Hongkong Land Holdings Limited

Announcement

11th March 2021

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
2020 PRELIMINARY ANNOUNCEMENT OF RESULTS

Highlights

- Underlying profit of US$963 million, down 11%
- Net asset value per share down 7% on lower capital values
- Dividend level maintained
- 43% interest retained in the prime West Bund project in Shanghai
- Balance sheet and funding position remain strong

"The Group continues to operate in a challenging environment and uncertainty remains about the duration of the pandemic and the impact it will have on the Group. The Investment Properties portfolio and the Development Properties business are, however, expected to remain resilient in 2021."

Ben Keswick
Chairman

Results

	Year ended 31st December		
	2020 US$m	2019 US$m	Change %
Underlying profit attributable to shareholders*	**963**	1,076	−11
(Loss)/profit attributable to shareholders	**(2,647)**	198	n/a
Shareholders' funds	**35,709**	38,247	−7
Net debt	**4,568**	3,591	+27
	US¢	US¢	%
Underlying earnings per share*	**41.27**	46.12	−11
Earnings per share	**(113.43)**	8.48	n/a
Dividends per share	**22.00**	22.00	-
	US$	US$	%
Net asset value per share	**15.30**	16.39	−7

* 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 12th May 2021, subject to approval at the Annual General Meeting to be held on 5th May 2021, to shareholders on the register of members at the close of business on 26th March 2021.

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HONGKONG LAND HOLDINGS LIMITED

PRELIMINARY ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST DECEMBER 2020

OVERVIEW

The Group's performance was negatively impacted by COVID-19, particularly in relation to the granting of retail rent relief in the Investment Properties business and a lower contribution from Development Properties as a result of fewer expected residential completions. On the Chinese mainland, sentiment in the Group's markets has recovered to pre-pandemic levels.

The Group responded decisively during the year to the pandemic, prioritising the health and safety of our people and customers and taking actions to manage costs and to further strengthen our financial position. These efforts will continue whilst the possibility of further waves of the pandemic remains.

The Group also remains focused on addressing changes in customer behaviours, and the need to adapt and align to new situations resulting from COVID-19, and is continuing to add to its suite of digital services and flexible spaces that are available to tenants and customers.

PERFORMANCE

Underlying profit attributable to shareholders fell 11% to US$963 million.

Including net losses of US$3,610 million resulting from lower valuations of the Group's investment properties, the loss attributable to shareholders was US$2,647 million. This compares to a profit of US$198 million in 2019, which included net losses of US$878 million arising from revaluations.

The net asset value per share at 31st December 2020 was US$15.30, compared with US$16.39 at the end of 2019.

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

In Hong Kong, office leasing activity in Central was largely subdued as a result of economic uncertainties brought about by the pandemic. However, as a result of the Group's active lease management in recent years, the Central office portfolio performed relatively well amidst the current market downturn. Physical vacancy at the end of 2020 was 6.3%, whilst vacancy on a committed basis was 5.9%. Rental reversions were broadly neutral, with average office rents increasing from HK$118 per sq. ft in 2019 to HK$120 per sq. ft in 2020.

Retail market sentiment in Hong Kong was severely impacted by the pandemic and resulting travel restrictions, although there were modest improvements in the second half of the year. Average retail rent in 2020 decreased to HK$164 per sq. ft from HK$222 per sq. ft in 2019, primarily due to the granting of temporary rent relief, which has been charged to underlying profit as incurred, and negative base rental reversions. Vacancy was 0.3% on both a physical and committed basis, unchanged from the prior year. The portfolio retains its position as the pre-eminent luxury shopping and fine dining destination in Hong Kong.

The value of the Group's Hong Kong Investment Properties portfolio decreased by 10% compared to the prior year, due to lower open market rents.

In Singapore, vacancy in the Group's office portfolio was 2.1% on a physical and committed basis at the end of 2020, compared with 5.0% at the end of 2019. Rental reversions were positive, with average rents increasing to S$9.9 per sq. ft in 2020 from S$9.7 per sq. ft in 2019.

In Beijing, WF CENTRAL experienced a significant decline in tenant sales and footfall in the first half of the year due to the pandemic, whilst trading performance in the second half of the year recovered to pre-pandemic levels buoyed by the strong recovery in luxury retail spending on the Chinese mainland.

In Shanghai, planning and development of the Group's prime mixed-use development on the West Bund, secured in February 2020, is proceeding on schedule with completion expected in multiple phases to 2027. The project will be jointly developed with a strategic investor headquartered on the Chinese mainland and a government-held SPV, with the Group retaining a 43% interest in the joint venture.

Development Properties

The Group's Development Properties business saw varying levels of disruption across the region due to the temporary suspension of sales and development activities, with construction delays impacting its full year performance.

On the Chinese mainland, sentiment in the Group's core markets has recovered to pre-pandemic levels. Profit contribution decreased compared to the prior year due to fewer planned completions resulting from construction delays and a change in product sales mix transferred to buyers. The Group's attributable interest in contracted sales of US$2,135 million was 14% higher than in 2019 due to a change in sales location mix. At 31st December 2020, the Group had an attributable interest of US$2,584 million in sold but unrecognised contracted sales, compared with US$1,860 million at the end of 2019.

The Group participated in a number of land auctions during the year, although it remained difficult to secure new sites due to a highly competitive primary land market. The Group did, however, secure a wholly-owned predominantly residential project in a prime location in Chongqing during the year. The site has a developable area of 174,000 sq. m. and will be developed in two phases, with completion expected in 2025.

In Singapore, recognised profits in 2020 were lower than the prior year largely due to construction delays caused by the pandemic. Despite the headwinds, pre-sales at the 1,404-unit Parc Esta and the 638-unit Leedon Green projects have performed well under current market conditions, with construction of the two projects scheduled to complete by 2021 and 2022, respectively. The Group's attributable interest in contracted sales was US$632 million, compared to US$669 million in the prior year.

In the rest of Southeast Asia, development activities have largely resumed, although market sentiment remains subdued in light of the ongoing impact of COVID-19 and the restrictions imposed to contain it.

Financing

The Group's financial position remains strong with net debt of US$4.6 billion on 31st December 2020, up from US$3.6 billion at the end of 2019, primarily due to the acquisition of the West Bund site. Net gearing at the end of the year was 13%, compared with 9% at the end of 2019. As at 31st December 2020, the Group had committed liquidity of US$4.3 billion, compared to US$3.2 billion at the end of 2019, with an average tenor of debt of 6.6 years compared to 6.1 years at the end of 2019.

PEOPLE

Despite the unprecedented challenges brought about by the pandemic, our employees have shown exemplary commitment and resilience in safeguarding the wellbeing of our customers. On behalf of the Board, I would like to take this opportunity to thank them for their dedication and hard work throughout the year.

John Witt succeeded me as Managing Director on 15th June 2020. I will continue as Chairman. Mark Greenberg stepped down from the Board on 31st December 2020. We are grateful for his contribution to the Group since his appointment as a Director in 2006.

OUTLOOK

The Group continues to operate in a challenging environment and uncertainty remains about the duration of the pandemic and the impact it will have on the Group. The Investment Properties portfolio and the Development Properties business are, however, expected to remain resilient in 2021.

Ben Keswick
Chairman

CHIEF EXECUTIVE'S REVIEW

Hongkong Land produced a solid performance for the year despite the challenges caused by the ongoing pandemic, with underlying earnings modestly lower than the record results achieved in 2019. Contributions from the Group's Investment Properties portfolio were moderately impacted by the provision of temporary retail rent relief and higher average office vacancy. Results from Development Properties were impacted by a delay in the timing of profit recognition primarily resulting from pandemic-related construction delays and lower margins due to changes in the sales mix.

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 in nature 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 86% of the Group's gross assets at the end of 2020 (2019: 87%) and contributed 65% of the Group's underlying operating profit before corporate expenses in 2020 (2019: 61%).

The Group's Development Properties are primarily premium residential and mixed-use developments located on the Chinese mainland 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 14% of the Group's gross assets at the end of 2020 (2019: 13%) and 35% of the Group's underlying operating profit before corporate expenses in 2020 (2019: 39%).

Geographically, China generates the bulk of the Group's earnings. Hong Kong, which predominantly comprises Investment Properties, accounted for 54% of the Group's underlying operating profit before corporate expenses (2019: 51%), whilst the Chinese mainland, which predominantly comprises Development Properties, accounted for 28% (2019: 32%).

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 pursue new opportunities in both its Investment Properties and Development Properties businesses in its key markets. During 2020, the Group's share of capital allocated to new investments totalled US$3.5 billion (2019: US$1.2 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, and 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 main 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 continue to be 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. On the Chinese mainland, 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 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 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 on the Chinese mainland and in Southeast Asia. On the Chinese mainland, 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. Whilst 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 2020 totalled 9.1 million sq. m., compared to 9.0 million sq. m. at the end of 2019. Of this, construction of approximately 43% had been completed at the end of 2020, compared to 37% at the end of 2019.

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 the Chinese mainland. 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 2020 were lower than the prior year due primarily to rent relief granted in support of our retail tenants across the region and higher average office vacancy.

Hong Kong

Overall demand in the office market remained subdued in 2020 on the backdrop of travel restrictions and other pandemic-related measures, with few new entrants in the market. Physical vacancy in the Group’s Central office portfolio was 6.3% at the year-end, up from 2.9% at the end of 2019. On a committed basis, vacancy was 5.9%. Vacancy for the overall Central Grade A office market was 7.3% at the end of 2020, compared to 3.6% at the end of 2019. Rental reversions during the year were broadly neutral, as the portfolio benefited from a number of leases which were concluded prior to the onset of the pandemic in Hong Kong. The Group’s average office rent in 2020 was HK$120 per sq. ft, up from last year’s average of HK$118 per sq. ft. Financial institutions, legal firms and accounting firms occupy 80% of the Group’s total leased office space. The weighted average lease expiry of the office portfolio at the end of 2020 stood at 4.6 years, broadly unchanged from the end of 2019.

The Group’s retail portfolio in Hong Kong was severely impacted by weakened sentiment in the luxury retail market as a result of the pandemic. However, vacancy, on both a physical and committed basis, remained low at 0.3%, unchanged from the end of 2019. Average retail rent in 2020 decreased to HK$164 per sq. ft from HK$222 per sq. ft in 2019, predominantly due to temporary rent relief provided to tenants. Base rental reversions were negative, reflecting falling retail rents across Hong Kong.

In June 2020, the Group successfully opened *BaseHall*, a first-of-its-kind food hall concept in the basement level of Jardine House. BaseHall aims to provide our tenants and other patrons with the best of the city’s buzzing culinary scene by championing Hong Kong’s exceptional food culture and incubating homegrown talents. The BaseHall has eight food outlets and two bars, all operated by celebrated names in Hong Kong’s culinary landscape chosen for their creative concepts and outstanding offerings. To accommodate the demand for innovative concepts, vendors will rotate on a regular basis.

In December 2020, the Group debuted *BELOWGROUND* on the basement level of the LANDMARK. BELOWGROUND is a hybrid cultural and retail destination that serves as a bridge to connect traditional luxury retail with contemporary culture. By working alongside world-renowned streetwear brands and creative collaborators, BELOWGROUND aims to become a thriving cultural ecosystem that shapes a future in which no boundaries exist between luxury, fashion, culture and art. This new concept will continually have a curated roster of various retail concepts and experiences.

The value of the Group's Investment Properties portfolio in Hong Kong at 31st December 2020, based on independent valuations, declined by 10% to US$28.4 billion due to lower open market rents, with no change in capitalisation rates.

Singapore

The Singapore office leasing market remained relatively soft in 2020. Overall vacancy across the entire Grade A central business district was 6.8% at the end of 2020, compared to 4.2% at the end of 2019. The Group's office portfolio continued to perform well, reflecting its high quality and unique positioning. The Group's average office rent in 2020 was S$9.9 per sq. ft, an increase from S$9.7 per sq. ft in the previous year, due to positive rental reversions. Vacancy was low at 2.1%, on both a physical and committed basis, at the year end, compared to 5.0% at the end of 2019. Financial institutions, legal firms and accounting firms occupy 77% of the Group's total leased office space. The weighted average lease expiry of the office portfolio at 2020 year-end stood at 3.8 years (2019: 4.4 years).

Following the introduction of the "By the Bay" mobile app in 2019, *Bayspace*, a plug-and-play flexible workspace, was successfully launched in late 2020. Bayspace has been designed with agility in mind and offers mid- to large-sized dedicated suites and project rooms for tenants looking to expand on short notice in a prestigious setting.

Chinese Mainland

In Beijing, trading at WF CENTRAL was negatively impacted by the pandemic in the first half of 2020, with the Group providing temporary rent relief on a case-by-case basis. Trading performance improved significantly in the second half of the year due to a strong recovery in luxury retail spending on the Chinese mainland. No further rent relief was provided in the last two quarters as tenant sales exceeded that of the same period last year.

In Shanghai, planning and development of the Group's prime mixed-use development on the West Bund, secured in February 2020, is proceeding on schedule. Completion is expected in phases from 2023 to 2027. The project will be jointly developed with a strategic investor headquartered on the Chinese mainland and a government-held SPV, with the Group retaining a 43% interest in the joint venture, as well as ongoing project and asset management rights.

Other Investment Properties

One Central Macau was impacted by weakened sentiment in the luxury retail market and pandemic-related travel restrictions, although there were modest improvements in trading from August 2020 due to the gradual relaxation of border restrictions with the Chinese mainland. Occupancy was 92%, unchanged from the end of the prior year. Average retail rent in 2020 decreased to MOP$120 per sq. ft from MOP$207 per sq. ft in 2019 due to temporary rent relief.

In Jakarta, the office portfolio remains resilient due to its high quality and unique positioning, despite the continued surplus of city-wide office supply and ongoing impact of the pandemic. Occupancy was 72% at the end of 2020, compared to 77% at the end of 2019. On a committed basis, occupancy was 79%. The average net effective rent was US$15.8 per sq. m. in 2020, compared to US$16.8 per sq. m. in the prior year.

In Phnom Penh, the office component of EXCHANGE SQUARE, located in the heart of the city's emerging financial district, was 91% occupied at the end of 2020, unchanged from 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 2026.

Performances at the Group's other investment properties were within expectations under current market conditions.

REVIEW OF DEVELOPMENT PROPERTIES

Earnings from the Group's Development Properties segment were lower in 2020 than in 2019, primarily due to pandemic-related construction delays across the region and lower margins on the Chinese mainland caused by a change in sales mix.

Chinese Mainland

The Group's development properties on the Chinese mainland comprise 26 projects in seven cities, of which 12 projects are in Chongqing. As at 31st December 2020, the Group's net investment in development properties on the Chinese mainland was US$4.8 billion, compared to US$4.4 billion at the end of 2019.

The Group participated in a number of land auctions during the year, although it remained difficult to successfully secure new sites due to a highly competitive primary land market. The Group did, however, secure a 174,000 sq. m. wholly-owned predominantly residential project in Chongqing during the year, to further strengthen its already strong presence in the city. The site is located immediately adjacent to the Guanyinqiao CBD in a mature area that is master-planned for urban improvement. The project will be developed in two phases, with completion expected in 2025.

Market sentiment in the Group's core markets started to recover in the second quarter following the temporary closure of all sales galleries and the suspension of construction activities and has since remained stable. The Group's share of total contracted sales in 2020 was US$2,135 million, 14% higher than the US$1,868 million achieved in the prior year. The Group's attributable interest in revenue recognised in 2020, including its share of revenue in joint ventures and associates, increased by 13% to US$1,518 million from US$1,348 million in 2019.

At 31st December 2020, the Group's attributable interest in sold but not yet recognised contracted sales amounted to US$2,584 million, an increase of 39% from US$1,860 million at the end of 2019.

Chongqing, the largest city in western China, remains the most significant market for the Group, representing some 38% of its Chinese mainland Development Properties exposure. Including a newly acquired project during the year, the Group has six wholly-owned projects in Chongqing – Yorkville South, Yorkville North, River One, The Pinnacle, Beryl Grove and a yet to be named project adjacent to Guanyinqiao CBD that was acquired in December 2020 – and six 50%-owned joint ventures: New Bamboo Grove, Landmark Riverside, Central Avenue, Harbour Tale, Hillview, and Scholar's Mansion.

The Group's attributable interest in 2020 revenue from property sales in Chongqing, including its share of revenue in joint ventures and associates, decreased by 7% to US$1,000 million, from US$1,077 million in 2019. The Group's attributable interest in the developable area of its Chongqing projects at the end of 2020 totalled 4.3 million sq. m., compared to 4.1 million sq. m. at the end of 2019. Of this, construction of approximately 66% had been completed at the end of 2020, compared to 58% at the end of 2019.

Shanghai is the second largest market for the Group, representing some 20% of its Chinese mainland Development Properties exposure. The Group has four joint venture projects in Shanghai – Parkville, Galaxy Midtown, Irvine Bay and 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 2020 totalled 383,000 sq. m., compared to 256,000 sq. m. at the end of 2019. Of this, construction of approximately 31% had been completed at the end of 2020, compared to 46% at the end of 2019.

Nanjing is the third most significant market for the Group, representing some 19% of its Chinese mainland Development Properties exposure. The Group has three joint venture projects in Nanjing – Yue City, JL CENTRAL and River and City.

The Group's attributable interest in the developable area of its Nanjing projects at the end of 2020 totalled 336,000 sq. m., unchanged from the prior year. Construction of approximately 39% of this had been completed at the end of 2020, compared to nil at the end of 2019.

In the central business district of Beijing's Chaoyang District, the Group's 30%-owned Grade A office development of 127,000 sq. m. of gross floor area remains in the planning phase, with construction expected to commence in 2022.

Singapore

The wholly-owned 309-unit Margaret Ville residential project, with a developable area of 22,000 sq. m., was 98% pre-sold at the 2020 year-end, with completion scheduled in 2021.

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 2021. As at the end of 2020, 92% of units had been 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 2022. At the end of 2020, 11% of the units had been pre-sold.

The Group's attributable interest in contracted sales was US$632 million in 2020, compared to US$669 million in the prior year. The Group's attributable interest in revenue recognised in 2020 was US$522 million, compared to US$516 million in the prior year.

At 31st December 2020, the Group's attributable interest in sold but not yet recognised contracted sales amounted to US$676 million, an increase of 18% from US$573 million at the end of 2019.

Other Development Properties

In Indonesia, development of the Group's projects was disrupted by the pandemic, with market sentiment yet to recover to pre-pandemic levels. Nava Park, the Group's 49%-owned joint venture, is a 68-hectare site in the southwest of Jakarta. Upon completion in 2031, Nava Park will comprise a mix of landed houses, villas, mid-rise apartments and low-rise commercial components. Of the 1,010 units that have been launched for sale, 77% had been pre-sold at the end of 2020.

Asya, a joint venture which includes Astra International, in which the Group has a 33.5% attributable interest, is a 67-hectare site located in the east of Jakarta. The project will yield a total developable area of approximately 896,000 sq. m., comprising landed houses, villas, apartments and low-rise commercial shophouses. It will be developed in multiple phases through to 2033. Of the 719 launched units, 43% had been pre-sold at the end of 2020.

Arumaya, the Group's 40%-owned joint venture with Astra International, is a 299-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 2022. All of the units had been launched as at the end of 2020, with 32% of the units reserved or 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 131,000 sq. m. and will be developed in two phases through to 2026. Sales launch for the first phase of the project is expected to commence in late 2021.

In the Philippines, development at Mandani Bay, a 40%-owned 20-hectare development in Cebu comprising principally residential units, continues to progress despite pandemic-related disruptions. The project will be developed in multiple phases through to 2036. Of the 4,179 residential and office units launched, 86% had been pre-sold at the end of 2020.

The Velaris, a 40%-owned joint venture project with Robinsons Land, is a two-hectare site situated in the Bridgetowne Township in Pasig City, Manila. The 1,953-unit luxury condominium project has a developable area of 144,000 sq. m. and will be developed in three phases through to 2031. Of the 185 units launched, 28% had been pre-sold at the end of 2020.

In Vietnam, the Marq, 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. Of the 412 units launched, 71% had been pre-sold at the end of 2020.

In Thailand, market sentiment has remained subdued since the onset of the pandemic. Construction of the Esse Sukhumvit 36, a 49%-owned 338-unit luxury condominium tower in the Sukhumvit area of Bangkok, was completed in early 2021. At the end of 2020, 64% of the project had been sold.

Nonthaburi, the Group's 49%-owned joint venture project, is a 1,217-unit luxury landed housing project located in Western Bangkok. The project has a total developable area of 434,000 sq. m. and is expected to be developed in four phases through to 2028. Lake Legend, the first phase of the project, comprises 57 landed houses. Of the 23 units launched, 26% had been pre-sold at the end of 2020.

King Kaew, a luxury residential project in which the Group has a 49% interest, is situated on King Kaew Road close to Suvarnabhumi International Airport. The project has a developable area of 178,000 sq. m. and will comprise 474 villas. It is expected to complete in 2029. The sales launch for the first phase of the project is expected to commence in mid-2021.

Wireless Road, a luxury condominium site in which the Group has a 49% interest, is situated on Wireless Road in Bangkok's central business district. The project has a total developable area of 64,000 sq. m., and will consist of over 700 units. Development will be in one phase, with completion expected in 2024. Sales launch for the first phase of the project is expected to commence in mid-2021.

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.

During the year, the Group entered into a number of sustainability-linked loans with an aggregate facility amount of HK$4.4 billion. The facilities index tiered discounts to interest rates against ESG targets, which incentivise the Group to demonstrate continuous improvements in greenhouse gas emissions, electricity consumption, reducing food waste, and solar energy generation, whilst maintaining green building certifications for the Group's Central Portfolio.

In November 2020, the Group launched the HK$100 million Hongkong Land HOME FUND, which was established as a multi-year initiative to focus on creating initiatives which benefit younger generations and our aspiration to foster a more inclusive society. In its first phase of collaborations, the fund worked with three community organisations in a series of programmes that benefit younger generations and families facing housing issues in Hong Kong.

In recognition of our continued efforts to adhere to the highest environmental standards, the Group was awarded the "Sustainability Achievement of the Year" at the RICS Awards 2020 in Hong Kong in relation to its management of the Hong Kong Central Portfolio.

Further details on the Group's approach to sustainability and related policies can be found on the Group's website at hkland.com/en/sustainability. The Group's sustainability performance for the financial year ended 31st December 2020 will be included in a standalone Sustainability Report to be published on the Group's website in the second quarter of 2021.

THE YEAR AHEAD

The Group continues to operate in a challenging environment and uncertainty remains about the duration of the pandemic and the impact it will have on the Group. Depending on overall economic conditions, the Group's Investment Properties portfolio is expected to remain resilient, underpinned by its high-quality tenant base. In the Development Properties business, it is hoped that higher completions on the Chinese mainland will lead to improved profit contributions. Higher financing costs are anticipated partly due to West Bund-related interest costs.

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In the coming year, we will continue to uphold the very highest standards in delivering innovative offerings and world-class service to both our tenants and customers. These values are critical to the future success of the Group and remain our priority in order to protect our leading market positions and 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 2020

	2020 Underlying business performance US$m	**2020 Non-trading items US$m**	**2020 Total US$m**	2019 Underlying business performance US$m	2019 Non-trading items US$m	2019 Total US$m
Revenue *(note 2)*	**2,094.2**	**-**	**2,094.2**	2,319.7	-	2,319.7
Net operating costs *(note 3)*	**(1,135.2)**	**1.0**	**(1,134.2)**	(1,149.3)	34.4	(1,114.9)
Change in fair value of investment properties *(note 7)*	**-**	**(3,443.4)**	**(3,443.4)**	-	(854.2)	(854.2)
Operating (loss)/profit *(note 4)*	**959.0**	**(3,442.4)**	**(2,483.4)**	1,170.4	(819.8)	350.6
Net financing charges						
- financing charges	**(194.9)**	**-**	**(194.9)**	(204.8)	-	(204.8)
- financing income	**79.0**	**-**	**79.0**	83.4	-	83.4
	(115.9)	**-**	**(115.9)**	(121.4)	-	(121.4)
Share of results of associates and joint ventures *(note 5)*						
- before change in fair value of investment properties	**267.5**	**-**	**267.5**	272.7	-	272.7
- change in fair value of investment properties	**-**	**(175.4)**	**(175.4)**	-	(32.6)	(32.6)
	267.5	**(175.4)**	**92.1**	272.7	(32.6)	240.1
(Loss)/profit before tax	**1,110.6**	**(3,617.8)**	**(2,507.2)**	1,321.7	(852.4)	469.3
Tax *(note 6)*	**(149.5)**	**4.9**	**(144.6)**	(246.6)	(20.5)	(267.1)
(Loss)/profit after tax	**961.1**	**(3,612.9)**	**(2,651.8)**	1,075.1	(872.9)	202.2
Attributable to:						
Shareholders of the Company	**963.3**	**(3,610.7)**	**(2,647.4)**	1,076.4	(878.4)	198.0
Non-controlling interests	**(2.2)**	**(2.2)**	**(4.4)**	(1.3)	5.5	4.2
	961.1	**(3,612.9)**	**(2,651.8)**	1,075.1	(872.9)	202.2

	US¢		**US¢**	US¢		US¢
Earnings per share (basic and diluted) *(note 8)*	**41.27**		**(113.43)**	46.12		8.48

Hongkong Land Holdings Limited
Consolidated Statement of Comprehensive Income
for the year ended 31st December 2020

	2020 US$m	2019 US$m
(Loss)/profit for the year	**(2,651.8)**	202.2
Other comprehensive income/(expense)		
Items that will not be reclassified to profit or loss:		
Remeasurements of defined benefit plans	**1.7**	2.2
Tax on items that will not be reclassified	**(0.3)**	(0.4)
	1.4	1.8
Items that may be reclassified subsequently to profit or loss:		
Net exchange translation differences		
- net gain arising during the year	**400.9**	166.3
Cash flow hedges		
- net (loss)/gain arising during the year	**(20.8)**	25.7
- transfer to profit and loss	**(0.4)**	(0.6)
	(21.2)	25.1
Tax relating to items that may be reclassified	**3.5**	(4.1)
Share of other comprehensive income of associates and joint ventures	**242.4**	29.5
	625.6	216.8
Other comprehensive income for the year, net of tax	**627.0**	218.6
Total comprehensive (expense)/income for the year	**(2,024.8)**	420.8
Attributable to:		
Shareholders of the Company	**(2,025.1)**	418.0
Non-controlling interests	**0.3**	2.8
	(2,024.8)	420.8

Hongkong Land Holdings Limited
Consolidated Balance Sheet
at 31st December 2020

	2020 **US$m**	2019 US$m
Net operating assets		
Fixed assets	**125.2**	127.6
Right-of-use assets	**12.4**	12.4
Investment properties *(note 10)*	**30,083.3**	33,191.2
Associates and joint ventures	**8,921.2**	7,226.1
Non-current debtors	**42.0**	48.1
Deferred tax assets	**35.5**	26.9
Pension assets	**0.7**	0.1
Non-current assets	**39,220.3**	40,632.4
Properties for sale	**1,948.8**	2,042.0
Current debtors	**1,081.7**	1,141.3
Current tax assets	**14.4**	19.5
Bank balances	**1,996.6**	1,424.0
Current assets	**5,041.5**	4,626.8
Current creditors	**(1,572.0)**	(1,460.8)
Current borrowings *(note 11)*	**(689.5)**	(715.3)
Current tax liabilities	**(153.0)**	(261.0)
Current liabilities	**(2,414.5)**	(2,437.1)
Net current assets	**2,627.0**	2,189.7
Long-term borrowings *(note 11)*	**(5,875.4)**	(4,299.9)
Deferred tax liabilities	**(195.8)**	(210.9)
Pension liabilities	**(1.3)**	(1.5)
Non-current creditors	**(36.3)**	(20.0)
	35,738.5	38,289.8
Total equity		
Share capital	**233.4**	233.4
Share premium	**257.3**	257.3
Revenue and other reserves	**35,218.4**	37,756.1
Shareholders' funds	**35,709.1**	38,246.8
Non-controlling interests	**29.4**	43.0
	35,738.5	38,289.8

Hongkong Land Holdings Limited
Consolidated Statement of Changes in Equity
for the year ended 31st December 2020

	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
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 a subsidiary	**-**	**-**	**-**	**-**	**-**	**-**	**(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**
2019								
At 1st January	233.4	257.3	38,352.7	(8.8)	(493.1)	38,341.5	28.0	38,369.5
Total comprehensive income	-	-	199.8	17.1	201.1	418.0	2.8	420.8
Dividends paid by the Company	-	-	(513.4)	-	-	(513.4)	-	(513.4)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	(0.9)	(0.9)
Unclaimed dividends forfeited	-	-	0.7	-	-	0.7	-	0.7
Acquisition of a subsidiary	-	-	-	-	-	-	13.1	13.1
At 31st December	233.4	257.3	38,039.8	8.3	(292.0)	38,246.8	43.0	38,289.8

Hongkong Land Holdings Limited
Consolidated Cash Flow Statement
for the year ended 31st December 2020

	2020 **US$m**	2019 US$m
Operating activities		
Operating (loss)/profit	**(2,483.4)**	350.6
Depreciation and amortisation	**15.3**	13.6
Change in fair value of investment properties	**3,443.4**	854.2
Gain on disposal of subsidiaries/other investments	**(7.2)**	(34.4)
Decrease/(increase) in properties for sale	**164.2**	(1.1)
Decrease/(increase) in debtors	**19.1**	(186.7)
Increase in creditors	**162.5**	26.7
Interest received	**42.3**	50.3
Interest and other financing charges paid	**(220.1)**	(195.2)
Tax paid	**(267.9)**	(115.5)
Dividends from associates and joint ventures	**112.9**	419.6
Cash flows from operating activities	**981.1**	1,182.1
Investing activities		
Major renovations expenditure	**(129.1)**	(116.4)
Developments capital expenditure *(note 12a)*	**(4,499.1)**	(27.3)
Repayments from/(investments in and advances to) associates and joint ventures	**599.0**	(646.0)
Acquisition of a subsidiary	**-**	(25.8)
Proceeds received for disposal of subsidiaries *(note 12b)*	**4,619.0**	-
Deposits refunded for disposal of subsidiaries *(note 12b)*	**(2,005.7)**	-
Proceeds on disposal of other investments	**-**	157.5
Cash flows from investing activities	**(1,415.9)**	(658.0)
Financing activities		
Drawdown of borrowings	**3,726.9**	1,334.5
Repayment of borrowings	**(2,268.8)**	(1,309.2)
Principal elements of lease payments	**(4.6)**	(5.1)
Dividends paid by the Company	**(509.6)**	(510.1)
Dividends paid to non-controlling shareholders	**(0.9)**	(0.9)
Cash flows from financing activities	**943.0**	(490.8)
Net cash inflow	**508.2**	33.3
Cash and cash equivalents at 1st January	**1,418.0**	1,368.9
Effect of exchange rate changes	**64.2**	15.8
Cash and cash equivalents at 31st December	**1,990.4**	1,418.0

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 2020 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 elected to early adopt the 'Interest Rate Benchmark Reform – Phase 1: Amendments to IFRS 9, IAS 39 and IFRS 7' (effective 1st January 2020) in relation to hedge accounting for the Group's annual reporting period commencing 1st January 2019.

Apart from the above, amendments which are effective in 2020 and relevant to the Group's operations do not have a significant effect on the Group's accounting policies.

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

2. REVENUE

	2020 US$m	2019 US$m
Rental income	**937.6**	998.8
Service income	**147.5**	152.6
Sales of properties		
- recognised at a point in time	**484.3**	652.6
- recognised over time	**524.8**	515.7
	1,009.1	1,168.3
	2,094.2	2,319.7

Total variable rents included in rental income amounted to US$19.9 million *(2019: US$16.2 million)*.

3. NET OPERATING COSTS

	2020 US$m	2019 US$m
Cost of sales	**(982.6)**	(989.6)
Other income	**31.2**	25.9
Administrative expenses	**(190.0)**	(185.6)
Gain on disposal of subsidiaries/other investments	**7.2**	34.4
	(1,134.2)	(1,114.9)

4. OPERATING (LOSS)/PROFIT

	2020 US$m	2019 US$m
By business		
Investment Properties	**834.9**	918.6
Development Properties	**198.3**	334.8
Corporate	**(74.2)**	(83.0)
	959.0	1,170.4
Change in fair value of investment properties	**(3,443.4)**	(854.2)
Gain on disposal of subsidiaries/other investments	**1.0**	34.4
	(2,483.4)	350.6

5. SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES

	2020 US$m	2019 US$m
By business		
Investment Properties		
- operating profit	**127.8**	145.0
- net financing charges	**(36.1)**	(49.4)
- tax	**(16.5)**	(17.3)
- net profit	**75.2**	78.3
Development Properties		
- operating profit	**325.9**	340.5
- net financing charges	**(8.1)**	(17.2)
- tax	**(121.7)**	(106.3)
- non-controlling interests	**(3.8)**	(22.6)
- net profit	**192.3**	194.4
Underlying business performance	**267.5**	272.7
Change in fair value of investment properties (net of tax)	**(175.4)**	(32.6)
	92.1	240.1

6. TAX

	2020 US$m	2019 US$m
Tax charged to profit and loss is analysed as follows:		
Current tax	**(164.5)**	(247.8)
Deferred tax	**19.9**	(19.3)
	(144.6)	(267.1)

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

	2020 US$m	2019 US$m
Remeasurements of defined benefit plans	**(0.3)**	(0.4)
Cash flow hedges	**3.5**	(4.1)
	3.2	(4.5)

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$125.9 million *(2019: US$136.2 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:

	2020 US$m	2019 US$m
Change in fair value of investment properties	**(3,443.4)**	(854.2)
Tax on change in fair value of investment properties	**4.9**	(20.5)
Gain on disposal of subsidiaries/other investments	**1.0**	34.4
Share of change in fair value of investment properties in associates and joint ventures (net of tax)	**(175.4)**	(32.6)
Non-controlling interests	**2.2**	(5.5)
	(3,610.7)	(878.4)

8. EARNINGS PER SHARE

Earnings per share are calculated on loss attributable to shareholders of US$2,647.4 million *(2019: profit of US$198.0 million)* and on the weighted average number of 2,333.9 million *(2019: 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:

	2020		2019	
	US$m	**Earnings per share US¢**	US$m	Earnings per share US¢
Underlying profit attributable to shareholders	**963.3**	**41.27**	1,076.4	46.12
Non-trading items *(note 7)*	**(3,610.7)**		(878.4)	
(Loss)/profit attributable to shareholders	**(2,647.4)**	**(113.43)**	198.0	8.48

9. DIVIDENDS

	2020 US$m	2019 US$m
Final dividend in respect of 2019 of US¢16.00 *(2018: US¢16.00) per share*	**373.4**	373.4
Interim dividend in respect of 2020 of US¢6.00 *(2019: US¢6.00) per share*	**140.0**	140.0
	513.4	513.4

A final dividend in respect of 2020 of US¢16.00 *(2019: US¢16.00)* per share amounting to a total of US$373.4 million *(2019: US$373.4 million)* is proposed by the Board. The dividend proposed will not be accounted for until it has been approved at the 2021 Annual General Meeting. The amount will be accounted for as an appropriation of revenue reserves in the year ending 31st December 2021.

10. INVESTMENT PROPERTIES

	2020 US$m	2019 US$m
At 1st January	**33,191.2**	33,712.1
Exchange differences	**635.8**	190.6
Additions	**4,621.3**	142.7
Disposal of subsidiaries	**(4,921.6)**	-
Decrease in fair value	**(3,443.4)**	(854.2)
At 31st December	**30,083.3**	33,191.2

11. BORROWINGS

	2020 US$m	2019 US$m
Current		
Bank overdrafts	**6.2**	6.0
Bank loans	**100.3**	383.8
Current portion of long-term borrowings		
- bank loans	**516.8**	21.4
- medium term notes	**66.2**	304.1
	689.5	715.3
Long-term		
Bank loans	**1,939.1**	1,281.5
Medium term notes		
- due 2021	**-**	65.5
- due 2022	**622.7**	614.7
- due 2023	**180.1**	179.2
- due 2024	**414.3**	406.7
- due 2025	**646.2**	647.5
- due 2026	**38.8**	38.6
- due 2027	**186.8**	186.0
- due 2028	**183.5**	182.6
- due 2029	**121.9**	121.3
- due 2030	**697.9**	102.8
- due 2031	**25.5**	25.4
- due 2032	**140.8**	30.3
- due 2033	**89.6**	89.2
- due 2034	**77.5**	77.2
- due 2035	**254.9**	-
- due 2038	**111.3**	109.2
- due 2039	**112.4**	110.2
- due 2040	**32.1**	32.0
	3,936.3	3,018.4
	5,875.4	4,299.9
	6,564.9	5,015.2

12. NOTES TO CONSOLIDATED CASH FLOW STATEMENT

a) Development capital expenditure in 2020 included US$4,484.5 million for a prime mixed used site in the Xuhui District of Shanghai, Chinese mainland.

b) Net cash inflow for disposal of subsidiaries in 2020 was US$2,613.3 million, being proceeds received of US$4,619.0 million less deposits refunded of US$2,005.7 million. This net cash inflow included US$2,566.2 million for 57% interest in a prime mixed used project in the Xuhui District of Shanghai, Chinese mainland.

13. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Total capital commitments at 31st December 2020 amounted to US$828.8 million *(2019: US$1,144.7 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.

14. 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 2020 was US$4.8 million *(2019: US$5.4 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 2020 amounted to US$19.3 million *(2019: US$24.1 million)*.

The Group provided project management services and property management services to Jardine Matheson group members in 2020 amounting to US$3.7 million *(2019: US$3.0 million)*.

Jardine Matheson group members provided property maintenance and other services to the Group in 2020 in aggregate amounting to US$63.1 million *(2019: US$61.4 million)*.

Hotel management services
Jardine Matheson group members provided hotel management services to the Group in 2020 amounting to US$1.6 million *(2019: US$2.1 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 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 2020 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, Chief Executive's Review and other parts of 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.

Commercial Risk and Financial 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 in respect of 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 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 competitive pressure 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. 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.

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.

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, 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.

Pandemic, Natural Disasters, Climate Change and 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.

Ongoing changes to the physical climate in which the Group operates may have an impact on our businesses. Rising sea levels could, in the future, affect the value of any coastal assets that the Group owns or develops.

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.

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. The privacy and security of customer, tenant and corporate information is at risk of being compromised through a breach of our or our suppliers' IT systems or the unauthorised or inadvertent 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.

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 2020 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

Dividend Information for Shareholders

The final dividend of US¢16.00 per share will be payable on 12th May 2021, subject to approval at the Annual General Meeting to be held on 5th May 2021, to shareholders on the register of members at the close of business on 26th March 2021. The shares will be quoted ex-dividend on 25th March 2021, and the share registers will be closed from 29th March to 2nd April 2021, inclusive.

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

Shareholders on the Jersey branch register

Shareholders registered on the Jersey branch register will have the option to elect for their dividends to be paid in Sterling. These shareholders may make new currency elections for the 2020 final dividend by notifying the United Kingdom transfer agent in writing by 28th April 2021. The Sterling equivalent of dividends declared in United States Dollars will be calculated by reference to a rate prevailing on 3rd May 2021.

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')

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

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

Shareholders on the Singapore branch register who wish to deposit their shares into the CDP system by the dividend record date, being 26th March 2021, 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 25th March 2021.

About Hongkong Land Group

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

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

The Group's Central Hong Kong portfolio represents some 450,000 sq. m. of prime property. It has a further 165,000 sq. m. of prestigious office space in Singapore mainly held through joint ventures, a luxury retail centre at Wangfujing in Beijing, and a 50% interest in a leading office complex in Central Jakarta. The Group also has a number of high quality residential, commercial and mixed-use projects under development in cities across 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.

- end -

For further information, please contact:

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Brunswick Group Limited

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Full text of the Preliminary Announcement of Results and the Preliminary Financial Statements for the year ended 31st December 2020 can be accessed through the Internet at 'www.hkland.com'.