Hongkong Land Holdings Limited

Announcement

2nd March 2023

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

HONGKONG LAND HOLDINGS LIMITED
2022 PRELIMINARY ANNOUNCEMENT OF RESULTS

Highlights
- Underlying profit down 20% to US$776 million
- Lower residential development profits on the Chinese mainland
- Slight decline in results from Investment Properties; asset values stable
- Group financial position remains strong
- Final dividend maintained at US¢16.00 per share

"Results in 2023 will principally depend on the pace of recovery of the property sector on the Chinese mainland. Stable contributions are expected to continue from the Group's Investment Properties business, although rental reversions for the Hong Kong office portfolio are expected to remain negative. The extent of improvement in performance from the Development Properties business will depend on policy support measures implemented on the Chinese mainland."

Ben Keswick
Chairman

Results

	Year ended 31st December		
	2022	2021	Change
	US$m	US$m	%
Underlying profit attributable to shareholders*	**776**	966	-20
Profit/(loss) attributable to shareholders	**203**	(349)	N/A
Shareholders' funds	**33,303**	34,584	-4
Net debt	**5,817**	5,104	+14
	US¢	US¢	%
Underlying earnings per share*	**34.44**	41.49	-17
Earnings/(loss) per share	**8.99**	(15.00)	N/A
Dividends per share	**22.00**	22.00	-
	US$	US$	%
Net asset value per share	**14.95**	15.05	-1

* 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 10th May 2023, subject to approval at the Annual General Meeting to be held on 4th May 2023, to shareholders on the register of members at the close of business on 17th March 2023.

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HONGKONG LAND HOLDINGS LIMITED

PRELIMINARY ANNOUNCEMENT OF RESULTS
FOR THE YEAR ENDED 31ST DECEMBER 2022

OVERVIEW

The Group's profitability was significantly lower in 2022, primarily due to a lower contribution from the Development Properties business in the second half of the year, after a record performance in 2021. The contribution from Investment Properties was resilient, however, with only modest financial impacts in the retail portfolio from the pandemic measures introduced across China during 2022. The impact of lower average office rents in Hong Kong was partially offset by a reduction in operating costs.

PERFORMANCE

Underlying profit attributable to shareholders fell by 20% to US$776 million.

Profit attributable to shareholders was US$203 million, after including net non-cash losses of US$573 million resulting primarily from lower valuations of the Group's investment properties. This compares to a loss of US$349 million in 2021, which included a US$1,315 million reduction in property valuations mainly due to lower market rents for the Hong Kong Central Portfolio.

The net asset value per share at 31st December 2022 was US$14.95, compared with US$15.05 at the end of 2021.

The Directors recommend 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 demand remained subdued. Against this backdrop, the Group's Central office portfolio remained resilient, outperforming the broader market due to its prime CBD location and premium offering. At the end of 2022, physical vacancy was 4.9%, compared to 5.2% at the end of 2021 and, on a committed basis, it was 4.7%, compared to 4.9% at the end of 2021, well below average Central market vacancy levels. Modestly negative rental reversions resulted in average office rents decreasing to HK$111 per sq. ft. in 2022, from HK$117 per sq. ft. in the prior year.

Retail market sentiment in Hong Kong was severely affected by the fifth wave of the pandemic in the first half of 2022. Retail trading benefited in the second half of the year, however, as social distancing and travel restrictions were progressively relaxed. Total retail sales nevertheless remained below pre-pandemic levels, due to a lack of tourists. Average retail rents in 2022 in the Central LANDMARK retail portfolio decreased to HK$177 per sq. ft. from HK$190 per sq. ft. in 2021, primarily due to negative base rent reversions. Vacancy was 0.5% on both a physical and committed basis, unchanged from the prior year.

In Singapore, contributions from the Group's office portfolio increased, due to positive rental reversions underpinned by a healthy level of occupier demand, with average office rents increasing to S$10.6 per sq. ft. in 2022 from S$10.3 per sq. ft. in 2021. On a committed basis, vacancy in the Group's office portfolio remained low at 2.2%, compared with 2.9% at the end of 2021.

In Beijing and Macau, pandemic measures negatively impacted trading at the Group's two luxury retail malls, with tenant sales and footfall in 2022 both lower than the prior year.

In Shanghai, development activities continued at the Group's 43%-owned prime 1.1 million sq. m. mixed-use development on the West Bund, with modest impacts from the covid related city-wide lockdowns. The West Bund development, which will be completed in phases from 2023 to 2027, remains on schedule.

The combined value of the Group's Investment Properties portfolio was reduced by 2% in 2022, due largely to a modest increase in capitalisation rates in the Hong Kong portfolio. There was no change in the capitalisation rates for the Singapore, Beijing and Shanghai investment properties.

Development Properties

As anticipated, the profit contribution from the Group's Development Properties business on the Chinese mainland decreased compared to the prior year, as a result of a significantly lower profit contribution in the second half of the year, due to fewer planned sales completions and the impact of pandemic-related restrictions.

The Group's attributable interest in contracted sales in 2022 decreased to US$1,300 million from US$2,648 million in 2021, mainly due to weak market sentiment for residential properties. At 31st December 2022, the Group had an attributable interest of

US$2,087 million in sold but unrecognised contracted sales, compared with US$2,853 million at the end of 2021.

In Singapore, recognised profits in 2022 were lower than the prior year. 2021 benefited from the construction progress of the wholly-owned 1,404-unit Parc Esta project, which was handed over to buyers in 2022. The Group's attributable interest in contracted sales was US$615 million, compared to US$328 million in the prior year, driven by the healthy pre-sales performance of two new residential projects launched during the year. The 407-unit Piccadilly Grand and Galleria and 639-unit Copen Grand projects are 85% and 100% pre-sold or reserved, respectively.

In the rest of Southeast Asia, there were increased contributions from completed projects in Indonesia and Vietnam.

Business Development

The Group continues to be disciplined in evaluating and selecting Development Properties opportunities on the Chinese mainland, with a focus on Tier 1 and Tier 2 cities. During the year the Group made two acquisitions – a primarily residential site in Shanghai and an interest in a mixed-used commercial site in Suzhou.

The Shanghai site, located in Xuhui District and adjacent to our mixed-used project in West Bund, has an attributable developable area of 18,700 sq. m. and will feature six high-rise apartment blocks with over 460 premium units.

The joint venture project in Suzhou was secured in August 2022 and will consist of a luxury mall and hotel. The total developable area of the site is 132,600 sq. m., and it is expected to be completed in 2026. This development reflects the Group's strategy of developing luxury and premium lifestyle retail properties on the Chinese mainland. The Group currently has four such properties in operation, and the site in Suzhou will be added to the pipeline of ten further such developments.

In addition, the Group increased its investments in two existing projects, including acquiring from KWG Property Holdings Limited the remaining 50% interest in WE City, a mixed-use project in Chengdu in December 2022, and acquiring a 15% interest in Yue City, a mixed-use project in Nanjing, from Country Garden with completion expected in the first half of 2023.

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In Singapore, the Group acquired a 49% interest in a residential site in the Jalan Tembusu area with a total developable area of 60,000 sq. m., which is expected to be completed by 2025.

These land acquisitions increase the Group's attributable developable area under development across all projects to 4.9 million sq. m.

Financing

The Group's financial position remains strong. Net debt of US$5.8 billion at 31st December 2022 was up from US$5.1 billion at the end of 2021, primarily due to lower proceeds from residential sales. Net gearing at the end of the year was 17%, compared with 15% at the end of 2021. As at 31st December 2022, the Group had committed liquidity of US$3.1 billion, with an average tenor of debt of 5.8 years, compared to 6.5 years at the end of 2021.

In July 2022, the Group completed a US$500 million share buyback programme, and it subsequently announced that an additional US$500 million would be invested through to the end of 2023. As at 28th February 2023, the total amount invested in the buyback programme since it was first announced in September 2021 was US$556 million, with US$350 million invested in 2022.

SUSTAINABILITY

Hongkong Land's growth and progress on sustainability initiatives continues to be underpinned by its Sustainability Framework 2030, which addresses material topics that are linked to measurable targets.

During the year, the Group committed to setting science-based targets that are aligned with the 1.5°C pathway. These targets, which were validated by the Science Based Targets initiative, has resulted in the Group committing to a 46.2% reduction of Scope 1 and 2 greenhouse gas emissions by 2030 from 2019 levels and a 22% reduction in carbon intensity for Scope 3 greenhouse gas emissions over the same period.

The Group's continued commitment and strong performance on sustainability initiatives has been recognised in a number of ESG assessments, especially those involving in-depth assessments requiring active participation. The Group was pleased to receive the highest 5-star rating from the Global Real Estate Sustainability Benchmark (GRESB) for its standing investments. Hongkong Land also qualified, for the first time, as a constituent of the Dow

Jones Sustainability Asia Pacific Index, as a result of the significant improvement in our scores in the 2022 S&P Global Corporate Sustainability Assessment.

PEOPLE

I would like to express my appreciation on behalf of the Board to all of our staff for their continued commitment and professionalism in providing high quality offerings to our tenants and customers, despite market and pandemic-related challenges.

Lord Powell of Bayswater and Percy Weatherall stepped down from the Board in March 2022, and Michael Wu stepped down from the Board in December 2022. We are grateful to them for their contributions to the Group. We were pleased to welcome Lincoln K.K. Leong and Lily Jencks to the Board as Independent Non-Executive Directors with effect from March and July 2022, respectively.

OUTLOOK

Results in 2023 will principally depend on the pace of recovery of the property sector on the Chinese mainland. Stable contributions are expected to continue from the Group’s Investment Properties business, although rental reversions for the Hong Kong office portfolio are expected to remain negative. The extent of improvement in performance from the Development Properties business will depend on policy support measures implemented on the Chinese mainland.

Ben Keswick
Chairman

CHIEF EXECUTIVE'S REVIEW

Hongkong Land delivered a respectable result for the year, despite challenging market conditions, although profits were significantly lower. The contribution from Development Properties fell as a result of pandemic measures on the Chinese mainland and a more uncertain global economic outlook in the second half of 2022, but the performance of Investment Properties was resilient.

STRATEGY

Hongkong Land is a landlord and a developer operating in China and Southeast Asia. The Group's primary focus is to develop, grow and hold for long-term investment a portfolio of prime commercial investment properties across the region, whilst it also develops premium residential and commercial properties for sale on an opportunistic basis to enhance shareholder returns.

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 2022 (2021: 83%) and contributed 70% of the Group's underlying operating profit before corporate expenses in 2022 (2021: 60%).

The Group's Development Properties are predominantly premium residential and mixed-use developments located primarily in China, Singapore and Indonesia. 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 2022 (2021: 17%) and 30% of the Group's underlying operating profit before corporate expenses in 2021 (2021: 40%).

Geographically, China generates the bulk of the Group's earnings. Hong Kong, which predominantly comprises Investment Properties, accounted for 57% of the Group's underlying operating profit before corporate expenses (2021: 49%), while the Chinese mainland, which predominantly comprises Development Properties, accounted for 23% (2021: 33%).

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$1.0 billion in 2022 (2021: US$3.0 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 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 43,000 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, Singapore and Indonesia. In China, the Group has a presence in seven key markets: 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 2022 totalled 10.7 million sq. m., compared to 10.2 million sq. m. at the end of 2021. Of this, construction of approximately 54% had been completed at the end of 2022, compared to 48% at the end of 2021.

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.

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REVIEW OF INVESTMENT PROPERTIES

Profits from Investment Properties in 2022 were 2% lower than the prior year, primarily due to negative office rental reversions in Hong Kong. The value of the Group's Investment Properties portfolio at 31st December 2022 declined by 2%, mainly due to lower market rents for the Hong Kong Central Portfolio and a modest increase in capitalisation rates.

Hong Kong

Despite slowing demand due to global economic headwinds and rising office vacancies across Hong Kong, the Group's Central office portfolio continued to outperform the broader market. Physical vacancy was 4.9% at the year-end, compared to 5.2% at the end of 2021. On a committed basis, vacancy was 4.7%. Vacancy for the overall Central Grade A office market was 8.8% at the end of 2022, compared to 8.0% at the end of 2021. Rental reversions remained negative during the year. The Group's average office rent in 2022 was HK$111 per sq. ft., down from last year's average of HK$117 per sq. ft. Financial institutions and legal and accounting firms occupy 81% of the Group's total leased office space. The weighted average lease expiry of the office portfolio at the end of 2022 stood at 4.0 years, compared to 4.2 years at the end of 2021.

The Group's luxury retail portfolio in Hong Kong was negatively impacted by pandemic restrictions in the first half of 2022, although sentiment and performance improved as social and travel restrictions were progressively relaxed towards the end of the year. During the first half of 2022, the Group provided temporary rent relief to support tenants through the fifth wave of the pandemic, including turnover-only rent for food and beverage tenants and a full waiver of rents for tenants subject to mandatory closure of their businesses. Average retail rent in 2022 decreased to HK$177 per sq. ft. from HK$190 per sq. ft. due to negative base rental reversions, partly offset by a decline in temporary rent relief provided to tenants. Vacancy, on both a physical and committed basis, remained low at 0.5%.

Over the past year, the Group continued to refine its best-in-class services and offerings to its tenants and customers. In March 2022, the Group launched a new LANDMARK app to provide shoppers and loyalty members with a more personalised and intuitive user experience. The new platform also provides more flexibility in co-creating content with our tenants and partners and enables the Group to serve customers better through a deeper understanding of their needs.

In December 2022, the Group expanded its successful premium food hall concept in the basement level of Jardine House by launching BaseHall 2. The venue provides a fluid space for multi-concept dining and the flexibility to host other events and experiences for our tenants and customers. In addition to housing 13 unique food and beverage concepts, BaseHall 2 has an 18-seat chef's counter to provide a platform to incubate homegrown talents in Hong Kong.

The value of the Group's Investment Properties portfolio in Hong Kong at 31st December 2022, based on independent valuations, declined by 2% to US$26,131 million, primarily from a slight increase in capitalisation rates.

Singapore

Although the Singapore office leasing market remained healthy in 2022, market sentiment was affected by global economic headwinds towards the end of the year. Overall vacancy across the entire Grade A central business district was 5.5% at the end of 2022, compared to 8.6% at the end of 2021. Average rent at the Group's office portfolio increased to S$10.6 per sq. ft. in 2022, up from S$10.3 per sq. ft. in the previous year, driven by positive rental reversions. Physical vacancy was 7.5% at the year end, whilst on a committed basis vacancy was 2.2% at the end of 2022, compared to 2.9% at the end of 2021. Financial institutions and legal and accounting firms occupy 73% of the Group's total leased office space. The weighted average lease expiry of the office portfolio at 2022 year-end stood at 3.4 years (2021: 3.4 years).

To further enhance the tenant experience, the Group has continued to leverage its popular 'By The Bay' mobile app to introduce exclusive retail offerings, deliver a series of health and wellness workshops and host community and charitable events.

Chinese Mainland

In Beijing, footfall and tenant sales at WF CENTRAL were negatively impacted by pandemic measures throughout the year. Tenant repositioning initiatives, however, remained on track with several new openings expected in the first half of 2023.

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

ONE CENTRAL Macau was negatively impacted by pandemic measures, with lower footfall and tenant sales than the prior year, as the border with the Chinese mainland remained closed for most of the year. Physical occupancy was 84%, compared to 91% at the end of the prior year.

In Jakarta, occupancy across the office portfolio was 71% at the end of 2022, compared to 72% at the end of 2021. On a committed basis, occupancy was 72%. The average net rent was US$15.0 per sq. m. in 2022, compared to US$15.2 per sq. m. in the prior year, reflecting a satisfactory performance in the context of a structural surplus of city-wide office supply.

In Bangkok, planning of the Group's 49%-owned prime commercial joint-venture development in the central business district, secured in late 2017, is under review in response to the changing market conditions. This development has a gross floor area of 290,000 sq. m.

Performance at the Group's other investment properties was within expectations.

REVIEW OF DEVELOPMENT PROPERTIES

Earnings from the Group's Development Properties business were lower in 2022 than in 2021, primarily due to construction delays caused by pandemic restrictions and fewer planned sales completions on the Chinese mainland.

Chinese Mainland

The Group's development properties on the Chinese mainland comprise 35 projects in seven cities, of which 14 are in Chongqing. As at 31st December 2022, the Group's net investment in development properties on the Chinese mainland was US$6.5 billion, compared to US$6.3 billion at the end of 2021.

While the Development Properties business is predominantly focused on selling residential properties, the Group is also developing luxury and premium lifestyle retail properties on the Chinese mainland. It currently has four such properties in operation, with a total attributable net leasable area of 170,000 sq. m. In addition, a further ten projects, with an estimated attributable net leasable area of 323,000 sq. m., are expected to be launched from 2023 to 2027, as follows:

Luxury Retail Properties Pipeline

Project	**City**	**Attributable net leasable area (sq. m.)**
JL CENTRAL	Nanjing	23,000
Eternal Land	Chongqing	44,400
West Bund*	Shanghai	51,800
Suzhou CENTRAL*	Suzhou	39,400

*The West Bund luxury retail segment and Suzhou CENTRAL are recognised under Investment Properties.

Premium Lifestyle Retail Properties Pipeline

Project	**City**	**Attributable net leasable area (sq. m.)**
Galaxy Midtown	Shanghai	8,800
WE City	Chengdu	51,700
Yue City	Nanjing	16,200
Central Avenue	Chongqing	38,100
Hangzhou Bay	Hangzhou	22,800
Dream Land	Wuhan	26,700

With tightened credit conditions and macroeconomic headwinds on the Chinese mainland, the Group maintained its disciplined and consistent approach to evaluating expansion opportunities. During the year, the Group secured two new joint venture projects: a residential project in West Bund, Shanghai and a commercial project in Suzhou.

Market sentiment remained weak throughout the year due to pandemic restrictions. The Group's share of total contracted sales in 2022 was US$1,300 million, 51% lower than the US$2,648 million achieved in the prior year. The Group's attributable interest in revenue recognised in 2022, including its share of revenue in joint ventures and associates, was US$1,873 million, compared to US$2,426 million in 2021.

At 31st December 2022, the Group's attributable interest in sold but not yet recognised contracted sales amounted to US$2,087 million, compared to US$2,853 million at the end of 2021.

Development Properties Pipeline (Chinese Mainland)

City	Number of projects	Developable area* ('000 sq. m.)	Revenue from property sales* (US$m)		% of Construction completed	% of Development Properties exposure on the Chinese Mainland
			2022	2021		
Chongqing	14	4,890	1,113	1,480	79%	33%
Shanghai	5	397	59	259	43%	22%
Nanjing	4	433	100	450	33%	16%
Wuhan	4	642	56	2	23%	16%
Chengdu	5	1,209	27	164	63%	8%
Beijing	1	38	-	-	-	4%
Hangzhou	2	309	518	71	53%	1%

*Includes HKL's share in joint ventures and associates

Singapore

With the relaxing of pandemic restrictions, residential market sentiment recovered during the year, with satisfactory sales performance at the Group's existing projects.

The Group completed one residential project during the year, the wholly-owned 1,404-unit Parc Esta, which was fully sold.

The Group's attributable interest in contracted sales was US$615 million in 2022, compared to US$328 million in the prior year. The Group's attributable interest in revenue recognised in 2022 was US$379 million, compared to US$631 million in the prior year.

At 31st December 2022, the Group's attributable interest in sold but not yet recognised contracted sales amounted to US$589 million, compared to US$362 million at the end of 2021.

During the year, the Group secured a 49% interest in a residential site in the Jalan Tembusu area with a developable area of 60,000 sq. m., which is expected to yield a total of 638 units on completion.

Development Properties Pipeline (Singapore)

Project	**Developable area* ('000 sq. m.)**	**Revenue from property sales* (US$m)**		**Expected Completion**	**% of Development Properties exposure in Southeast Asia**
		2022	**2021**		
Parc Esta	108	164	501	Completed	-
Leedon Green	27	190	66	2023	6%
Piccadilly Grand and Galleria	20	25	-	2025	3%
Copen Grand	34	-	-	2025	4%
Tembusu Grand	29	-	-	2025	30%

*Includes HKL's share in joint ventures and associates

Indonesia and Other Development Properties

In Indonesia, construction of the Group's residential projects has largely recovered with the relaxation of pandemic restrictions.

During the year, the Group acquired a 50% interest in a 50.4 hectare primarily residential site in the southwest of Jakarta. The project will consist of predominantly land houses and is expected to be completed in phases from 2025 to 2033.

In February 2022, the Group, in partnership with Astra International, established a joint venture with LOGOS SE Asia Pte Ltd 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 well, with pre-sales performance in line with expectations.

<u>Development Properties Pipeline (Southeast Asia Ex. Singapore)</u>

Country	**Number of projects**	**Developable area* (‘000 sq. m.)**	**Revenue from property sales* (US$m)**		**% of Construction completed**	**% of Development Properties exposure in Southeast Asia**
			2022	**2021**		
Indonesia	6	743	67	37	24%	25%
Thailand	4	263	22	32	13%	22%
Philippines	3	710	20	25	12%	7%
Vietnam	1	40	90	47	100%	3%

*Includes HKL’s share in joint ventures and associates

THE YEAR AHEAD

Looking ahead to 2023, the Group expects a steady improvement in the operating environments across a majority of its key markets. The Group’s Investment Properties portfolios in Hong Kong and Singapore remain well positioned in their respective markets, underpinned by their high quality tenant base and low vacancies. In the Development Properties business, the extent of improvement in performance will depend on the pace of recovery of the Chinese mainland property sector.

We take pride in delivering outstanding services and products to our tenants and customers by upholding the highest quality standards. These core values have served as the foundation of Hongkong Land’s long-term success. The Group intends to utilise its strong balance sheet and disciplined investment approach to further strengthen its market positions and achieve sustained growth.

Robert Wong
Chief Executive

Hongkong Land Holdings Limited
Consolidated Profit and Loss Account
for the year ended 31st December 2022

	2022 Underlying business performance US$m	**2022 Non-trading items US$m**	**2022 Total US$m**	2021 Underlying business performance US$m	2021 Non-trading items US$m	2021 Total US$m
Revenue *(note 2)*	**2,244.4**	**-**	**2,244.4**	2,384.3	-	2,384.3
Net operating costs *(note 3)*	**(1,398.4)**	**-**	**(1,398.4)**	(1,440.9)	2.6	(1,438.3)
Change in fair value of investment properties *(note 7)*	**-**	**(559.3)**	**(559.3)**	-	(1,375.5)	(1,375.5)
Operating profit/(loss) *(note 4)*	**846.0**	**(559.3)**	**286.7**	943.4	(1,372.9)	(429.5)
Net financing charges						
- financing charges	**(234.9)**	**-**	**(234.9)**	(222.2)	-	(222.2)
- financing income	**66.8**	**-**	**66.8**	67.0	-	67.0
	(168.1)	**-**	**(168.1)**	(155.2)	-	(155.2)
Share of results of associates and joint ventures *(note 5)*						
- before change in fair value of investment properties	**229.3**	**-**	**229.3**	355.9	-	355.9
- change in fair value of investment properties	**-**	**(24.5)**	**(24.5)**	-	80.6	80.6
	229.3	**(24.5)**	**204.8**	355.9	80.6	436.5
Profit/(loss) before tax	**907.2**	**(583.8)**	**323.4**	1,144.1	(1,292.3)	(148.2)
Tax *(note 6)*	**(131.7)**	**7.9**	**(123.8)**	(178.7)	(16.9)	(195.6)
Profit/(loss) after tax	**775.5**	**(575.9)**	**199.6**	965.4	(1,309.2)	(343.8)
Attributable to:						
Shareholders of the Company	**776.1**	**(573.4)**	**202.7**	966.0	(1,315.2)	(349.2)
Non-controlling interests	**(0.6)**	**(2.5)**	**(3.1)**	(0.6)	6.0	5.4
	775.5	**(575.9)**	**199.6**	965.4	(1,309.2)	(343.8)
	US¢		**US¢**	US¢		US¢
Earnings/(loss) per share (basic and diluted) *(note 8)*	**34.44**		**8.99**	41.49		(15.00)

Hongkong Land Holdings Limited
Consolidated Statement of Comprehensive Income
for the year ended 31st December 2022

	2022 **US$m**	2021 US$m
Profit/(loss) for the year	**199.6**	(343.8)
Other comprehensive income/(expense)		
Items that will not be reclassified to profit or loss:		
Remeasurements of defined benefit plans	**(1.6)**	3.3
Tax on items that will not be reclassified	**0.3**	(0.5)
	(1.3)	2.8
Items that may be reclassified subsequently to profit or loss:		
Net exchange translation differences		
- net loss arising during the year	**(116.8)**	(148.1)
Cash flow hedges		
- net gain/(loss) arising during the year	**2.4**	(11.7)
- transfer to profit and loss	**(2.4)**	(0.1)
	-	(11.8)
Tax relating to items that may be reclassified	**-**	1.9
Share of other comprehensive (expense)/ income of associates and joint ventures	**(523.6)**	87.1
	(640.4)	(70.9)
Other comprehensive expense for the year, net of tax	**(641.7)**	(68.1)
Total comprehensive expense for the year	**(442.1)**	(411.9)
Attributable to:		
Shareholders of the Company	**(431.9)**	(419.4)
Non-controlling interests	**(10.2)**	7.5
	(442.1)	(411.9)

Hongkong Land Holdings Limited
Consolidated Balance Sheet
at 31st December 2022

	2022 US$m	2021 US$m
Net operating assets		
Fixed assets	**111.8**	127.8
Right-of-use assets	**13.0**	12.4
Investment properties *(note 10)*	**28,054.1**	28,600.2
Associates and joint ventures	**9,616.0**	9,515.3
Non-current debtors	**16.8**	29.7
Deferred tax assets	**98.2**	67.7
Pension assets	**0.9**	1.8
Non-current assets	**37,910.8**	38,354.9
Properties for sale	**2,910.7**	2,970.5
Current debtors	**539.4**	1,029.4
Current tax assets	**62.5**	28.3
Bank balances	**1,173.4**	1,479.5
Current assets	**4,686.0**	5,507.7
Current creditors	**(1,667.0)**	(2,194.6)
Current borrowings *(note 11)*	**(419.1)**	(865.3)
Current tax liabilities	**(328.9)**	(202.9)
Current liabilities	**(2,415.0)**	(3,262.8)
Net current assets	**2,271.0**	2,244.9
Long-term borrowings *(note 11)*	**(6,571.4)**	(5,717.9)
Deferred tax liabilities	**(257.1)**	(227.9)
Pension liabilities	**(1.8)**	-
Non-current creditors	**(24.4)**	(35.8)
	33,327.1	34,618.2
Total equity		
Share capital	**222.7**	229.8
Share premium	**-**	67.4
Revenue and other reserves	**33,080.7**	34,286.6
Shareholders' funds	**33,303.4**	34,583.8
Non-controlling interests	**23.7**	34.4
	33,327.1	34,618.2

Hongkong Land Holdings Limited
Consolidated Statement of Changes in Equity
for the year ended 31st December 2022

	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
2022								
At 1st January	**229.8**	**67.4**	**34,022.4**	**(20.2)**	**284.4**	**34,583.8**	**34.4**	**34,618.2**
Total comprehensive (expense)/income	**-**	**-**	**201.4**	**17.2**	**(650.5)**	**(431.9)**	**(10.2)**	**(442.1)**
Dividends paid by the Company *(note 9)*	**-**	**-**	**(498.8)**	**-**	**-**	**(498.8)**	**-**	**(498.8)**
Dividends paid to non-controlling shareholders	**-**	**-**	**-**	**-**	**-**	**-**	**(0.5)**	**(0.5)**
Unclaimed dividends forfeited	**-**	**-**	**1.0**	**-**	**-**	**1.0**	**-**	**1.0**
Repurchase of shares	**(7.1)**	**(67.4)**	**(276.2)**	**-**	**-**	**(350.7)**	**-**	**(350.7)**
At 31st December	**222.7**	**-**	**33,449.8**	**(3.0)**	**(366.1)**	**33,303.4**	**23.7**	**33,327.1**
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 *(note 9)*	-	-	(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

Hongkong Land Holdings Limited
Consolidated Cash Flow Statement
for the year ended 31st December 2022

	2022 US$m	2021 US$m
Operating activities		
Operating profit/(loss)	**286.7**	(429.5)
Depreciation and amortisation	**17.5**	16.3
Change in fair value of investment properties	**559.3**	1,375.5
Loss on disposal of fixed assets	**2.8**	-
Gain on acquisition of subsidiaries	**(1.3)**	-
Gain on disposal of subsidiaries and joint ventures	**-**	(37.6)
Decrease/(increase) in properties for sale	**88.9**	(991.6)
Decrease in debtors	**487.4**	52.4
(Decrease)/increase in creditors	**(498.0)**	633.3
Interest received	**45.6**	43.2
Interest and other financing charges paid	**(228.2)**	(215.8)
Tax paid	**(124.7)**	(156.7)
Dividends from associates and joint ventures	**222.3**	239.1
Cash flows from operating activities	**858.3**	528.6
Investing activities		
Major renovations expenditure	**(94.6)**	(98.9)
Developments capital expenditure	**-**	(1.5)
Investments in and advances to associates and joint ventures	**(617.6)**	(397.1)
Disposal of subsidiaries	**-**	5.7
Disposal of joint ventures	**-**	59.6
Acquisition of subsidiaries	**(14.5)**	-
Cash flows from investing activities	**(726.7)**	(432.2)
Financing activities		
Drawdown of borrowings	**2,399.6**	1,840.0
Repayment of borrowings	**(1,954.7)**	(1,764.1)
Principal elements of lease payments	**(4.1)**	(3.3)
Repurchase of shares	**(352.3)**	(191.9)
Dividends paid by the Company	**(503.7)**	(509.1)
Dividends paid to non-controlling shareholders	**(0.5)**	(0.9)
Cash flows from financing activities	**(415.7)**	(629.3)
Net cash outflow	**(284.1)**	(532.9)
Cash and cash equivalents at 1st January	**1,476.1**	1,990.4
Effect of exchange rate changes	**(20.5)**	18.6
Cash and cash equivalents at 31st December	**1,171.5**	1,476.1

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 2022 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 Amendments to IAS 37 - Onerous Contracts - Cost of Fulfilling a Contract (effective from 1st January 2022). The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. The Group applied the amendments from 1st January 2022 and there is no material impact on the Group's consolidated financial statements.

Apart from the above, there are no other amendments which are effective in 2022 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

	2022 **US$m**	2021 US$m
Rental income	**927.5**	946.7
Service income	**190.9**	182.3
Sales of properties		
- recognised at a point in time	**953.4**	687.6
- recognised over time	**172.6**	567.7
	1,126.0	1,255.3
	2,244.4	2,384.3

Total variable rents included in rental income amounted to US$30.9 million *(2021: US$29.2 million)*.

3. NET OPERATING COSTS

	2022 US$m	2021 US$m
Cost of sales	**(1,223.7)**	(1,283.9)
Other income	**40.8**	16.0
Administrative expenses	**(214.0)**	(208.5)
Loss on disposal of fixed assets	**(2.8)**	-
Gain on acquisition of subsidiaries	**1.3**	-
Gain on disposal of subsidiaries and joint ventures	**-**	37.6
Asset impairment reversal	**-**	0.5
	(1,398.4)	(1,438.3)

4. OPERATING PROFIT/(LOSS)

	2022 US$m	2021 US$m
By business		
Investment Properties	**820.7**	836.0
Development Properties	**114.1**	196.5
Corporate	**(88.8)**	(89.1)
	846.0	943.4
Change in fair value of investment properties	**(559.3)**	(1,375.5)
Gain on disposal of subsidiaries	**-**	2.1
Asset impairment reversal	**-**	0.5
	286.7	(429.5)

5. SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES

	2022 US$m	2021 US$m
By business		
Investment Properties		
- operating profit	**130.7**	136.8
- net financing charges	**(43.4)**	(31.8)
- tax	**(15.0)**	(16.6)
- net profit	**72.3**	88.4
Development Properties		
- operating profit	**289.5**	447.8
- net financing charges	**(16.8)**	(8.7)
- tax	**(113.9)**	(169.9)
- non-controlling interests	**(1.8)**	(1.7)
- net profit	**157.0**	267.5
Underlying business performance	**229.3**	355.9
Change in fair value of investment properties (net of tax)	**(24.5)**	80.6
	204.8	436.5

6. TAX

	2022 US$m	2021 US$m
Tax charged to profit and loss is analysed as follows:		
Current tax	**(128.3)**	(191.1)
Deferred tax	**4.5**	(4.5)
	(123.8)	(195.6)

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

	2022 US$m	2021 US$m
Remeasurements of defined benefit plans	**0.3**	(0.5)
Cash flow hedges	**-**	1.9
	0.3	1.4

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$127.0 million *(2021: US$198.2 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:

	2022 US$m	2021 US$m
Change in fair value of investment properties	**(559.3)**	(1,375.5)
Tax on change in fair value of investment properties	**7.9**	(16.9)
Gain on disposal of subsidiaries	**-**	2.1
Asset impairment reversal	**-**	0.5
Share of change in fair value of investment properties in associates and joint ventures (net of tax)	**(24.5)**	80.6
Non-controlling interests	**2.5**	(6.0)
	(573.4)	(1,315.2)

8. EARNINGS PER SHARE

Earnings per share are calculated on profit attributable to shareholders of US$202.7 million *(2021: loss of US$349.2 million)* and on the weighted average number of 2,253.7 million *(2021: 2,328.3 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:

	2022		2021	
	US$m	**Earnings per share US¢**	US$m	Earnings per share US¢
Underlying profit attributable to shareholders	**776.1**	**34.44**	966.0	41.49
Non-trading items *(note 7)*	**(573.4)**		(1,315.2)	
Profit/(loss) attributable to shareholders	**202.7**	**8.99**	(349.2)	(15.00)

9. DIVIDENDS

	2022 US$m	2021 US$m
Final dividend in respect of 2021 of US¢16.00 *(2020: US¢16.00) per share*	**364.5**	373.4
Interim dividend in respect of 2022 of US¢6.00 *(2021: US¢6.00) per share*	**134.3**	140.0
	498.8	513.4

A final dividend in respect of 2022 of US¢16.00 *(2021: US¢16.00)* per share amounting to a total of US$356.3 million *(2021: US$367.6 million)* is proposed by the Board. The dividend proposed will not be accounted for until it has been approved at the 2023 Annual General Meeting. The amount will be accounted for as an appropriation of revenue reserves in the year ending 31st December 2023.

10. INVESTMENT PROPERTIES

	2022 US$m	2021 US$m
At 1st January	**28,600.2**	30,083.3
Exchange differences	**(77.3)**	(155.7)
Additions	**95.4**	56.4
Transfer to fixed assets	**(4.9)**	-
Disposal of subsidiaries	**-**	(8.3)
Decrease in fair value	**(559.3)**	(1,375.5)
At 31st December	**28,054.1**	28,600.2

11. BORROWINGS

	2022 US$m	2021 US$m
Current		
Bank overdrafts	**1.9**	3.4
Bank loans	**87.4**	86.0
Current portion of long-term borrowings		
- bank loans	**150.4**	155.5
- medium term notes	**179.4**	620.4
	419.1	865.3
Long-term		
Bank loans	**2,924.9**	1,882.2
Medium term notes		
- due 2023	**-**	179.2
- due 2024	**394.9**	406.8
- due 2025	**642.9**	644.5
- due 2026	**38.6**	38.6
- due 2027	**186.2**	186.0
- due 2028	**182.7**	182.5
- due 2029	**121.3**	121.2
- due 2030	**698.3**	697.7
- due 2031	**569.2**	568.6
- due 2032	**140.2**	140.0
- due 2033	**89.2**	89.1
- due 2034	**77.1**	77.1
- due 2035	**253.8**	253.6
- due 2038	**109.6**	109.0
- due 2039	**110.6**	109.9
- due 2040	**31.9**	31.9
	3,646.5	3,835.7
	6,571.4	5,717.9
	6,990.5	6,583.2

12. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Total capital commitments at 31st December 2022 amounted to US$1,016.9 million *(2021: US$1,183.5 million)*.

Various Group companies are involved in litigation arising in the ordinary course of their respective businesses. Having reviewed outstanding claims and taking into account legal advice received, the Directors are of the opinion that adequate provisions have been made in the financial statements.

13. RELATED PARTY TRANSACTIONS

The parent company of the Group is Jardine Strategic Limited ('JSL') and the ultimate parent company of the Group is Jardine Matheson Holdings Limited ('JMH'). Both JMH and JSL are incorporated in Bermuda.

In the normal course of business, the Group has entered into a variety of transactions with the subsidiaries, associates and joint ventures of JMH ('Jardine Matheson group members'). The more significant of these transactions 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 2022 was US$3.8 million *(2021: 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 2022 amounted to US$16.9 million *(2021: US$19.5 million)*.

The Group provided project management services and property management services to Jardine Matheson group members in 2022 amounting to US$4.7 million *(2021: US$3.4 million)*.

Jardine Matheson group members provided property maintenance and other services to the Group in 2022 in aggregate amounting to US$65.3 million *(2021: US$48.7 million)*.

Hotel management services
Jardine Matheson group members provided hotel management services to the Group in 2022 amounting to US$2.2 million *(2021: US$3.6 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 2022 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 include i) foreign exchanges 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 risks 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 exposure 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 exposure.

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.

Pandemic, War, 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 war and terrorism, either directly through the impact of an act of war and terrorism or indirectly through generally reduced economic activity in response to the threat of or an actual act of war and 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.

Pandemic, War, Terrorism and Natural Disasters Risk *(continued)*

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.

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.

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.

Governance and Misconduct Risk

Effective management of the Group's risks depends on the existence of an appropriate governance structure, tone from top leadership, and functioning system of internal controls. Ethical breaches, management override of controls, employee fraud and misconduct, or other deficiencies in governance and three lines of internal controls may result in financial loss and reputational damage for the Group.

Inadequate capability and diversity in management or the board may also lead to sub-optimal deliberations and decisions.

The Group holds minority stakes in various companies. Lack of control or significant influence over these companies may lead to losses on the Group's investment if the companies are mismanaged.

Mitigation Measures

- Established Groupwide mandatory code of conduct that applies to all Group businesses and new joiners.
- Maintain a robust Corporate Governance Framework which includes a whistle-blowing channel.
- Compliance department reviews internal controls.
- Maintain functionally independent internal audit function that reports to the Group Audit Committee on risk management, the control environment and significant non-compliance matters.
- Maintain Crime and General Liability insurance policies with adequate coverage.

Health and Safety Risk

The Group's businesses engage in construction, renovation or other physical activities that may lead to serious injury or fatal incidents if work conditions are unsafe or workers do not take due care to observe safety procedures.

Mitigation Measures

- Establish safe working environments and regular safety training for all employees and subcontractors.
- Establish contractual requirements for contractors to comply with high expected levels of safety standards.
- Incorporate site safety plans in tenders and contracts.
- Conduct occupational health and safety awareness campaigns.
- Purchase sufficient insurance coverage including employee compensation and construction of all risks.
- Establish proper contractor selection process.
- Ensure contractors follow the Group's guidelines, requirements and local regulations.
- Conduct regular audits on operating buildings and construction sites.
- Conduct periodic drills and crisis management procedures for safety incidents.

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, and 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 minimize 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 Statements

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

(a) the consolidated financial statements prepared in accordance with International Financial Reporting Standards, including International Accounting Standards and Interpretations adopted by the International Accounting Standards Board, give a true and fair view of the assets, liabilities, financial position and profit and losses of the Group; and

(b) the Chairman's Statement, Chief Executive's Review, Financial Review and Principal Risks and Uncertainties of the Company's 2022 Annual Report, which constitute the management report required by the Disclosure Guidance and Transparency Rule 4.1.8, include a fair review of all information required to be disclosed under Rules 4.1.8 to 4.1.11 of the Disclosure Guidance and Transparency Rules issued by the Financial Conduct Authority in the United Kingdom.

For and on behalf of the Board

Robert Wong
Craig Beattie

Directors

Dividend Information for Shareholders

The final dividend of US¢16.00 per share will be payable on 10th May 2023, subject to approval at the Annual General Meeting to be held on 4th May 2023, to shareholders on the register of members at the close of business on 17th March 2023. The shares will be quoted ex-dividend on 16th March 2023, and the share registers will be closed from 20th to 24th March 2023, 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 2022 final dividend by notifying the United Kingdom transfer agent in writing by 21st April 2023. The Sterling equivalent of dividends declared in United States Dollars will be calculated by reference to a rate prevailing on 26th April 2023.

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.

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 17th March 2023, must submit the relevant documents to M & C Services Private Limited, the Singapore branch registrar, by no later than 5.00 p.m. (local time) on 16th March 2023.

About Hongkong Land Group

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

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

The Group's Central Hong Kong portfolio represents some 450,000 sq. m. of prime property. It has a further 165,000 sq. m. of prestigious office space in Singapore mainly held through joint ventures, 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. Its subsidiary, MCL Land, is a well-established residential developer in Singapore.

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

- 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 2022 can be accessed via the Hongkong Land corporate website at 'www.hkland.com'.