repurchase	**(1.9)**	**(129.6)**	**-**	**-**	**-**	**(131.5)**	**-**	**(131.5)**
At 31st December	**233.4**	**257.3**	**38,352.7**	**(8.8)**	**(493.1)**	**38,341.5**	**28.0**	**38,369.5**
2017								
At 1st January								
- as previously reported	235.3	386.9	31,093.6	18.6	(440.0)	31,294.4	20.0	31,314.4
- change in accounting policies	-	-	104.1	-	(15.9)	88.2	-	88.2
- as restated	235.3	386.9	31,197.7	18.6	(455.9)	31,382.6	20.0	31,402.6
Total comprehensive income	-	-	5,615.8	(26.3)	316.2	5,905.7	16.9	5,922.6
Dividends paid by the Company	-	-	(447.0)	-	-	(447.0)	-	(447.0)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	(2.2)	(2.2)
Unclaimed dividends forfeited	-	-	0.5	-	-	0.5	-	0.5
At 31st December	235.3	386.9	36,367.0	(7.7)	(139.7)	36,841.8	34.7	36,876.5

Hongkong Land Holdings Limited
Consolidated Cash Flow Statement
for the year ended 31st December 2018

	2018 US$m	2017 US$m restated
Operating activities		
Operating profit	**2,331.8**	5,608.2
Depreciation	**4.2**	3.0
Change in fair value of investment properties	**(1,222.4)**	(4,677.9)
Change in fair value of other investments	**(20.1)**	(51.4)
Gain on acquisition of a subsidiary	**-**	(3.0)
Decrease/(increase) in properties for sale	**105.9**	(424.1)
(Increase)/decrease in debtors	**(250.0)**	155.9
(Decrease)/increase in creditors	**(185.2)**	308.2
Interest received	**44.8**	41.9
Interest and other financing charges paid	**(171.7)**	(117.8)
Tax paid	**(172.1)**	(137.2)
Dividends from associates and joint ventures	**139.2**	94.4
Cash flows from operating activities	**604.4**	800.2
Investing activities		
Major renovations expenditure	**(93.0)**	(108.2)
Developments capital expenditure	**(57.4)**	(105.5)
Acquisition of a subsidiary	**-**	(42.6)
Investments in and advances to associates and joint ventures	**(978.4)**	(670.5)
Refund/(payment) of deposit for a joint venture	**72.9**	(20.1)
Cash flows from investing activities	**(1,055.9)**	(946.9)
Financing activities		
Drawdown of borrowings	**2,721.5**	825.1
Repayment of borrowings	**(1,883.9)**	(586.1)
Dividends paid by the Company	**(466.6)**	(443.4)
Dividends paid to non-controlling shareholders	**(2.5)**	(3.8)
Change in interests in subsidiaries	**-**	15.0
Share repurchase	**(131.5)**	-
Cash flows from financing activities	**237.0**	(193.2)
Net cash outflow	**(214.5)**	(339.9)
Cash and cash equivalents at 1st January	**1,616.6**	1,898.4
Effect of exchange rate changes	**(33.2)**	58.1
Cash and cash equivalents at 31st December	**1,368.9**	1,616.6

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION

The financial information contained in this announcement has been based on the audited results for the year ended 31st December 2018 which have been prepared in conformity with International Financial Reporting Standards, including International Accounting Standards and Interpretations adopted by the International Accounting Standards Board.

The Group has adopted the following new accounting standards from 1st January 2018. Other amendments, which are effective in 2018 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 standard, interpretation or amendment that have been issued but not yet effective.

IFRS 9 Financial Instruments
Under IFRS 9, the gains and losses arising from changes in fair value of the Group's investments in equity investments, previously classified as available-for-sale, will be recognised in profit and loss, instead of through other comprehensive income. Such fair value gains or losses on revaluation of these investments are classified as non-trading items, and do not have any impact on the Group's underlying profit attributable to shareholders and shareholders' funds. The new forward-looking expected credit loss model, which replaces the incurred loss impairment model, has no significant impact to the Group. The new hedge accounting rules, which align the accounting for hedging instruments closely with the Group's risk management practices, has no significant impact to the Group.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 establishes a comprehensive framework for the recognition of revenue. It replaces IAS 11 'Construction Contracts' and IAS 18 'Revenue' which covers contracts for goods and services. The core principle in the framework is that revenue is recognised when control of a good or service transfers to a customer. The new standard mainly changes the Group's revenue recognition on certain property sales, from completion method to percentage of completion method. This will lead to earlier recognition of revenue when compared to the current completion method.

Changes to accounting policies on adoption of IFRS 9 and 15 have been applied retrospectively, and the comparative financial statements have been restated.

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION *(continued)*

The effects of adopting IFRS 9 and IFRS 15

(a) On the consolidated profit and loss account for the year ended 31st December 2017:

	Increase/(decrease) in profit upon adopting IFRS 9 US$m	Increase/(decrease) in profit upon adopting IFRS 15 US$m
Revenue	-	(343.7)
Net operating costs	51.4	312.0
Share of results of associates and joint ventures	-	3.3
Tax	-	5.5
Profit attributable to shareholders of the Company*	51.4	(22.9)
*Further analysed as:		
Underlying profit attributable to shareholders	-	(22.9)
Non-trading items	51.4	-
Profit attributable to shareholders	51.4	(22.9)
Underlying earnings per share (US¢)	-	(0.97)
Earnings per share (US¢)	2.19	(0.97)

(b) On the consolidated statement of comprehensive income for the year ended 31st December 2017:

	Increase/(decrease) in total comprehensive income upon adopting IFRS 9 US$m	Increase/(decrease) in total comprehensive income upon adopting IFRS 15 US$m
Profit for the year	51.4	(22.9)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Net exchange translation differences		
- net gain arising during the period	-	2.8
Revaluation of other investments at fair value through other comprehensive income	(51.4)	-
Other comprehensive income for the period, net of tax	(51.4)	2.8
Total comprehensive income for the period attributable to shareholders of the Company	-	(20.1)

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION *(continued)*

(c) On the consolidated balance sheet at 1st January

	Increase/(decrease) upon adopting					
	IFRS 9		IFRS 15		Total	
	2018	2017	**2018**	2017	**2018**	2017
	US$m	US$m	**US$m**	US$m	**US$m**	US$m
Assets						
Associates and joint ventures	**-**	-	**28.0**	24.7	**28.0**	24.7
Properties for sale	**-**	-	**(353.6)**	(695.1)	**(353.6)**	(695.1)
Current debtors	**-**	-	**214.1**	345.8	**214.1**	345.8
Equity and liabilities						
Revenue and other reserves	**-**	-	**68.1**	88.2	**68.1**	88.2
Deferred tax liabilities	**-**	-	**8.2**	13.1	**8.2**	13.1
Current creditors	**-**	-	**(187.8)**	(425.9)	**(187.8)**	(425.9)

(d) Changes in principal accounting policies on adoption of IFRS 9 and IFRS 15

Investments
Based on the management's business model and their contractual cash flows characteristics, equity investments are measured at fair value with fair value gains and losses recognised in profit and loss, unless management has elected to recognise the fair value gains and losses through other comprehensive income. For equity investments measured at fair value through other comprehensive income, gains or losses realised upon disposal are not reclassified to profit and loss.

At initial recognition, the Group measures an investment at its fair value plus, in the case of the investment not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the investment. Transaction costs of investments carried at fair value through profit and loss are expensed in profit and loss.

All purchases and sales of investments are recognised on the trade date, which is the date that the Group commits to purchase or sell the investments.

Investments are classified as non-current assets.

Debtors
Trade debtors are recognised initially at the amount of consideration that is unconditional and measured subsequently at amortised cost using the effective interest method. A contract asset arises if the Group has a right to consideration in exchange for goods or services the Group has transferred to a customer, that is conditional on something other than the passage of time. All other debtors, excluding derivative financial instruments, are measured at amortised cost except where the effect of discounting would be immaterial. For trade debtors and contract assets, the Group applied the simplified approach as permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the debtors. Provision for impairment is established by considering potential financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in arriving at operating profit. When a debtor is uncollectible, it is written off against the allowance account. Subsequent recoveries of amount previously written off are credited to profit and loss.

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION *(continued)*

(d) Changes in principal accounting policies on adoption of IFRS 9 and IFRS 15 *(continued)*

Debtors (continued)
Debtors with maturities greater than 12 months after the balance sheet date are classified under non-current assets.

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.

Revenue recognition

(i) Properties for sale

Revenue from properties for sale is recognised when or as the control of the property is transferred to the customer. Revenue consists of the fair value of the consideration received and receivable, net of value added tax, rebates and discounts. Proceeds received in advance for pre-sale are recorded as contract liabilities. Depending on the terms of the contract and the laws that apply to the contract, control of the property may transfer over time or at a point in time.

If control of the property transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the property.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

For properties for sale under development and sales contract for which the control of the property is transferred at a point in time, revenue is recognised when the customer obtains the physical possession or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable.

(ii) Investment properties

Rental income from investment properties are accounted for on an accrual basis over the lease terms.

(iii) Service income

Revenue from property management service and hospitality service are recognised when services are performed provided that the amount can be measured reliably.

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2. REVENUE

	2018 US$m	2017 US$m
Rental income	**982.7**	911.7
Service income	**149.6**	140.3
Sales of properties		
- recognised at a point in time	**1,318.6**	292.5
- recognised over time	**214.5**	271.6
	1,533.1	564.1
	2,665.4	1,616.1

Total contingent rents included in rental income amounted to US$15.5 million *(2017: US$8.8 million)*.

3. NET OPERATING COSTS

	2018 US$m	2017 US$m
Cost of sales	**(1,429.4)**	(621.5)
Other income	**27.6**	17.0
Administrative expenses	**(174.3)**	(135.7)
Change in fair value of other investments	**20.1**	51.4
	(1,556.0)	(688.8)

4. OPERATING PROFIT

	2018 US$m	2017 US$m
By business		
Investment Properties	**902.9**	851.5
Development Properties	**257.9**	92.2
Corporate	**(71.5)**	(67.8)
	1,089.3	875.9
Change in fair value of investment properties	**1,222.4**	4,677.9
Change in fair value of other investments	**20.1**	51.4
Gain on acquisition of a subsidiary	**-**	3.0
	2,331.8	5,608.2

5. SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES

	2018 US$m	2017 US$m
By business		
Investment Properties		
- operating profit	**141.0**	136.4
- net financing charges	**(45.5)**	(36.8)
- tax	**(17.7)**	(17.5)
- net profit	**77.8**	82.1
Development Properties		
- operating profit	**323.9**	421.1
- net financing income	**8.2**	10.6
- tax	**(127.8)**	(198.7)
- non-controlling interests	**(17.0)**	(13.3)
- net profit	**187.3**	219.7
Underlying business performance	**265.1**	301.8
Change in fair value of investment properties (net of deferred tax)	**188.6**	(53.1)
	453.7	248.7

Results are shown after tax and non-controlling interests in the associates and joint ventures.

6. TAX

	2018 US$m	2017 US$m
Tax charged to profit and loss is analysed as follows:		
Current tax	**(177.0)**	(168.0)
Deferred tax		
- changes in fair value of investment properties	**(7.8)**	(1.8)
- other temporary differences	**(29.3)**	16.7
	(37.1)	14.9
	(214.1)	(153.1)

6. TAX *(continued)*

Tax relating to components of other comprehensive income is analysed as follows:

	2018 US$m	2017 US$m
Remeasurements of defined benefit plans	**0.4**	(0.4)
Cash flow hedges	**0.9**	5.1
	1.3	4.7

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$214.0 million *(2017: US$194.8 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:

	2018 US$m	2017 US$m
Change in fair value of investment properties	**1,222.4**	4,677.9
Deferred tax on change in fair value of investment properties	**(7.8)**	(1.8)
Change in fair value of other investments	**20.1**	51.4
Gain on acquisition of a subsidiary	**-**	3.0
Share of change in fair value of investment properties of associates and joint ventures (net of deferred tax)	**188.6**	(53.1)
Non-controlling interests	**(2.3)**	(10.3)
	1,421.0	4,667.1

8. EARNINGS PER SHARE

Earnings per share are calculated on profit attributable to shareholders of US$2,457.1 million *(2017: US$5,613.9 million)* and on the weighted average number of 2,341.8 million *(2017: 2,352.8 million)* shares in issue during the year.

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

	2018		2017	
	US$m	**Earnings per share US¢**	US$m	Earnings per share US¢
Underlying profit attributable to shareholders	**1,036.1**	**44.24**	946.8	40.24
Non-trading items *(note 7)*	**1,421.0**		4,667.1	
Profit attributable to shareholders	**2,457.1**	**104.92**	5,613.9	238.61

9. DIVIDENDS

	2018 US$m	2017 US$m
Final dividend in respect of 2017 of US¢14.00 *(2016: US¢13.00) per share*	**329.4**	305.8
Interim dividend in respect of 2018 of US¢6.00 *(2017: US¢6.00) per share*	**140.4**	141.2
	469.8	447.0

A final dividend in respect of 2018 of US¢16.00 *(2017: US¢14.00)* per share amounting to a total of US$373.4 million *(2017: US$329.4 million)* is proposed by the Board. The dividend proposed will not be accounted for until it has been approved at the 2019 Annual General Meeting. The amount will be accounted for as an appropriation of revenue reserves in the year ending 31st December 2019.

10. INVESTMENT PROPERTIES

	2018 US$m	2017 US$m
At 1st January	**32,481.0**	27,712.3
Exchange differences	**(109.3)**	(123.1)
Additions	**118.0**	213.9
Increase in fair value	**1,222.4**	4,677.9
At 31st December	**33,712.1**	32,481.0

11. BORROWINGS

	2018 US$m	2017 US$m
Current		
Bank overdrafts	**6.3**	5.5
Bank loans	**154.8**	5.0
Current portion of long-term borrowings		
- bank loans	**530.6**	180.1
- notes	**102.1**	-
	793.8	190.6
Long-term		
Bank loans	**1,106.4**	1,127.0
Medium term notes		
- due 2019	**-**	102.3
- due 2020	**302.1**	306.0
- due 2021	**65.3**	66.4
- due 2022	**604.7**	605.2
- due 2023	**178.0**	178.2
- due 2024	**399.6**	402.7
- due 2025	**648.7**	650.2
- due 2026	**38.3**	38.3
- due 2027	**184.7**	184.9
- due 2028	**181.4**	79.2
- due 2029	**50.5**	50.5
- due 2030	**102.2**	102.3
- due 2031	**25.2**	25.2
- due 2032	**30.1**	30.1
- due 2033	**88.6**	-
- due 2038	**107.6**	-
- due 2040	**31.8**	31.8
	3,038.8	2,853.3
	4,145.2	3,980.3
	4,939.0	4,170.9

12. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Total capital commitments at 31st December 2018 amounted to US$1,394.5 million *(2017: US$1,365.6 million)*.

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 financial statements.

13. RELATED PARTY TRANSACTIONS

The parent company of the Group is Jardine Strategic Holdings Limited and the ultimate holding company is Jardine Matheson Holdings Limited ('JMH'). 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 JMH ('Jardine Matheson group members'). The more significant of these transactions are described below:

Management fee
The management fee payable by the Group, under an agreement entered into in 1995, to Jardine Matheson Limited ('JML') in 2018 was US$5.2 million *(2017: US$4.9 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 in 2018 amounted to US$24.9 million *(2017: US$21.2 million)*.

Jardine Matheson group members provided property maintenance and other services to the Group in 2018 in aggregate amounting to US$55.8 million *(2017: US$63.9 million)*.

Hotel management services
Jardine Matheson group members provided hotel management services to the Group in 2018 amounting to US$3.6 million *(2017: US$3.4 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 process by which the Group identifies and manages risk will be set out in more detail in the Corporate Governance section of the Company's 2018 Annual Report (the 'Report'). The following are the principal risks and uncertainties facing the Company as required to be disclosed pursuant to the Disclosure Guidance and Transparency Rules issued by the Financial Conduct Authority in the United Kingdom and are in addition to the matters referred to in the Chairman's Statement and Chief Executive's Review.

Economic Risk and Financial Risk

The Group is exposed to the risk of negative developments in global and regional economies, and financial and property markets, either directly or through the impact such developments might have on the Group's joint venture partners, associates, bankers, suppliers or tenants. These developments could include recession, inflation, deflation and currency fluctuations, restrictions in the availability of credit, increases in financing and construction costs and business failures, and reductions in office and retail rents, office and retail occupancy, and sales prices of, and demand for, residential and mixed-use developments.

Such developments might increase costs of sales and operating costs, reduce revenues, increase net financing charges, or result in reduced valuations of the Group's investment properties or in the Group being unable to meet its strategic objectives.

The steps taken by the Group to manage its exposure to financial risk will be set out in the Financial Review and in a note to the Financial Statements in the Report.

Commercial Risk

Risks are an integral part of normal commercial practices, and where practicable steps are taken to mitigate them. Risks can be further pronounced when operating in volatile markets.

The Group makes significant investment decisions in respect of commercial and residential development projects and these are subject to market risks. This is especially the case where projects take time to come to fruition and achieve the desired returns.

The Group operates in regions which are highly competitive, and failure to compete effectively, whether in terms of price, tender terms, product specification or levels of service can have an adverse effect on earnings or market share, as can construction risks in relation to new developments. Significant pressure from such competition may also lead to reduced margins.

It is essential for the products and services provided by the Group's businesses to meet appropriate quality and safety standards and there is an associated risk if they do not, including the risk of damage to brand equity or reputation, which might adversely impact the ability to achieve acceptable revenues and profit margins.

The potential impact of disruption to IT systems or infrastructure, whether as a result of cyber-crime or other factors, could be significant.

Regulatory and Political Risk

The Group is subject to a number of regulatory regimes in the territories in which it operates. Changes in such regimes, in relation to matters such as foreign ownership of assets and businesses, exchange controls, planning controls, tax rules and employment legislation, could have the potential to impact the operations and profitability of the Group.

Changes in the political environment in the territories where the Group operates could adversely affect the Group.

Terrorism, Pandemic and Natural Disasters

The Group's operations are vulnerable to the effects of terrorism, either directly through the impact of an act of terrorism or indirectly through the effect on the Group's businesses of generally reduced economic activity in response to the threat of, or an actual act of, terrorism.

The Group could be impacted by a global or regional pandemic which seriously affects economic activity or the ability of businesses to operate smoothly. In addition, many of the territories in which the Group operates can experience from time to time natural disasters such as earthquakes and typhoons.

Responsibility Statement

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

(a) the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, including International Accounting Standards and Interpretations adopted by the International Accounting Standards Board; and

(b) the sections of the Company's 2018 Annual Report, including the Chairman's Statement, Chief Executive's Review and the Principal Risks and Uncertainties, which constitute the management report, include a fair review of all information required to be disclosed by the Disclosure Guidance and Transparency Rules 4.1.8 to 4.1.11 issued by the Financial Conduct Authority in the United Kingdom.

For and on behalf of the Board

Robert Wong
Simon Dixon

Directors

The final dividend of US¢16.00 per share will be payable on 15th May 2019, subject to approval at the Annual General Meeting to be held on 8th May 2019, to shareholders on the register of members at the close of business on 15th March 2019. The shares will be quoted ex-dividend on 14th March 2019, and the share registers will be closed from 18th to 22nd March 2019, inclusive.

Shareholders will receive their cash dividends in United States Dollars, unless they are registered on the Jersey branch register, in which case they will have the option to elect for their dividends to be paid in Sterling. These shareholders may make new currency elections for the 2018 final dividend by notifying the United Kingdom transfer agent in writing by 18th April 2019. The Sterling equivalent of dividends declared in United States Dollars will be calculated by reference to a rate prevailing on 2nd May 2019.

Shareholders holding their shares through CREST in the United Kingdom will receive their cash dividends in Sterling only as calculated above. Shareholders holding their shares through The Central Depository (Pte) Limited ('CDP') in Singapore 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 15th March 2019, 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 14th March 2019.

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.

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Full text of the Preliminary Announcement of Results and the Preliminary Financial Statements for the year ended 31st December 2018 can be accessed through the Internet at 'www.hkland.com'.