Hongkong Land Holdings Limited

Announcement

3rd March 2022

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

HONGKONG LAND HOLDINGS LIMITED
2021 PRELIMINARY ANNOUNCEMENT OF RESULTS

Highlights

- Stable underlying profit
- Resilient Investment Properties performance
- Higher residential profits in China
- 12 new development projects secured
- US$500m share buyback in progress

"The Group delivered a resilient performance in 2021, against the backdrop of continued macroeconomic challenges in the Group's key markets. While the profit contribution from the Group's prime Investment Properties portfolio is expected to largely remain stable in 2022, lower profits are anticipated from the Development Properties business, primarily due to the timing of sales completions in China."

Ben Keswick
Chairman

Results

	Year ended 31st December		
	2021	2020	Change
	US$m	US$m	%
Underlying profit attributable to shareholders*	**966**	963	–
Loss attributable to shareholders	**(349)**	(2,647)	−87
Shareholders' funds	**34,584**	35,709	−3
Net debt	**5,104**	4,568	+12
	US¢	US¢	%
Underlying earnings per share*	**41.49**	41.27	+1
Earnings per share	**(15.00)**	(113.43)	−87
Dividends per share	**22.00**	22.00	-
	US$	US$	%
Net asset value per share	**15.05**	15.30	−2

* 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 27 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 final dividend of US¢16.00 per share will be payable on 11th May 2022, subject to approval at the Annual General Meeting to be held on 5th May 2022, to shareholders on the register of members at the close of business on 18th March 2022.

Issued by:
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HONGKONG LAND HOLDINGS LIMITED

PRELIMINARY ANNOUNCEMENT OF RESULTS
FOR THE YEAR ENDED 31ST DECEMBER 2021

OVERVIEW

Hongkong Land's performance remained resilient in 2021 despite the continued impact of the pandemic and related travel restrictions. Profits from the Group's Investment Properties business were in line with the prior year. Retail rental income increased during the year, although this was offset by lower office rents in Hong Kong. Increased residential sales completions in China resulted in a higher contribution from the Development Properties business. Good progress was made on replenishing the Group's land bank, with nine new projects secured in China and three in Singapore.

PERFORMANCE

Underlying profit attributable to shareholders remained broadly in line with the prior year at US$966 million.

Including net losses of US$1,315 million resulting primarily from lower valuations of the Group's investment properties, the loss attributable to shareholders was US$349 million in 2021. This compares to a loss of US$2,647 million in 2020, which included a US$3,610 million reduction in property valuations.

The net asset value per share at 31st December 2021 was US$15.05, compared with US$15.30 at the end of 2020.

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, unchanged from last year.

GROUP REVIEW

Investment Properties

The Group's Central office portfolio in Hong Kong continued to perform well overall. Despite the current market downturn, Central rents declined to a lesser extent than the broader market. At the end of 2021, physical vacancy was 5.2%, compared to 6.3% at the end of 2020, and on a committed basis it was 4.9%, compared to 5.9% at the end of 2020. Average office rents were HK$117 per sq. ft in 2021, decreasing from HK$120 per sq. ft in the prior year.

The Central LANDMARK retail portfolio remained effectively fully occupied and saw improved tenant sales due to a modest recovery in consumer sentiment. Average retail rents in 2021 increased to HK$190 per sq. ft from HK$164 per sq. ft in 2020, primarily due to the reduction of temporary rent relief provided to tenants, despite negative base rental reversions for the year.

The value of the Group's Hong Kong Investment Properties portfolio decreased by 5% compared to the prior year, due to lower open market rents, with no change in capitalisation rates.

In Singapore, positive rental reversions continued, with average office rents increasing to S$10.3 per sq. ft in 2021 from S$9.9 per sq. ft in 2020. On a committed basis, vacancy in the Group's office portfolio remained low at 2.9%, compared with 2.1% at the end of 2020. The value of the Group's Singapore Investment Properties portfolio increased by 1% compared to the prior year.

In Beijing, trading performance at WF CENTRAL continued to benefit from the strength of luxury retail sentiment in China, with tenant sales and footfall in 2021 exceeding those in 2020.

In Shanghai, construction is proceeding on schedule at the Group's 43%-owned prime 1.1 million sq. m. mixed-use development on the West Bund, with completion expected in multiple phases from 2023 to 2027.

Development Properties

In China, the profit contribution from the Group's Development Properties business increased compared to the prior year, due to more residential sales completions. Despite market sentiment weakening in the second half of the year amidst tightened credit conditions for the sector, contracted sales performance at the Group's projects remained satisfactory, reflecting the superior locations of its developments in Tier 1 and 2 cities. The Group's attributable interest in contracted sales in 2021 was US$2,648 million, compared to US$2,135 million in 2020. At 31st December 2021, the Group had an attributable interest of US$2,853 million in sold but unrecognised contracted sales, compared with US$2,584 million at the end of 2020.

In April 2021, the Group launched a seven-level shopping mall in Chongqing, with a net leasable area of 72,000 sq. m. under a new lifestyle retail brand – The Ring. This property is the first in a series of malls under development using the new brand.

In Singapore, Development Properties profits recognised in 2021 remained largely unchanged compared to the prior year. The fully sold 1,404-unit Parc Esta project is expected to be completed in 2022, while pre-sales at the 638-unit Leedon Green project reached 45% at year-end, with completion expected in 2023. The Group's attributable interest in contracted sales was US$328 million, compared to US$632 million in the prior year, which benefited from the sales launch of the Parc Esta project. It is too early to assess the impact of the cooling measures introduced in late 2021, after a strong recovery in the residential market.

In the rest of Southeast Asia, market sentiment has seen moderate improvements with the gradual reopening of borders across the region, while the recovery in construction activities continues.

Business Development

In China, decreased competition in the primary land market presented an opportunity for the Group to replenish its land bank in its core markets. During the year, eight primarily residential sites were acquired – all in cities where it already has a presence – with two wholly-owned projects in Chengdu, one each in Chongqing, Nanjing and Wuhan, as well as a joint venture in each of Chengdu, Chongqing and Wuhan. The Group's effective interest in these projects equates to a developable area of 977,000 sq. m.

The Group also secured a 50% interest in a mixed-use site in the Guanyinqiao CBD of Chongqing, with an attributable developable area of 131,000 sq. m. Completion is expected in 2025 and the development will feature a luxury retail mall incorporating the Group's CENTRAL brand name.

In addition to the new Chongqing project above, the Group has two other luxury retail properties under development, in Shanghai and Nanjing. It also has six premium lifestyle retail properties under development, in Chengdu, Chongqing, Hangzhou, Nanjing, Shanghai and Wuhan. The total estimated attributable net leasable area of these new retail projects is 259,000 sq. m. with completion expected from 2023 to 2026. Post completion, the Group's total retail attributable net leasable area in China is expected to reach 425,000 sq. m.

The Group continues to be disciplined in the evaluation and selection of Development Properties opportunities in China. Despite the well-recognised evolution of the Chinese residential properties market, we believe that consistent and careful execution of our strategy will position the Group well to take advantage of expansion opportunities.

In Singapore, the Group secured two joint venture projects during the year, including an executive condominium site in the Tengah area and a predominantly residential site at Northumberland Road. The Group's effective interest in these projects equates to a developable area of 529,000 sq. ft.

These land acquisitions increase the Group's attributable developable area under development across all projects to 5.3 million sq. m., of which 3.3 million sq. m. are residential properties and 2.0 million sq. m. are commercial properties.

In February 2022, the Group acquired a 49% interest in a residential site in the Tanjong Katong area in Singapore with a developable area of 590,000 sq. ft., which is expected to yield a total of 640 units.

In February 2022, the Group, in partnership with Astra International, established a joint venture with LOGOS to manage and develop modern logistics warehouses in Indonesia, with an initial focus in the Greater Jakarta area.

Financing

The Group's financial position remains strong. Net debt at 31st December 2021 was US$5.1 billion, up from US$4.6 billion at the end of 2020, primarily due to the acquisition of new sites during the year. Net gearing at the end of the year was 15%, compared with 13% at the end of 2020. As at 31st December 2021, the Group had committed liquidity of US$4.0 billion, compared to US$4.3 billion at the end of 2020, with an average tenor of debt of 6.5 years, compared to 6.6 years at the end of 2020.

In September, the Group announced a US$500 million share buyback programme, of which US$272 million had been invested up to 28th February 2022.

GOVERNANCE ENHANCEMENTS

The Group has an ongoing focus on enhancing its governance, and in the past year it has made changes to the composition of its Board, to increase its diversity and bring greater sector expertise through the appointment of new independent non-executive directors. The Group has also established formal Audit, Remuneration and Nominations Committees.

PEOPLE

On behalf of the Board, I would like to extend my gratitude to all of our colleagues for their continued commitment and dedication in upholding our reputation of providing high quality and innovative offerings to our tenants and customers, despite the challenges brought about by the pandemic.

James Watkins and Simon Dixon stepped down from the Board in July and August 2021, respectively, whilst Lord Powell of Bayswater and Percy Weatherall retired from the Board on 3rd March 2022. We are grateful to all of them for their contributions to the Group. Craig Beattie joined the Board as Chief Financial Officer on 1st September 2021. We are also pleased to welcome Lincoln K.K Leong and Lily Jencks to the Board as Non-Executive Directors with effect from 4th March and 28th July 2022, respectively.

OUTLOOK

The Group delivered a resilient performance in 2021, against the backdrop of continued macroeconomic challenges in the Group's key markets. While the profit contribution from the Group's prime Investment Properties portfolio is expected to largely remain stable in 2022, lower profits are anticipated from the Development Properties business, primarily due to the timing of sales completions in China.

Ben Keswick
Chairman

CHIEF EXECUTIVE'S REVIEW

Hongkong Land produced a satisfactory result for the year, despite border restrictions and other challenges brought about by the pandemic, with underlying earnings remaining broadly unchanged from 2020. The stable contributions from the Group's Investment Properties were the result of improved trading performance at its luxury retail operations across Greater China, partially offset by negative rental reversions in Hong Kong. Results from Development Properties benefited from higher sales completions in China, despite lower margins being achieved.

STRATEGY

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

The Group's Investment Properties are predominantly commercial and located in core business districts of key Asian gateway cities, with a concentration in Hong Kong and Singapore. Returns principally arise from rental income and long-term capital appreciation. The Investment Properties segment is the largest contributor to the Group's earnings given its relative size and maturity. It accounted for 83% of the Group's gross assets at the end of 2021 (2020: 86%) and contributed 60% of the Group's underlying operating profit before corporate expenses in 2021 (2020: 65%).

The Group's Development Properties are primarily premium residential and mixed-use developments located in China and in Singapore, with a growing presence in other Southeast Asian markets. Returns principally arise from trading profits in respect of 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 to Investment Properties, after rents have stabilised. Development Properties accounted for 17% of the Group's gross assets at the end of 2021 (2020: 14%) and 40% of the Group's underlying operating profit before corporate expenses in 2021 (2020: 35%).

Geographically, China generates the bulk of the Group's earnings. Hong Kong, which predominantly comprises Investment Properties, accounted for 49% of the Group's underlying operating profit before corporate expenses (2020: 54%), while China, which predominantly comprises Development Properties, accounted for 33% (2020: 28%).

The Investment Properties portfolios in Hong Kong and Singapore provide a stable stream of recurring earnings and balance sheet strength that enables the Group to selectively pursue new long-term investment opportunities in key gateway cities across the region. Earnings from the Development Properties business are largely reinvested to replenish the Group's land bank where opportunities arise. The Group's share of capital allocated to new investments totalled US$3.0 billion in 2021 (2020: US$3.5 billion).

Hong Kong Investment Properties

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. It continues to attract both prime office tenants and luxury retailers, in addition to housing the acclaimed Landmark Mandarin Oriental hotel.

Hong Kong's positioning as one of Asia's leading financial and business hubs, combined with the scarcity of supply of high-quality, well-managed space in Central and the unique qualities of the Group's portfolio, continue to support low vacancy and strong rents. Despite the challenging conditions resulting from the pandemic and global uncertainties, Hong Kong continues to possess unique advantages as a financial centre that are not easily replicated. The Group remains confident that Hong Kong will continue to thrive as the primary gateway for capital flows in and out of the Chinese mainland and will remain an important finance and commercial hub for decades to come.

The Group's 54,000 sq. m. retail portfolio is integrated with its office buildings to create part of its distinctive and successful mixed-use business model. Tenants include numerous global luxury brand flagship stores, as well as a number of leading restaurants. LANDMARK is firmly established as the iconic luxury shopping and fine dining destination in Hong Kong. Its success depends on the health of the broader Hong Kong economy, as well as on Hong Kong remaining an attractive destination for affluent visitors from across the region. The Group is working to ensure that, despite the current challenging conditions, it remains the clear market leader in the city in which global luxury brands are represented.

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 totalling 165,000 sq. m. – principally concentrated in the Marina Bay Area – include some of the finest Grade A office space in the market. In China, the Group's 49,000 sq. m. WF CENTRAL complex in Beijing is positioned as a premium retail and lifestyle destination, which includes a Mandarin Oriental hotel that has established itself as one of the most exclusive hotels 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 EXCHANGE SQUARE complex comprises 26,000 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 macroeconomic 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 key Asian gateway cities.

Development Properties

The Group has established a strong and profitable Development Properties business focused primarily on the premium residential market segment in China and in Southeast Asia. In China, the Group has a presence in seven key markets, namely Beijing, Chengdu, Chongqing, Hangzhou, Nanjing, Shanghai, and Wuhan, which are expected to continue benefiting from the growth of the middle class and long-term urbanisation trends. While the capital invested in this business is significantly lower than that invested in Investment Properties, the earnings derived from Development Properties enhance the Group's diversification, overall profits and return on capital. The Group's attributable interest in the developable area of its projects at the end of 2021 totalled 10.2 million sq. m., compared to 9.1 million sq. m. at the end of 2020. Of this, construction of approximately 48% had been completed at the end of 2021, compared to 43% at the end of 2020.

Annual returns from Development Properties fluctuate due to the nature of projects and the Group's accounting policy of recognising profits for sold properties on completion in a number of markets, including 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 Investment Properties in 2021 were broadly unchanged from 2020, as higher contributions from the Group's retail portfolio were offset by negative rental reversions in Hong Kong. The value of the Group's Investment Properties portfolio at 31st December 2021 declined by 5%, primarily due to lower market rents for the Hong Kong Central Portfolio, partially offset by higher valuations for its prime assets in Singapore and China.

Hong Kong

The Group's Central office portfolio, underpinned by its high quality and unique positioning, performed well despite rising office vacancies across Hong Kong. New leasing activity saw modest improvements throughout the year as a result of improved sentiment and a narrowing rental gap between Central and other parts of the city. Physical vacancy was 5.2% at the year-end, compared to 6.3% at the end of 2020. On a committed basis, vacancy was 4.9%. Vacancy for the overall Central Grade A office market was 8.0% at the end of 2021, compared to 7.3% at the end of 2020. Rental reversions during the year were negative, reflecting the decrease in rents since the onset of the pandemic. The Group's average office rent in 2021 was HK$117 per sq. ft, down from last year's average of HK$120 per sq. ft. Financial institutions, legal firms and accounting firms occupy 82% of the Group's total leased office space. The weighted average lease expiry of the office portfolio at the end of 2021 stood at 4.2 years, compared to 4.6 years at the end of 2020.

The Group's luxury retail portfolio in Hong Kong benefited from improved market sentiment compared to the prior year, despite the city's borders remaining largely closed to visitors. Vacancy, on both a physical and committed basis, remained low at 0.3%, unchanged from the end of 2020. Average retail rent in 2021 increased to HK$190 per sq. ft from HK$164 per sq. ft in 2020, predominantly due to a decrease in temporary rent relief provided to tenants, despite negative base rental reversions for the year.

In June 2021, the Group successfully launched Centricity Flex, a 25,000 sq. ft. premium flexible office solution, at Edinburgh Tower in Central. Catering to the needs of the business community in Central that values efficiency, connectivity, and lifestyle experiences, the facility offers tenants access to private office suites, meeting rooms, an open work area, private work pods, event spaces, and a café.

The value of the Group's Investment Properties portfolio in Hong Kong at 31st December 2021, based on independent valuations, declined by 5% to US$26.6 billion due to lower open market rents, with no change in capitalisation rates.

Singapore

New leasing activity at the Group's Singapore Portfolio showed signs of recovery in 2021. The Group's office portfolio continued to perform well, with positive rental reversions achieved during the year. Average office rent increased to S$10.3 per sq. ft in 2021, up from S$9.9 per sq. ft in the previous year. Vacancy was low at 2.9% on a committed basis, at the year end, compared to 2.1% at the end of 2020. Physical vacancy was 6.5% at the year-end, compared to 2.1% at the end of 2020. Overall vacancy across the entire Grade A central business district was 8.6% at the end of 2021, compared to 6.8% at the end of 2020. Financial institutions, legal firms and accounting firms occupy 76% of the Group's total leased office space. The weighted average lease expiry of the office portfolio at 2021 year-end stood at 3.4 years (2020: 3.8 years).

China

In Beijing, contributions from WF CENTRAL increased due to the strength of luxury retail sentiment in China and the Group's tenant repositioning efforts. Footfall and tenant sales in 2021 exceeded those from the prior year.

In Shanghai, planning and development of the Group's prime mixed-use development on the West Bund is proceeding on schedule. Completion is expected in phases from 2023 to 2027.

Other Investment Properties

Contributions from One Central Macau increased largely due to the relaxation of border restrictions with the Chinese mainland and the Group's tenant repositioning efforts. Occupancy was 91%, compared to 92% at the end of the prior year. Tenant sales rebounded strongly in 2021 compared to the prior year.

In Jakarta, the office portfolio remains resilient, despite the continued surplus of city-wide office supply and ongoing impact of the pandemic. Occupancy was 72% at the end of 2021, unchanged from 2020. On a committed basis, occupancy was 73%. The average net rent was US$15.2 per sq. m. in 2021, compared to US$15.8 per sq. m. in 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 to progress. This development has a gross floor area of 290,000 sq. m. and is expected to complete in 2027.

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

REVIEW OF DEVELOPMENT PROPERTIES

Earnings from the Group's Development Properties segment were higher in 2021 than in 2020, primarily due to higher sales completions in China.

China

The Group's development properties in China comprise 36 projects in seven cities, of which 15 projects are in Chongqing. As at 31st December 2021, the Group's net investment in development properties in China was US$6.3 billion, compared to US$4.8 billion at the end of 2020.

While the Development Properties business is predominantly focused on the sale of residential properties, the Group is also developing luxury and premium lifestyle retail properties in China, and currently has a total of four such properties in operation, with a total attributable net leasable area of 166,000 sq. m. A further nine projects, with an estimated attributable net leasable area of 259,000 sq. m are expected to be launched from 2023 to 2026, as follows:

Project	City	Type	Attributable net leasable area (sq. m.)
JL Central	Nanjing	Luxury	23,000
Galaxy Midtown	Shanghai	Premium lifestyle	8,500
Yue City	Nanjing	Premium lifestyle	16,400
WE City	Chengdu	Premium lifestyle	25,800
Dream Land	Wuhan	Premium lifestyle	26,700
Central Avenue	Chongqing	Premium lifestyle	39,700
Guanyinqiao	Chongqing	Luxury	34,200
West Bund*	Shanghai	Luxury	59,800
Hangzhou Bay	Hangzhou	Premium lifestyle	24,900

*The West Bund luxury retail project is recognised under Investment Properties.

As a result of tightened credit conditions for the property sector, competition in the primary land market has reduced in the second half of the year. This provided an opportunity for the Group and other well capitalised developers to replenish their land bank. During the year, the Group secured five wholly-owned residential projects including two in Chengdu and one in each of Chongqing, Nanjing and Wuhan, as well as three joint-venture residential projects in Chengdu, Chongqing and Wuhan.

Market sentiment became more cautious in the second half of the year, although government support measures were introduced in recent weeks. The Group's share of total contracted sales in 2021 was US$2,648 million, 24% higher than the US$2,135 million achieved in the prior year. The Group's attributable interest in revenue recognised in 2021, including its share of revenue in joint ventures and associates, increased by 60% to US$2,426 million from US$1,518 million in 2020.

At 31st December 2021, the Group's attributable interest in sold but not yet recognised contracted sales amounted to US$2,853 million, an increase of 10% from US$2,584 million at the end of 2020.

<u>Chongqing</u>

Chongqing, the largest city in western China, remains the most significant market for the Group, representing some 33% of its Chinese Development Properties exposure. The Group has seven wholly-owned projects and eight 50%-owned joint ventures in the city.

The Group's attributable interest in 2021 revenue from property sales in Chongqing, including its share of revenue in joint ventures and associates, increased by 48% to US$1,480 million, from US$1,000 million in 2020. The Group's attributable interest in the developable area of its Chongqing projects at the end of 2021 totalled 4.9 million sq. m., compared to 4.3 million sq. m. at the end of 2020. Of this, construction of approximately 75% had been completed at the end of 2021, compared to 66% at the end of 2020.

During the year, the Group launched a seven-level shopping mall with a net leasable area of 72,000 sq. m in Chongqing, under its new lifestyle retail series brand – The Ring. This represents the Group's first wholly-owned commercial development project in China.

The Group also secured a 50%-owned, predominantly commercial project in the Guanyinqiao CBD in Chongqing, with an attributable GFA of 131,000 sq. m. and expected completion in 2025.

Shanghai

Shanghai is the second largest market for the Group, representing some 18% of its Chinese Development Properties exposure. The Group has four joint venture projects in the city, including the trading component of the West Bund project.

The Group's attributable interest in the developable area of its Shanghai projects at the end of 2021 totalled 378,000 sq. m., compared to 383,000 sq. m. at the end of 2020. Of this, construction of approximately 40% had been completed at the end of 2021, compared to 31% at the end of 2020.

Nanjing

Nanjing is the third most significant market for the Group, representing some 17% of its Chinese Development Properties exposure. The Group has one wholly-owned project and three joint venture projects in the city.

The Group's attributable interest in the developable area of its Nanjing projects at the end of 2021 totalled 429,000 sq. m., compared to 336,000 from the prior year. Construction of approximately 33% of this had been completed at the end of 2021, compared to 39% at the end of 2020.

Singapore

Despite ongoing impact from the pandemic, residential market sentiment remained robust during the year, resulting in the introduction of cooling measures in late 2021 to moderate demand.

The wholly-owned 309-unit Margaret Ville residential project, with a developable area of 22,000 sq. m., was 100% pre-sold and completed during the year.

Construction of the wholly-owned 1,404-unit Parc Esta residential project, with a developable area of 98,000 sq. m., is on schedule and is expected to complete in 2022. As at January 2022, the project was fully pre-sold.

Development of the 50%-owned 638-unit Leedon Green residential project, with a developable area of 49,000 sq. m., is on schedule for completion in 2023. At the end of 2021, 45% of the units had been pre-sold.

The Group's attributable interest in contracted sales was US$328 million in 2021, compared to US$632 million in the prior year. The Group's attributable interest in revenue recognised in 2021 was US$631 million, compared to US$522 million in the prior year.

At 31st December 2021, the Group's attributable interest in sold but not yet recognised contracted sales amounted to US$362 million, a decrease of 46% from US$676 million at the end of 2020.

During the year, the Group secured two joint venture projects in Singapore, including an executive condominium site in the Tengah area and a predominantly residential site at Northumberland Road. The Group's effective interest in these projects equates to a developable area of 529,000 sq. ft.

In February 2022, the Group acquired a 49% interest in a residential site in the Tanjong Katong area with a developable area of 590,000 sq. ft. and is expected to yield a total of 640 units.

Indonesia and other Development Properties

In Indonesia, development activities have largely resumed, with market sentiment improving modestly towards the second half of the year. Nava Park, the Group's 49%-owned joint venture, is a 77-hectare site in the southwest of Jakarta. Upon completion in 2029, Nava Park will comprise a mix of landed houses, villas, mid-rise apartments, and low-rise commercial components. Of the 1,104 units that have been launched for sale, 92% had been pre-sold at the end of 2021.

Asya, a joint venture with Astra International, in which the Group now has a 50% attributable interest, is a 67-hectare site located in the east of Jakarta. The project will yield a developable area of approximately 481,000 sq. m., comprising landed houses, villas, apartments and low-rise commercial shophouses. It will be developed in multiple phases through to 2030. Of the 805 launched units, 57% had been pre-sold at the end of 2021.

Arumaya, the Group's 40%-owned joint venture with Astra International, is a 297-unit luxury condominium project located in South Jakarta. The project has a developable area of 24,000 sq. m., and is expected to complete in 2025. All of the units had been launched as at the end of 2021, with 10% of the units pre-sold.

Avania, the 50%-owned mixed-use development with Astra International situated in central Jakarta, will consist of over 650 high-end apartments and a Grade A office tower. The project has a developable area of 121,000 sq. m. and will be developed in two phases through to 2027. The sales launch for the first phase of the project is expected to commence in 2022.

In February 2022, the Group, in partnership with Astra International, established a joint venture with LOGOS to manage and develop modern logistics warehouses in Indonesia, with an initial focus in the Greater Jakarta area.

In the rest of Southeast Asia, construction activities continue to progress despite pandemic-related disruptions. With borders gradually reopening, market sentiment has moderately improved and pre-sales performance is in line with expectations.

SUSTAINABILITY

Hongkong Land has been a landlord and developer of premium properties for more than 130 years. We strive to set an example of good corporate citizenship by having a well-designed sustainability strategy and governance structure and adopting global best practices. Our continued growth and progress on sustainability initiatives are guided and monitored by the Group's Sustainability Committee, which reports to the Board. We are in a strong position to continue integrating sustainability initiatives into our operational and financing activities, investment analysis and risk assessments.

Climate Action

Over the past year, the Group focused much of its efforts on climate change and related risks. To mitigate the potential impact of climate change, a region-wide comprehensive climate risk assessment was conducted on the Group's commercial properties portfolio in order to improve business resilience and readiness for extreme weather events. The study considered the best and worst case scenarios developed by the Intergovernmental Panel on Climate Change, which assume global temperatures will rise by below 2°C or below 5°C by 2100 relative to pre-industrial levels, respectively. Physical and transition risks identified, as well as a preliminary adaptation action plan, were disclosed in line with the recommendations of the Task Force on Climate-related Financial Disclosures in the Group's 2020 Sustainability Report.

As part of Hongkong Land's commitment to accelerate its contributions on climate action, the Group announced in February 2022 its pledge to setting Science-Based Targets that are aligned with the 1.5°C pathway. We are leading the net zero transition by setting ambitious emission reduction targets. The targets, which remain subject to validation by the Science-Based Target initiative, will result in the Group committing to a 46% reduction of Scope 1 and 2 emissions by 2030 from 2019 levels and a 22% reduction in carbon intensity for Scope 3 emissions over the same period.

Green Buildings

Hongkong Land has a long history of reinvesting in existing assets and undertaking a robust green building certification programme. At the end of 2021, 93% of our commercial properties by floor area, including those held in joint ventures, achieved green building certification, with all of our buildings in Hong Kong and Singapore achieving the highest possible ratings of BEAM Plus Platinum and Green Mark Platinum certifications respectively.

In recognition of our efforts to adhere to the highest health and safety standards, the Group was awarded the Facilities Management Team Award and COVID-19 Achievement Award at the CIBSE Hong Kong Awards 2021 in relation to the outstanding operational performance of the Hong Kong Central Portfolio.

Green Finance

In July 2021, the Group successfully issued its inaugural 10-year green bond, raising US$500 million to fund its green buildings and related initiatives. The Group also had sustainability-linked loans with an aggregate facility amount of US$1.9 billion at the end of 2021. The facilities index tiered discounts to interest rates against ESG targets, which incentivise the Group to demonstrate continuous improvements in energy efficiency, reducing food waste, and renewable energy generation, while maintaining green building certifications for the Group's Central Portfolio.

Corporate Social Responsibility

The Hongkong Land HOME FUND, which was established to focus on creating initiatives which benefit younger generations and our aspiration to foster a more inclusive society, celebrated its first anniversary in November 2021. The fund and related CSR initiatives achieved a number of milestones during the year: including increasing the number of NGO partnerships from three initially to more than 60 across the region; the establishment of the HERE2HELP volunteering team which contributed over 850 hours to serve 12,000 people in just six months; and the launch of a matching gift programme for tenants and employees in Hong Kong to support causes aligned to the vision of the HOME FUND.

Further details on the Group's approach to sustainability and related policies can be found on the Group's website at www.hkland.com/en/sustainability. The Group's sustainability performance for the financial year ended 31st December 2021 will be included in a standalone Sustainability Report to be published on the Group's website in the second quarter of 2022.

THE YEAR AHEAD

The Group continues to operate in an uncertain macroeconomic environment. Looking ahead to 2022, the Group's Investment Properties portfolio is expected to continue generating stable returns, subject to the pace of relaxation of pandemic restrictions. In the Development Properties business, despite the well-recognised evolution of the Chinese development properties market, we believe that consistent and careful execution of our strategy will position the Group well to take advantage of expansion opportunities. Contributions from China are, however, expected to be lower in 2022 due to the timing of sales completions, while contributions from Southeast Asia are expected to be broadly stable.

The foundation of Hongkong Land's success is in addressing the needs of its tenants and customers through the delivery of world-class and innovative offerings. These values are critical to the prolonged success of the Group and will remain our priority in order to maintain 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 2021

	2021 Underlying business performance US$m	**2021 Non-trading items US$m**	**2021 Total US$m**	2020 Underlying business performance US$m	2020 Non-trading items US$m	2020 Total US$m
Revenue *(note 2)*	**2,384.3**	**-**	**2,384.3**	2,094.2	-	2,094.2
Net operating costs *(note 3)*	**(1,440.9)**	**2.6**	**(1,438.3)**	(1,135.2)	1.0	(1,134.2)
Change in fair value of investment properties *(note 7)*	**-**	**(1,375.5)**	**(1,375.5)**	-	(3,443.4)	(3,443.4)
Operating (loss)/profit *(note 4)*	**943.4**	**(1,372.9)**	**(429.5)**	959.0	(3,442.4)	(2,483.4)
Net financing charges						
- financing charges	**(222.2)**	**-**	**(222.2)**	(194.9)	-	(194.9)
- financing income	**67.0**	**-**	**67.0**	79.0	-	79.0
	(155.2)	**-**	**(155.2)**	(115.9)	-	(115.9)
Share of results of associates and joint ventures *(note 5)*						
- before change in fair value of investment properties	**355.9**	**-**	**355.9**	267.5	-	267.5
- change in fair value of investment properties	**-**	**80.6**	**80.6**	-	(175.4)	(175.4)
	355.9	**80.6**	**436.5**	267.5	(175.4)	92.1
(Loss)/profit before tax	**1,144.1**	**(1,292.3)**	**(148.2)**	1,110.6	(3,617.8)	(2,507.2)
Tax *(note 6)*	**(178.7)**	**(16.9)**	**(195.6)**	(149.5)	4.9	(144.6)
(Loss)/profit after tax	**965.4**	**(1,309.2)**	**(343.8)**	961.1	(3,612.9)	(2,651.8)
Attributable to:						
Shareholders of the Company	**966.0**	**(1,315.2)**	**(349.2)**	963.3	(3,610.7)	(2,647.4)
Non-controlling interests	**(0.6)**	**6.0**	**5.4**	(2.2)	(2.2)	(4.4)
	965.4	**(1,309.2)**	**(343.8)**	961.1	(3,612.9)	(2,651.8)

	US¢		**US¢**	US¢		US¢
Earnings/(loss) per share (basic and diluted) *(note 8)*	**41.49**		**(15.00)**	41.27		(113.43)

Hongkong Land Holdings Limited
Consolidated Statement of Comprehensive Income
for the year ended 31st December 2021

	2021 US$m	2020 US$m
Loss for the year	**(343.8)**	(2,651.8)
Other comprehensive income/(expense)		
Items that will not be reclassified to profit or loss:		
Remeasurements of defined benefit plans	**3.3**	1.7
Tax on items that will not be reclassified	**(0.5)**	(0.3)
	2.8	1.4
Items that may be reclassified subsequently to profit or loss:		
Net exchange translation differences		
- net (loss)/gain arising during the year	**(148.1)**	400.9
Cash flow hedges		
- net loss arising during the year	**(11.7)**	(20.8)
- transfer to profit and loss	**(0.1)**	(0.4)
	(11.8)	(21.2)
Tax relating to items that may be reclassified	**1.9**	3.5
Share of other comprehensive income of associates and joint ventures	**87.1**	242.4
	(70.9)	625.6
Other comprehensive (expense)/income for the year, net of tax	**(68.1)**	627.0
Total comprehensive expense for the year	**(411.9)**	(2,024.8)
Attributable to:		
Shareholders of the Company	**(419.4)**	(2,025.1)
Non-controlling interests	**7.5**	0.3
	(411.9)	(2,024.8)

Hongkong Land Holdings Limited
Consolidated Balance Sheet
at 31st December 2021

	2021 US$m	2020 US$m
Net operating assets		
Fixed assets	**127.8**	125.2
Right-of-use assets	**12.4**	12.4
Investment properties *(note 10)*	**28,600.2**	30,083.3
Associates and joint ventures	**9,515.3**	8,921.2
Non-current debtors	**29.7**	42.0
Deferred tax assets	**67.7**	35.5
Pension assets	**1.8**	0.7
Non-current assets	**38,354.9**	39,220.3
Properties for sale	**2,970.5**	1,948.8
Current debtors	**1,029.4**	1,081.7
Current tax assets	**28.3**	14.4
Bank balances	**1,479.5**	1,996.6
Current assets	**5,507.7**	5,041.5
Current creditors	**(2,194.6)**	(1,572.0)
Current borrowings *(note 11)*	**(865.3)**	(689.5)
Current tax liabilities	**(202.9)**	(153.0)
Current liabilities	**(3,262.8)**	(2,414.5)
Net current assets	**2,244.9**	2,627.0
Long-term borrowings *(note 11)*	**(5,717.9)**	(5,875.4)
Deferred tax liabilities	**(227.9)**	(195.8)
Pension liabilities	**-**	(1.3)
Non-current creditors	**(35.8)**	(36.3)
	34,618.2	35,738.5
Total equity		
Share capital	**229.8**	233.4
Share premium	**67.4**	257.3
Revenue and other reserves	**34,286.6**	35,218.4
Shareholders' funds	**34,583.8**	35,709.1
Non-controlling interests	**34.4**	29.4
	34,618.2	35,738.5

Hongkong Land Holdings Limited
Consolidated Statement of Changes in Equity
for the year ended 31st December 2021

	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
2021								
At 1st January	**233.4**	**257.3**	**34,881.2**	**(21.6)**	**358.8**	**35,709.1**	**29.4**	**35,738.5**
Total comprehensive (expense)/income	**-**	**-**	**(346.4)**	**1.4**	**(74.4)**	**(419.4)**	**7.5**	**(411.9)**
Dividends paid by the Company	**-**	**-**	**(513.4)**	**-**	**-**	**(513.4)**	**-**	**(513.4)**
Dividends paid to non-controlling shareholders	**-**	**-**	**-**	**-**	**-**	**-**	**(0.9)**	**(0.9)**
Unclaimed dividends forfeited	**-**	**-**	**1.0**	**-**	**-**	**1.0**	**-**	**1.0**
Disposal of subsidiaries	**-**	**-**	**-**	**-**	**-**	**-**	**(1.6)**	**(1.6)**
Repurchase of shares	**(3.6)**	**(189.9)**	**-**	**-**	**-**	**(193.5)**	**-**	**(193.5)**
At 31st December	**229.8**	**67.4**	**34,022.4**	**(20.2)**	**284.4**	**34,583.8**	**34.4**	**34,618.2**
2020								
At 1st January	233.4	257.3	38,039.8	8.3	(292.0)	38,246.8	43.0	38,289.8
Total comprehensive (expense)/income	-	-	(2,646.0)	(29.9)	650.8	(2,025.1)	0.3	(2,024.8)
Dividends paid by the Company	-	-	(513.4)	-	-	(513.4)	-	(513.4)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	(0.9)	(0.9)
Unclaimed dividends forfeited	-	-	0.8	-	-	0.8	-	0.8
Disposal of subsidiaries	-	-	-	-	-	-	(13.0)	(13.0)
At 31st December	233.4	257.3	34,881.2	(21.6)	358.8	35,709.1	29.4	35,738.5

Hongkong Land Holdings Limited
Consolidated Cash Flow Statement
for the year ended 31st December 2021

	2021 US$m	2020 US$m
Operating activities		
Operating loss	**(429.5)**	(2,483.4)
Depreciation and amortisation	**16.3**	15.3
Change in fair value of investment properties	**1,375.5**	3,443.4
Gain on disposal of subsidiaries and joint ventures	**(37.6)**	(7.2)
(Increase)/decrease in properties for sale	**(991.6)**	164.2
Decrease in debtors	**52.4**	19.1
Increase in creditors	**633.3**	162.5
Interest received	**43.2**	42.3
Interest and other financing charges paid	**(215.8)**	(220.1)
Tax paid	**(156.7)**	(267.9)
Dividends from associates and joint ventures	**239.1**	112.9
Cash flows from operating activities	**528.6**	981.1
Investing activities		
Major renovations expenditure	**(98.9)**	(129.1)
Developments capital expenditure	**(1.5)**	(4,499.1)
(Investments in and advances to)/repayments from associates and joint ventures	**(397.1)**	599.0
Proceeds received for disposal of subsidiaries	**5.7**	4,619.0
Deposits refunded for disposal of subsidiaries	**-**	(2,005.7)
Proceeds on disposal of joint ventures	**59.6**	-
Cash flows from investing activities	**(432.2)**	(1,415.9)
Financing activities		
Drawdown of borrowings	**1,840.0**	3,726.9
Repayment of borrowings	**(1,764.1)**	(2,268.8)
Principal elements of lease payments	**(3.3)**	(4.6)
Repurchase of shares	**(191.9)**	-
Dividends paid by the Company	**(509.1)**	(509.6)
Dividends paid to non-controlling shareholders	**(0.9)**	(0.9)
Cash flows from financing activities	**(629.3)**	943.0
Net cash (outflow)/inflow	**(532.9)**	508.2
Cash and cash equivalents at 1st January	**1,990.4**	1,418.0
Effect of exchange rate changes	**18.6**	64.2
Cash and cash equivalents at 31st December	**1,476.1**	1,990.4

Hongkong Land Holdings Limited
Notes

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 2021 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 Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (effective 1st January 2021). The amendments provide practical expedient from certain requirements under the IFRSs as a result of the reform which affect the measurement of financial assets, financial liabilities and lease liabilities, and a number of reliefs for hedging relationships. The Group applied the amendments from 1st January 2021 and there is no significant impact on the Group's consolidated financial statements.

Apart from the above, there are no other amendments which are effective in 2021 and relevant to the Group's operations that have a significant impact on the Group's results, financial position and accounting policies.

The Group has not early adopted any standard, interpretation or amendment that has been issued but not yet effective.

2. REVENUE

	2021 US$m	2020 US$m
Rental income	**946.7**	937.6
Service income	**182.3**	147.5
Sales of properties		
- recognised at a point in time	**687.6**	484.3
- recognised over time	**567.7**	524.8
	1,255.3	1,009.1
	2,384.3	2,094.2

Total variable rents included in rental income amounted to US$29.2 million *(2020: US$19.9 million)*.

3. NET OPERATING COSTS

	2021 US$m	2020 US$m
Cost of sales	**(1,283.9)**	(982.6)
Other income	**16.0**	31.2
Administrative expenses	**(208.5)**	(190.0)
Gain on disposal of subsidiaries and joint ventures	**37.6**	7.2
Asset impairment reversal	**0.5**	-
	(1,438.3)	(1,134.2)

4. OPERATING (LOSS)/PROFIT

	2021 US$m	2020 US$m
By business		
Investment Properties	**836.0**	835.5
Development Properties	**196.5**	198.3
Corporate	**(89.1)**	(74.8)
	943.4	959.0
Change in fair value of investment properties	**(1,375.5)**	(3,443.4)
Gain on disposal of subsidiaries	**2.1**	1.0
Asset impairment reversal	**0.5**	-
	(429.5)	(2,483.4)

5. SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES

	2021 US$m	2020 US$m
By business		
Investment Properties		
- operating profit	**136.8**	127.8
- net financing charges	**(31.8)**	(36.1)
- tax	**(16.6)**	(16.5)
- net profit	**88.4**	75.2
Development Properties		
- operating profit	**447.8**	325.9
- net financing charges	**(8.7)**	(8.1)
- tax	**(169.9)**	(121.7)
- non-controlling interests	**(1.7)**	(3.8)
- net profit	**267.5**	192.3
Underlying business performance	**355.9**	267.5
Change in fair value of investment properties (net of tax)	**80.6**	(175.4)
	436.5	92.1

6. TAX

	2021 US$m	2020 US$m
Tax charged to profit and loss is analysed as follows:		
Current tax	**(191.1)**	(164.5)
Deferred tax	**(4.5)**	19.9
	(195.6)	(144.6)

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

	2021 US$m	2020 US$m
Remeasurements of defined benefit plans	**(0.5)**	(0.3)
Cash flow hedges	**1.9**	3.5
	1.4	3.2

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$198.2 million *(2020: US$125.9 million)* is included in share of results of associates and joint ventures.

7. NON-TRADING ITEMS

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

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

	2021 US$m	2020 US$m
Change in fair value of investment properties	**(1,375.5)**	(3,443.4)
Tax on change in fair value of investment properties	**(16.9)**	4.9
Gain on disposal of subsidiaries	**2.1**	1.0
Asset impairment reversal	**0.5**	-
Share of change in fair value of investment properties in associates and joint ventures (net of tax)	**80.6**	(175.4)
Non-controlling interests	**(6.0)**	2.2
	(1,315.2)	(3,610.7)

8. EARNINGS PER SHARE

Earnings per share are calculated on loss attributable to shareholders of US$349.2 million *(2020: US$2,647.4 million)* and on the weighted average number of 2,328.3 million *(2020: 2,333.9 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:

	2021		2020	
	US$m	**Earnings per share US¢**	US$m	Earnings per share US¢
Underlying profit attributable to shareholders	**966.0**	**41.49**	963.3	41.27
Non-trading items *(note 7)*	**(1,315.2)**		(3,610.7)	
Loss attributable to shareholders	**(349.2)**	**(15.00)**	(2,647.4)	(113.43)

9. DIVIDENDS

	2021 US$m	2020 US$m
Final dividend in respect of 2020 of US¢16.00 *(2019: US¢16.00) per share*	**373.4**	373.4
Interim dividend in respect of 2021 of US¢6.00 *(2020: US¢6.00) per share*	**140.0**	140.0
	513.4	513.4

A final dividend in respect of 2021 of US¢16.00 *(2020: US¢16.00)* per share amounting to a total of US$367.6 million *(2020: US$373.4 million)* is proposed by the Board. The dividend proposed will not be accounted for until it has been approved at the 2022 Annual General Meeting. The amount will be accounted for as an appropriation of revenue reserves in the year ending 31st December 2022.

10. INVESTMENT PROPERTIES

	2021 US$m	2020 US$m
At 1st January	**30,083.3**	33,191.2
Exchange differences	**(155.7)**	635.8
Additions	**56.4**	4,621.3
Disposal of subsidiaries	**(8.3)**	(4,921.6)
Decrease in fair value	**(1,375.5)**	(3,443.4)
At 31st December	**28,600.2**	30,083.3

11. BORROWINGS

	2021 US$m	2020 US$m
Current		
Bank overdrafts	**3.4**	6.2
Bank loans	**86.0**	100.3
Current portion of long-term borrowings		
- bank loans	**155.5**	516.8
- medium term notes	**620.4**	66.2
	865.3	689.5
Long-term		
Bank loans	**1,882.2**	1,939.1
Medium term notes		
- due 2022	**-**	622.7
- due 2023	**179.2**	180.1
- due 2024	**406.8**	414.3
- due 2025	**644.5**	646.2
- due 2026	**38.6**	38.8
- due 2027	**186.0**	186.8
- due 2028	**182.5**	183.5
- due 2029	**121.2**	121.9
- due 2030	**697.7**	697.9
- due 2031	**568.6**	25.5
- due 2032	**140.0**	140.8
- due 2033	**89.1**	89.6
- due 2034	**77.1**	77.5
- due 2035	**253.6**	254.9
- due 2038	**109.0**	111.3
- due 2039	**109.9**	112.4
- due 2040	**31.9**	32.1
	3,835.7	3,936.3
	5,717.9	5,875.4
	6,583.2	6,564.9

12. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Total capital commitments at 31st December 2021 amounted to US$1,183.5 million *(2020: US$828.8 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

Jardine Strategic Limited ('JSL') became the parent company of the Group following the completion of the simplification of the Group's parent company structure in April 2021. Jardine Strategic Holdings Limited and JMH Bermuda Limited, a wholly-owned subsidiary of the Group's ultimate parent company, Jardine Matheson Holdings Limited ('JMH'), amalgamated under the Bermuda Companies Act to form JSL, a wholly-owned subsidiary of JMH. Both JMH and JSL are incorporated in Bermuda.

In the normal course of business, the Group has entered into a variety of transactions with the subsidiaries, associates and joint ventures of JMH ('Jardine Matheson group members'). The more significant of these transactions 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 2021 was US$4.8 million *(2020: US$4.8 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 2021 amounted to US$19.5 million *(2020: US$19.3 million)*.

The Group provided project management services and property management services to Jardine Matheson group members in 2021 amounting to US$3.4 million *(2020: US$3.7 million)*.

Jardine Matheson group members provided property maintenance and other services to the Group in 2021 in aggregate amounting to US$48.7 million *(2020: US$63.1 million)*.

Hotel management services
Jardine Matheson group members provided hotel management services to the Group in 2021 amounting to US$3.6 million *(2020: US$1.6 million)*.

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

Hongkong Land Holdings Limited
Principal Risks and Uncertainties

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, Chief Executive's Review and other parts of the Company's 2021 Annual Report (the 'Report').

Economic 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, customers 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.

Mitigation Measures
- Monitor the volatile macroeconomic environment and consider economic factors in strategic and financial planning processes
- Make agile adjustments to existing business plans and explore new business streams and new markets
- Review pricing strategies

Commercial Risk

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

The Group makes significant investment decisions regarding commercial and residential development projects, and these are subject to market risks. This is especially the case where projects are longer-term in nature and take more time to deliver returns.

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

It is essential for the products and services provided by the Group's businesses to meet the 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.

Commercial Risk *(continued)*

The potential impact of disruption to IT systems or infrastructure, whether due to cyber-crime or other factors, could be significant. There is also an increasing risk to our businesses from adverse social media commentary, which could influence customer and other stakeholder behaviours and impact operations or profitability or lead to reputational damage.

Mitigation Measures
- Utilise market intelligence and deploy digital strategies for business-to-consumer businesses
- Establish customer relationship management programme and digital commerce capabilities
- Engage in longer-term contracts and proactively approach suppliers for contract renewals
- Re-engineer existing business processes

Financial and Treasury Risk

The Group's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk.

The market risk the Group faces includes i) foreign exchange risk from future commercial transactions, net investments in foreign operations and net monetary assets and liabilities that are denominated in a currency that is not the entity's functional currency; ii) interest rate risk through the impact of rate changes on interest bearing liabilities and assets; and iii) securities price risk as a result of its equity investments and limited partnership investment funds which are measured at fair value through profit and loss, and debt investments which are measured at fair value through other comprehensive income.

The Group's credit risk is primarily attributable to deposits with banks, contractual cash flows of debt investments carried at amortised cost and those measured at fair value through other comprehensive income, credit exposures to customers and derivative financial instruments with a positive fair value.

The Group may face liquidity risk if its credit rating deteriorates or if it is unable to meet its financing commitments.

Mitigation Measures
- Limiting foreign exchange and interest rate risks to provide a degree of certainty about costs
- Management of the investment of the Group's cash resources so as to minimise risk, while seeking to enhance yield
- Adopting appropriate credit guidelines to manage counterparty risk
- When economically sensible to do so, taking borrowings in local currency to hedge foreign exchange exposures on investments
- A portion of borrowings is denominated in fixed rates. Adequate headroom in committed facilities is maintained to facilitate the Group's capacity to pursue new investment opportunities and to provide some protection against market uncertainties

Financial and Treasury Risk *(continued)*
Mitigation Measures *(continued)*

- The Group's funding arrangements are designed to keep an appropriate balance between equity and debt from banks and capital markets, both short and long term in tenor, to give flexibility to develop the business. The Company also maintains sufficient cash and marketable securities, and ensures the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions
- The Group's treasury operations are managed as cost centres and are not permitted to undertake speculative transactions unrelated to underlying financial exposures

The detailed 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.

Regulatory and Political Risk

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

Changes in the political environment, including political or social unrest, in the territories where the Group operates, could adversely affect the Group.

Mitigation Measures

- Stay connected and informed of relevant new and draft regulations
- Engage external consultants and legal experts where necessary
- Raise awareness via principal's brand conference with an annual update on new regulations that may have been implemented in other markets

Key Contracts Risk

Many of the Group's businesses and projects rely on concessions, management, outsourcing or other vital contracts. Accordingly, cancellation, expiry or termination, or the renegotiation of any such concession, management, outsourcing or other third-party key contracts could adversely affect the financial condition and results of operations of certain subsidiaries, associates and joint ventures of the Group.

Mitigation Measures

- Monitor materials and services providers' performance and compliance with standards set out in contracts to ensure quality
- Engage experts to manage the key contracts
- Diversify suppliers/contractors portfolio to avoid over-reliance on specific suppliers/ contractors for key operations

Pandemic, Terrorism and Natural Disasters Risk

A global or regional pandemic would impact the Group's business, affecting travel patterns, demand for the Group's products and services, and possibly the Group's ability to operate effectively. The Group's properties and/or project sites are also vulnerable to the effects of terrorism, either directly through the impact of an act of terrorism or indirectly through generally reduced economic activity in response to the threat of or an actual act of terrorism. In addition, a number of the territories in which the Group operates can experience from time to time natural disasters such as typhoons, floods, earthquakes and tsunamis.

Mitigation Measures
- Flexible work arrangements and compliance with hygiene protocols
- Supply chain stabilisation includes sourcing backup suppliers and better coordination with logistics partners
- Insurance programmes that provide robust cover for natural disasters including property damage and business interruption

Cybersecurity Risk

The Group's businesses are ever more reliant on technology in their operations and face increasing numbers of cyberattacks from groups targeting both individuals and businesses. As a result, the privacy and security of customer, tenant and corporate information are at risk of being compromised through a breach of our or our suppliers' IT systems or the unauthorised or accidental release of information, resulting in brand damage, impaired competitiveness or regulatory action. Cyberattacks may also adversely affect our ability to manage our business operations or operate information technology and business systems, resulting in business interruption, lost revenues, repair or other costs.

Mitigation measures
- Engage external consultants to perform assessments on the business units with industry benchmarks
- Define cybersecurity programme and centralised function to provide oversight, manage cybersecurity matters, and strengthen cyber defences and security measures
- Perform regular vulnerability assessment and/or penetration testing to identify weaknesses
- Maintain disaster recovery plans and backup for data restoration
- Arrange regular security awareness training at least annually and phishing testing to raise users' cybersecurity awareness

People Risk

The competitiveness of the Group's businesses depends on the quality of the people that it attracts and retains. Unavailability of needed human resources may impact the ability of the Group's businesses to operate at capacity, implement initiatives and pursue opportunities.

The pandemic has accelerated corporate investments in digital projects and stimulated global consumer demand for e-commerce. This has created heightened demand and competition across industries for various skillsets, particularly in IT and logistics. Pandemic-related travel restrictions and a more stringent approach to issuing work visas to non-locals in some of the key markets have also disrupted the availability of labour across borders, exacerbating labour shortages as economies rebound.

Mitigation Measures

- Ensure proactive manpower planning and succession planning are in place
- Enhance modern employer branding, training for staff members, compensation and benefits, talent development plan
- Implement strategy to promote diversity and inclusion across the Group
- Provide employee retention programmes
- Establish employee assistance programmes

Investment, Strategic Transactions and Partnerships Risk

Competition for attractive investment opportunities has increased with the rise of global investment funds and deep pools of low-cost capital, supporting a greater appetite by investors across sectors for strategic transactions and partnerships to optimise the business portfolio and enhance growth. As the Group's businesses pursue projects and investments against keen competitors, they face pressure on the terms they are willing to secure and accept prized assets and relationships.

In addition, conflicts with strategic partners may arise due to various reasons such as different corporate cultures and management styles.

Mitigation Measures

- Conduct sufficient research, due diligence and evaluation of investment opportunities and potential business partners
- Develop clear frameworks and levels of authority for investment or partnership decisions
- Regular performance monitoring and strategic reviews of new businesses and projects

Environmental and Climate Risk

Global climate change has led to a trend of increased frequency and intensity of potentially damaging natural events for the Group's assets and operations. With interest in sustainability surging in recent years from investors, governments and other interested parties, expectations by regulators and other stakeholders for accurate corporate sustainability reporting and commitments towards carbon neutrality and other sustainability related goals are also growing. This brings increasing challenges to the Group and its businesses to meet key stakeholders' expectations.

Mitigation Measures
In addition to being addressed under the Group's Risk Management Framework and processes, mitigation measures are reviewed and approved by the Group's Sustainability Committee as part of a broader sustainability framework already in place to execute on initiatives over the long-term.

Mitigation measures in respect of environmental and climate risks:

- A commitment to the Science-Based Targets initiative's campaign to set decarbonisation targets in line with climate science, to meet the goals of the Paris Agreement, aimed at limiting global warming to 1.5°C
- Perform and update climate risk assessments and adaptation action plans based on the recommendations of the Task Force on Climate-related Financial Disclosure ('TCFD'), including implementing measures to address physical risks posed by climate change and identifying opportunities in the global transition to a low carbon economy
- Consistent retrofitting of existing assets, as well as identification and deployment of emerging PropTech solutions to drive energy efficiency
- Increase the procurement of renewable energy, including expanding onsite renewable energy generation capacity, to reduce emissions
- Continue implementing the Group's robust and long-standing green building certification programme to minimise environmental impact of existing assets
- Establish performance-based targets on embodied carbon emissions targeting concrete, rebar and structural steel used for new developments
- Support the financial sector's green transition via increased participation in the sustainable financing markets
- Test and audit periodically the Group's Business Continuity Plans
- Assess emerging ESG reporting standards and requirements, and align the Group's disclosures to best market practice

Hongkong Land Holdings Limited
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 2021 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
Craig Beattie

Directors

Dividend Information for Shareholders

The final dividend of US¢16.00 per share will be payable on 11th May 2022, subject to approval at the Annual General Meeting to be held on 5th May 2022, to shareholders on the register of members at the close of business on 18th March 2022. The shares will be quoted ex-dividend on 17th March 2022, and the share registers will be closed from 21st to 25th March 2022, inclusive.

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

Shareholders on the Jersey branch register

Shareholders registered on the Jersey branch register will have the option to elect for their dividends to be paid in Sterling. These shareholders may make new currency elections for the 2021 final dividend by notifying the United Kingdom transfer agent in writing by 22nd April 2022. The Sterling equivalent of dividends declared in United States Dollars will be calculated by reference to a rate prevailing on 27th April 2022.

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

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

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

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') *(continued)*

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

Shareholders on the Singapore branch register who wish to deposit their shares into the CDP system by the dividend record date, being 18th March 2022, must submit the relevant documents to M & C Services Private Limited, the Singapore branch registrar, by no later than 5.00 p.m. (local time) on 17th March 2022.

About Hongkong Land Group

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

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

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

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

- end -

For further information, please contact:

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Full text of the Preliminary Announcement of Results and the Preliminary Financial Statements for the year ended 31st December 2021 can be accessed through the Internet at 'www.hkland.com'.