Annual Report 2019

Hongkong Land Holdings Limited

Hongkong Land's Central Portfolio provides a haven for business and lifestyle experiences, this year launching the world-class CENTRICITY and newly designed BESPOKE Salon (front cover).

Jardines
A member of the Jardine Matheson Group

Contents

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

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

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

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

Corporate Information

Directors

Ben Keswick Chairman and Managing Director

Robert Wong Chief Executive

Charles Allen-Jones *(stepped down on 8th May 2019)*

Simon Dixon

Mark Greenberg

Adam Keswick

Simon Keswick *(stepped down on 1st January 2020)*

Anthony Nightingale

Christina Ong

Y.K. Pang

Lord Powell of Bayswater, KCMG

Lord Sassoon, Kt

James Watkins

Percy Weatherall

Michael Wei Kuo Wu

Company Secretary

Jonathan Lloyd

Registered Office

Jardine House
33-35 Reid Street
Hamilton
Bermuda

Hongkong Land Limited

Directors

Ben Keswick Chairman

Robert Wong Chief Executive

Simon Dixon Chief Financial Officer

Raymond M.J. Chow

Kenneth Foo

Robert L. Garman

Mark Greenberg

David Hsu

David P. Lamb

Ling Chang Feng

Anne O'Riordan *(joined the board on 1st June 2019)*

Y.K. Pang

Jeremy Parr

John Witt

Raymond Wong

Corporate Secretary

Jonathan Lloyd

Highlights

- **Underlying profit up 4% to a record US$1,076 million**
- **Net asset value per share stable**
- **Large strategic mixed-use site secured in Shanghai**
- **Six other new projects acquired including five in the Chinese mainland**

Results

	2019 US$m	2018 US$m	Change %
Underlying profit attributable to shareholders*	**1,076**	1,036	4
Profit attributable to shareholders	**198**	2,457	(92)
Shareholders' funds	**38,247**	38,342	–
Net debt	**3,591**	3,564	1

	US¢	US¢	%
Underlying earnings per share*	**46.12**	44.24	4
Earnings per share	**8.48**	104.92	(92)
Dividends per share	**22.00**	22.00	–

	US$	US$	%
Net asset value per share	**16.39**	16.43	–

* The Group uses 'underlying profit attributable to shareholders' in its internal financial reporting to distinguish between ongoing business performance and non-trading items, as more fully described in Note 28 to the financial statements. Management considers this to be a key measure which provides additional information to enhance understanding of the Group's underlying business performance.

Chairman's Statement

Overview

Hongkong Land achieved a further year of record underlying profit in 2019. Profits from the Group's Investment Properties businesses remained stable despite the social unrest in Hong Kong, whilst a higher contribution from the Development Properties business in the Chinese mainland was partially offset by lower contributions from other markets. Good progress was made during the year in acquiring new sites and, since the year end, the Group acquired a strategic large mixed-use Investment Property site in a prime location in Shanghai. The performance of the Group's Development Properties business in the Chinese mainland and the impact of rent relief on the Group's retail properties, particularly in Hong Kong, will depend on the length and impact of the COVID-19 outbreak.

Performance

Underlying profit attributable to shareholders rose 4% to US$1,076 million.

Including net losses of US$878 million resulting primarily from lower valuations of the Group's investment properties, the profit attributable to shareholders was US$198 million. This compares to US$2,457 million in 2018, which included net gains of US$1,421 million arising from revaluations.

The net asset value per share at 31st December 2019 was US$16.39, compared with US$16.43 at the end of 2018.

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 activities in Central were slower in 2019 compared to the prior year as a result of uncertainties caused by the China-US trade negotiations and the social unrest in Hong Kong, although performance of the Group's Central office portfolio continues to be resilient. Vacancy at the end of 2019 was 2.9% on both a physical and committed basis. At the end of 2018, office vacancy was 1.4%. Rental reversions remained positive, with average office rents increasing from HK$113 per sq. ft in 2018 to HK$118 per sq. ft in 2019.

The Group's Central retail portfolio remains effectively fully occupied and delivered a respectable performance over the Christmas period following several challenging months for the retail market in the city. Despite positive base rental reversions, however, the average retail rent in 2019 decreased to HK$222 per sq. ft from HK$233 per sq. ft in 2018, due to temporary rent relief and a decline in turnover rent. The portfolio retains its reputation as Hong Kong's premier shopping destination.

The value of the Group's Hong Kong Investment Properties portfolio decreased by 2% compared to the prior year, due to lower open market rents.

In Singapore, vacancy in the Group's office portfolio was 5.0% at the end of 2019, compared with 2.5% at the end of 2018. On a committed basis, vacancy was 0.7%. Rental reversions were positive, with average rents increasing to S$9.7 per sq. ft in 2019 from S$9.2 per sq. ft in 2018.

In Beijing, WF CENTRAL is performing in line with expectations. Its hotel component, Mandarin Oriental Wangfujing, which opened in March 2019 is already positioned as one of the leading luxury hotels in the market.

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

In February 2020, the Group acquired a prime, predominantly commercial site along the Huangpu River in the Xuhui District of Shanghai. The Project mainly comprises office and retail space, with a developable area of 1.1 million sq. m., and will be developed in multiple phases to 2027.

Development Properties

2019 was a solid year for the Group's Development Properties, building on a strong year in 2018, with a higher contribution from the Chinese mainland partially offset by lower contributions from other markets.

In the Chinese mainland, sentiment in the Group's core markets remained broadly stable. Higher sales completions led to an increase in profit contribution, whilst the Group's attributable interest in contracted sales at US$1,868 million was 18% higher than 2018 due to a change in sales location mix. At 31st December 2019, the Group had an attributable interest of US$1,860 million in sold but unrecognised contracted sales, compared with US$1,358 million at the end of 2018.

During the year, the Group acquired five new residential sites in the Chinese mainland – all in cities where it already has a presence – with a wholly-owned project in each of Chongqing and Hangzhou, and joint ventures in each of Chongqing, Shanghai and Wuhan. The Group's effective interest in these projects equates to a developable area of 547,000 sq. m.

In Singapore, recognised profits in 2019 were lower than the prior year, which benefited from the recognition of profits on completion of the 1,327-unit Sol Acres executive condominium development. Pre-sales at the 309-unit Margaret Ville and the 1,404 unit Parc Esta projects were within expectations, with construction of both projects scheduled to complete by 2021. The planning of the 638-unit Leedon Green project (previously known as 'Tulip Garden') continues to progress well, with the project's sales launch having commenced in January 2020.

The Group's joint venture projects in the rest of Southeast Asia performed within expectations, including the completion of Two Roxas Triangle in the Philippines in 2019. During the year, the Group acquired a 49% interest in a prime residential site in Bangkok with a developable area of 64,000 sq. m.

Financing

The Group's financial position remains strong with net debt of US$3.6 billion at 31st December 2019, broadly unchanged from the end of 2018. Net gearing at the end of the year remained unchanged at 9%.

Net debt will increase in 2020 as payments are made for land purchases to which the Group has already committed. The newly acquired commercial site in Shanghai will be funded by internal resources and external funding with no recourse to shareholders.

People

On behalf of the Board, I would like to thank all of our staff for their ongoing dedication and professionalism in providing high quality services and offerings to our tenants and customers, as well as for their commitment in driving the Group's success.

Charles Allen-Jones stepped down as a Director on 8th May 2019 and Simon Keswick retired from the Board on 1st January 2020. On 20th January 2020, it was announced that Lord Sassoon will retire from the Board on 9th April 2020. We would like to record our gratitude to all of them for their significant contributions to the Group over many years.

As separately announced on 5th March 2020, with effect from 15th June 2020 the roles of Chairman and Managing Director, which are currently held on a combined basis by Ben Keswick, will be separated. Ben Keswick will remain as Chairman and John Witt will join the Board and take on the role of Managing Director of the Company.

Outlook

The Group's results in 2020 will be impacted by the COVID-19 outbreak, with the performance of Development Properties in the Chinese mainland and the Group's retail properties expected to be most affected. The extent of the impact will be dependent on the duration and geographic extent of the outbreak. Stable contributions are expected from the Group's other businesses, although there are expected to be higher financing costs.

Ben Keswick
Chairman
5th March 2020

Chief Executive's Review

Hongkong Land achieved a further year of record underlying profit in 2019 with stable contributions from Investment Properties and higher contributions from Development Properties. The Group continues to invest for future growth whilst maintaining a strong balance sheet.

The Group's performance to date in 2020 has been affected by the COVID-19 outbreak, which has resulted in a temporary halt in development activities in the Chinese mainland and lower turnover at its retail properties, including the LANDMARK in Hong Kong. It remains too early to quantify the impact of COVID-19 and the current social unrest in Hong Kong, although the Group remains confident in the long-term outlook of the markets in which it operates.

Strategy

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

The Group's Investment Properties are predominantly commercial in nature and located in 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 87% of the Group's gross assets at the end of 2019 (2018: 88%) and contributed 61% of the Group's underlying operating profit before corporate expenses in 2019 (2018: 64%).

The Group's Development Properties are primarily premium residential and mixed-use developments, located in the Chinese mainland and 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 13% of the Group's gross assets at the end of 2019 (2018: 12%) and 39% of the Group's underlying operating profit before corporate expenses in 2019 (2018: 36%).

Geographically, Greater China generates the bulk of the Group's earnings. Hong Kong, which comprises predominantly Investment Properties, accounted for 51% of the Group's underlying operating profit before corporate expenses (2018: 54%), whilst the Chinese mainland, which comprises predominantly Development Properties, accounted for 32% (2018: 26%).

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 2019, the Group's share of capital allocated to new investments totalled US$1.2 billion (2018: US$2.3 billion). The pace of new investments up to the end of 2020 is expected to moderate compared to recent years, following the acquisition of a large predominantly commercial site in Shanghai in February 2020.

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 space in Central and the unique qualities of the Group's portfolio, together continue to support low vacancy and strong rents. Hong Kong continues to possess unique advantages as a financial centre that are not easily replicated.

The Group's 54,000 sq. m. retail portfolio is integrated with its office buildings to create part of the Group's distinctive and successful mixed-use business model. Its 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.

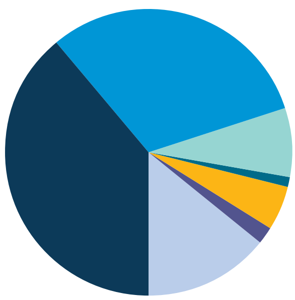
Central Portfolio top five office tenants (in alphabetical order)
in 2019

JP Morgan
KPMG
Mayer Brown
PricewaterhouseCoopers
Stock Exchange of Hong Kong

Central Portfolio top five retail tenants (in alphabetical order)
in 2019

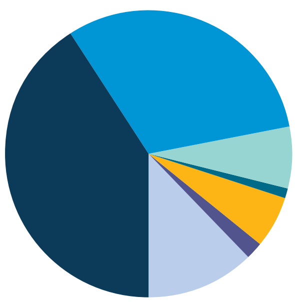
Dickson Concepts
Hermes
Kering
LVMH Group
Richemont

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 the Chinese mainland. The Group will work to ensure that, despite the challenging conditions, it will remain the clear market leader in Central in which global luxury brands will continue to be represented.



2015

39% Banks and other financial services	
31% Legal	**5%** Property
8% Accounting	**2%** Trading
1% Governments	**14%** Others



2019

41% Banks and other financial services	
31% Legal	**6%** Property
7% Accounting	**2%** Trading
1% Governments	**12%** Others

Central Portfolio office tenant profile by area occupied

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 the Chinese mainland, the Group's 49,000 sq. m. WF CENTRAL complex in Beijing is positioned as a premium retail and lifestyle destination, and includes a recently-opened Mandarin Oriental hotel that has quickly 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 Group's EXCHANGE SQUARE complex comprises 25,000 sq. m. of office and retail space in the heart of Phnom Penh.

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

Development Properties

The Group has established a strong and profitable Development Properties business focusing primarily on the premium residential market segment in the Chinese mainland and Southeast Asia. While the capital invested in this business is significantly lower than in Investment Properties, the earnings derived from Development Properties enhances the Group's overall profits and returns on capital. The Group's attributable interest in the developable area of its projects at the end of 2019 totalled 9.0 million sq. m., compared to 9.3 million sq. m. at the end of 2018. Of this, construction of approximately 37% had been completed at the end of 2019, compared to 36% at the end of 2018.

Annual returns from Development Properties fluctuate due to the nature of the projects and the Group's accounting policy of recognising profits on sold properties on completion in a number of markets including 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 2019 were broadly unchanged from 2018, as positive base rental reversions in Hong Kong and Singapore were offset by temporary retail rent relief in Hong Kong.

Hong Kong

Demand in the Hong Kong office leasing market slowed during the year as a result of uncertainties caused by the ongoing China-US trade negotiations and the social unrest experienced in Hong Kong. At the end of 2019, vacancy at the Group's Central office portfolio was 2.9% on both a physical and committed basis. At the end of 2018, office vacancy was 1.4%. Vacancy for the overall Central Grade A market was 3.6% at the end of 2019, compared to 1.8% at the end of 2018. The Group's average office rent in 2019 was HK$118 per sq. ft, an increase from last year's average of HK$113 per sq. ft. Financial institutions, legal firms and accounting firms occupy 79% of the Group's total leased office space. The weighted average lease expiry of the office portfolio at the end of 2019 stood at 4.7 years (2018: 4.0 years), reflecting efforts made over recent years to extend the leases of major tenants.

The Group's retail portfolio in Hong Kong was negatively impacted in the second half of the year by weakened sentiment in the luxury retail market as a result of the social unrest, although it remained effectively fully occupied at 31st December 2019. Despite positive base rental reversions, the average retail rent in 2019 decreased to HK$222 per sq. ft from HK$233 per sq. ft in 2018 due to temporary rent relief provided to tenants and lower turnover rent. Excluding temporary rent relief this figure was HK$236 per sq. ft.

In October 2019, the Group successfully launched CENTRICITY, a suite of market leading digital and physical services exclusively available to the Group's tenants in Hong Kong. The core elements include a mobile app which provides tenants with access to promotions, events and concierge services, a flexible event space which can accommodate up to 200 guests, and a restaurant providing both on-the-go meals and formal dining service. In addition, the Group also launched a new 5,000 sq. ft salon which provides its BESPOKE loyalty programme members with personalised experience and services.

The value of the Group's Investment Properties portfolio in Hong Kong at 31st December 2019, based on independent valuations, declined by 2% to US$31.5 billion, due to slightly lower open market rents, with no change in capitalisation rates.

Central Portfolio
at 31st December 2019

	Office	Retail
Capital value (US$m)	26,401	4,814*
Gross revenue (US$m)	805	234*
Equivalent yield (%)		
– One and Two Exchange Square	3.00	
– Landmark Atrium		4.50
Average unexpired term of leases (years)	4.7	2.2
Area subject to renewal/review in 2020 (%)	20	38

* Includes hotel

Singapore

The Singapore office leasing market continued to improve in 2019. Overall vacancy across the entire Grade A central business district was 4.2% as at the end of 2019, compared to 7.2% at the end of 2018. The Group's office portfolio continued to perform well, reflecting its high quality and unique positioning. The Group's average office rent in 2019 was S$9.7 per sq. ft, an increase from S$9.2 per sq. ft in the previous year, due to positive rental reversions. Vacancy was higher at 5.0% at the year end, compared to 2.5% at the end of 2018, although this will decline as committed space is taken up in 2020: vacancy on a committed basis is 0.7%. Financial institutions, legal firms and accounting firms occupy 78% of the Group's total leased office space. The weighted average lease expiry of the office portfolio at 2019 year end stood at 4.4 years (2018: 3.9 years).

Chinese Mainland

In Beijing, the retail component of WF CENTRAL performed within expectations. The 73-room Mandarin Oriental Wangfujing opened in March 2019 and has received overwhelmingly positive reviews.

In February 2020, the Group acquired a large strategic predominantly commercial mixed-use site in a prime location in the Xuhui District of Shanghai, with a developable area of 1.1 million sq. m. Construction is expected to commence in 2020, with completion in multiple phases between 2023 to 2027.

Other Investment Properties

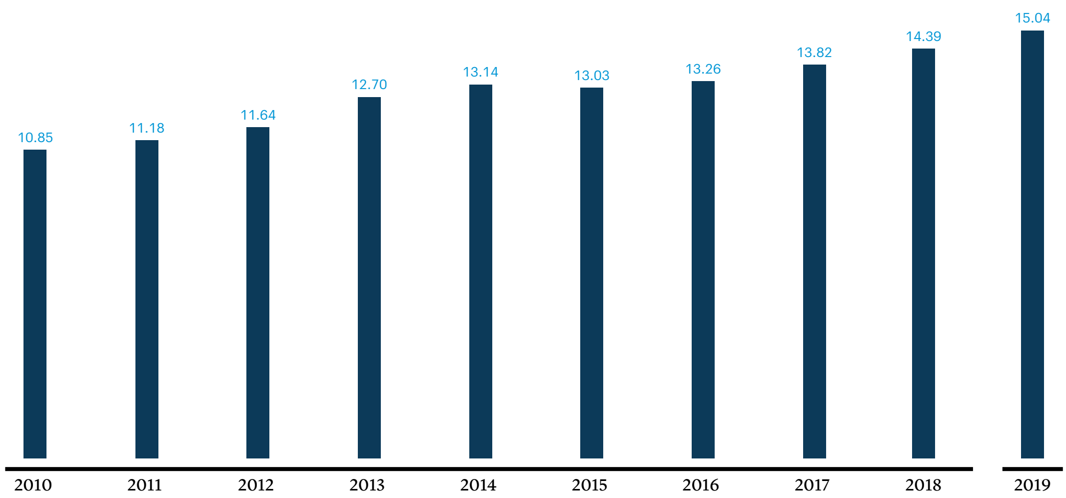
At One Central Macau, retail occupancy was 92%, unchanged from the prior year. Tenant sales declined by 9% due to softening sentiment in the luxury retail market. Rental reversions were negative during the year, with average rent declining from MOP213 per sq. ft in 2018 to MOP207 per sq. ft in 2019.

In Jakarta, the office portfolio remains resilient despite the continued surplus of city-wide office supply. Occupancy was 77% at the end of 2019, compared to 70% at the end of 2018, as efforts continue to lease the newest office tower, WTC3, which was 89% committed as at the end of 2019. The average gross rent was US$25.3 per sq. m. in 2019, compared to US$25.7 per sq. m. in the prior year.

In Phnom Penh, EXCHANGE SQUARE, the Group's 25,000 sq. m. prime mixed-use complex in the heart of the city's emerging financial district, continues to be taken up by tenants, and was 91% occupied at the end of 2019, compared to 85% at the end of 2018.

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

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



Central Portfolio average office effective rent (US$/sq. ft per month)

Review of Development Properties

Earnings from the Group's Development Properties segment were higher in 2019 compared to 2018, due to increased contributions from the Chinese mainland, which were partially offset by lower contributions from other markets.

Chinese Mainland

The Group's development properties in the Chinese mainland comprise 25 projects in seven cities, of which 11 projects are in Chongqing. As at 31st December 2019, the Group's net investment in development properties in the Chinese mainland was US$4.1 billion, compared to US$3.4 billion at the end of 2018.

During the year, the Group acquired two wholly-owned residential projects in Chongqing and Hangzhou. The Group also secured three joint venture residential projects, one in each of Chongqing, Shanghai and Wuhan. The Group already has a presence in all of these cities.

Market sentiment in the Group's key markets remained stable. The Group's share of total contracted sales in 2019 was US$1,868 million, 18% higher than the US$1,578 million achieved in the prior year. The Group's attributable interest in revenue recognised in 2019, including its share of revenue in joint ventures and associates, increased by 12% to US$1,348 million from US$1,207 million in 2018, due to the timing of completions.

At 31st December 2019, the Group's attributable interest in sold but not yet recognised contracted sales amounted to US$1,860 million, an increase of 37% from US$1,358 million at the end of 2018.

Chongqing, the largest city in western China, remains the most significant market for the Group, representing some 40% of its Chinese mainland Development Properties exposure. Including newly acquired projects during the year, the Group has five wholly-owned projects in Chongqing – Yorkville South, Yorkville North, River One (formerly 'Bamboo Grove Riverside'), The Pinnacle, and a yet to be named project in the Central Park area which was acquired in September 2019 – and six 50%-owned joint ventures: New Bamboo Grove, Landmark Riverside, Central Avenue, Harbour Tale (formerly 'Lijia Landscape'), Hillview, and a yet to be named project in the University Town area which was acquired in September 2019.

The newly acquired 100%-owned site in the Central Park area has a total developable area of 133,000 sq. m. and will be developed in one phase, whilst the newly acquired 50%-owned site located in University Town has a total developable area of 318,000 sq. m. and will be developed over two phases. Both projects are primarily residential and are expected to complete in 2022.

The Group's attributable interest in 2019 revenue from property sales in Chongqing, including its share of revenue in joint ventures and associates, increased by 6% to US$1,077 million, from US$1,015 million in 2018, due to the timing of completions. The Group's attributable interest in the developable area of its Chongqing projects at the end of 2019 totalled 4.1 million sq. m., compared to 4.5 million sq. m. at the end of 2018. Of this, construction of approximately 58% had been completed at the end of 2019, compared to 57% at the end of 2018.

In Hangzhou, the Group's newly acquired 100% primarily residential site in the Canal New City area of Gongshu District, with a developable area of 73,000 sq. m., will be developed in one phase with completion expected in 2022.

In Wuhan, the Group will develop a predominantly residential site located in the Houguan Lake area. The 66%-owned project has a developable area of 226,000 sq. m., and will be developed in one phase with completion expected in 2022.

In Shanghai, the Group will develop a primarily residential site located in the Huacao area of Minhang District. The 50%-owned project has a developable area of 64,000 sq. m. and will be developed in one phase with completion expected in 2022.

In the central business district of Beijing's Chaoyang District, the Group's 30%-owned Grade A office development of 127,000 sq. m. remains in the planning phase, with construction expected to commence in 2021.

Singapore

The Group completed one residential project during 2019, the wholly-owned 710-unit Lake Grande residential project, which was fully sold.

The wholly-owned 309-unit Margaret Ville residential project, with a developable area of 22,000 sq. m., was 81% pre-sold at the 2019 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 2019, 59% of units had been pre-sold.

The sales launch of the 50%-owned 638-unit Leedon Green (formerly 'Tulip Garden') residential project, with a developable area of 49,000 sq. m., commenced in January 2020. This joint venture project will be developed in one phase, with completion scheduled in 2022.

Other Development Properties

In Indonesia, construction of the Group's residential projects is progressing well. Nava Park, the Group's 49%-owned joint venture, 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 889 units which have been launched for sale, 82% has been pre-sold as at the end of 2019.

Asya, a joint venture which includes Astra International, in which the Group has a 33.5% attributable interest, is a 68 hectare site located in the east of Jakarta. The project will yield a total developable area of approximately 874,000 sq. m., comprising landed houses, villas, apartments and low-rise commercial shophouses. It will be developed in multiple phases through to 2031. Of the 513 launched units, 44% has been pre-sold as at the end of 2019.

Arumaya, the Group's 40%-owned joint venture with Astra International, is a 262-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 have been launched as at the end of 2019, with 29% of the units reserved.

Avania (formerly 'Gatot Subroto'), 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 126,000 sq. m. and will be developed in two phases through to 2025. The sales launch is expected to commence shortly.

In the Philippines, the 40%-owned Two Roxas Triangle is a 182-unit luxury condominium tower located in Manila's central Makati area. The development was completed in the first half of 2019 and has been fully sold.

Construction is progressing well at Mandani Bay, a 40%-owned 20-hectare development in Cebu comprising principally residential units with some office and retail components. The project will be developed in multiple phases through to 2035. Of the 4,067 residential units which have been launched, 80% were pre-sold at the end of 2019.

Bridgetowne, a 40%-owned joint venture project with Robinsons Land, is a two hectare site situated in the Bridgetowne Township in Pasig City, Manila. The 1,992-unit luxury condominium project has a developable area of 146,000 sq. m. and will be developed in three phases through to 2028.

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. All the units have been launched and 45% have been sold as at the end of 2019. In October 2019, the Group's proposed investment in a residential development in District 2 of Ho Chi Minh City, Thu Thiem River Park, was terminated as certain conditions precedent were not fulfilled.

In Thailand, the Esse Sukhumvit 36, a 49%-owned 338-unit luxury condominium tower in the Sukhumvit area of Bangkok, is currently 62% pre-sold. Construction is scheduled to complete in 2020.

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 433,000 sq. m., and is expected to be developed in four phases through to 2028.

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 169,000 sq. m. and will comprise 472 villas. It is expected to complete in 2029.

During the year, the Group secured a 49% interest in a luxury condominium site 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 2023.

The Year Ahead

The Group's Investment Properties portfolio will remain the largest contributor to the Group's earnings. The performance of the Group's office portfolio is expected to be resilient, while its retail portfolio will be impacted by rent relief to its tenants. In the Development Properties business, contributions from the Chinese mainland are expected to be lower due to delays in sales completions as a result of the COVID-19 outbreak, while contributions from Southeast Asia are expected to be broadly stable. Higher financing costs are anticipated in 2020 due to land acquisitions.

The Group will continue to deliver world class services and offerings to our office and retail tenants, and best-in-class housing to our residential customers, ensuring the highest standards are upheld. These values are critical to the long-term success of the Group.

Robert Wong
Chief Executive
5th March 2020

Financial Review

Results

Underlying Business Performance

	2019 US$m	2018 US$m
Investment Properties	**1,064**	1,044
Development Properties	**675**	582
Corporate costs	**(83)**	(72)
Underlying operating profit	**1,656**	1,554
Net financing charges	**(188)**	(152)
Tax	**(370)**	(352)
Non-controlling interests	**(22)**	(14)
Underlying profit attributable to shareholders	**1,076**	1,036
Non-trading items	**(878)**	1,421
Profit attributable to shareholders	**198**	2,457
	US¢	US¢
Underlying earnings per share	**46.12**	44.24

Underlying operating profit by reportable segment is summarised in the above table, including the Group's share of results from its associates and joint ventures. Given the significance of the Group's joint ventures, this provides a clearer summary of the Group's performance during the year.

The Group's operating profit from Investment Properties was US$1,064 million, slightly higher than the previous year due to higher contributions from WF CENTRAL and its portfolio in Southeast Asia.

In Hong Kong, average rents for the office portfolio increased by 4% on positive rental reversions and continued low vacancies. Despite positive base rental reversions, average rents for the retail portfolio decreased by 4% as a result of rent relief paid to tenants. Excluding rent relief, average retail rents increased by 1% compared to the prior year.

The Hong Kong Central Portfolio remains the Group's largest profit contributor, generating 83% of the operating profit contributed by the Group's Investment Properties, down by 1% compared to the prior year. Excluding retail rent relief, the contribution would have also been 83%.

The contribution to the Group's Investment Properties segment from Singapore remained unchanged from the prior year, comprising 11% of the Group's operating profits from Investment Properties.

In the Chinese mainland, WF CENTRAL performed within expectations, with the 73-room Mandarin Oriental Wangfujing having enjoyed a successful opening in March 2019, recording the highest average revenue per room night in Beijing.

Operating profits from Development Properties increased by 16% to US$675 million, principally due to higher contributions from the Chinese mainland.

The operating profit contribution from Chinese mainland Development Properties was up by 29% from the previous year to US$557 million, mainly due to more completions in the Group's wholly-owned and joint venture developments. Including the impact of Land Appreciation Tax which is accounted for within the tax line, the contribution from the Group's Chinese mainland Development Properties was also up 29% from the prior year. The Group's attributable interest in revenue, being the Group's share of completed units handed over to customers, increased by 12% compared to the prior year to US$1,348 million due to the timing of completions, whilst modestly higher gross profit margins were recognised due to a change in the product mix.

Revenue was recognised at the following projects in the Chinese mainland:

Project	City	Attributable interest %	Number of units handed over 2019	2018
WE City	Chengdu	50	**2,293**	615
Yorkville North	Chongqing	100	**755**	1,092
Yorkville South	Chongqing	100	**1,700**	811
Bamboo Grove	Chongqing	50	**4**	3
New Bamboo Grove	Chongqing	50	**1,292**	1,257
Landmark Riverside	Chongqing	50	**410**	962
Central Avenue	Chongqing	50	**1,057**	1,692
Parkville	Shanghai	50	**112**	34

In Singapore, operating profits from Development Properties decreased to US$110 million from US$122 million in 2018 due to lower revenue partly offset by improved margins. The Group's attributable interest in revenue declined to US$516 million from US$953 million in 2018, which benefited from the completion of the 1,327-unit Sol Acres executive condominium development.

In other parts of Southeast Asia, the Group recorded lower recognised profits in 2019 primarily due to fewer completions in the Group's joint venture developments in Indonesia and Vietnam compared to the prior year.

Net financing charges of US$188 million were 24% higher than the prior year primarily due to an increase in average net borrowings as a result of the Group's recent investments. Average borrowing costs increased slightly to 3.8%, compared to 3.5% in the prior year.

The tax charge, which includes Land Appreciation Tax at the Group's Development Properties projects in the Chinese mainland, increased by 5% to US$370 million, with an effective tax rate of 25.2%, broadly in line with the previous year.

In 2019, underlying profit attributable to shareholders was US$1,076 million, 4% higher than the prior year.

Non-Trading Items

In 2019, the Group had net non-trading losses of US$878 million compared to a gain of US$1,421 million in 2018. These arose principally on revaluations of the Group's investment properties, including its share of joint ventures, which were performed at 31st December 2019 by independent valuers.

The loss on valuation came primarily from the Group's Central office portfolio in Hong Kong due to a decrease in open market rents, with no change in capitalisation rates. The Central Portfolio decreased in value by 2% to US$31.2 billion.

Cash Flows

The Group's consolidated cash flows are summarised as follows:

	2019 US$m	2018 US$m
Operating activities		
Operating profit, excluding non-trading items	**1,170**	1,089
Net interest	**(145)**	(127)
Tax paid	**(116)**	(172)
Payments for Development Properties sites	**(353)**	(809)
Expenditure on Development Properties projects	**(522)**	(355)
Sales proceeds from Development Properties	**1,143**	1,328
Dividends received from joint ventures	**420**	139
Others	**(415)**	(489)
	1,182	604
Investing activities		
Major renovations capex	**(116)**	(93)
Investments in and advances to associates and joint ventures	**(646)**	(979)
Development expenditure	**(28)**	(57)
Disposal of other investments	**158**	–
Others	**(26)**	73
	(658)	(1,056)
Financing activities		
Dividends paid by the Company	**(510)**	(467)
Shares repurchase	**–**	(132)
Net drawdown of borrowings	**25**	838
Others	**(6)**	(2)
	(491)	237
Net increase/(decrease) in cash and cash equivalents	**33**	(215)
Cash and cash equivalents at 1st January	**1,369**	1,617
Effect of exchange rate changes	**16**	(33)
Cash and cash equivalents at 31st December	**1,418**	1,369

The cash inflows from operating activities for the year were US$1,182 million, compared with US$604 million in the prior year. The increase of US$578 million was principally due to lower land payments for wholly-owned Development Properties sites and higher dividends from the Group's joint venture Development Properties projects, partially offset by higher expenditure and lower sales proceeds from the Group's wholly-owned Development Properties projects.

The Group's operating profit from its subsidiaries (excluding non-trading items) was US$1,170 million, 7% higher than the prior year, largely due to an increased contribution from wholly-owned Development Properties projects in the Chinese mainland, partially offset by lower contributions from wholly-owned Development Properties projects in Singapore. Net interest paid of US$145 million was US$18 million higher than in 2018 due to higher average net borrowings. In 2019, US$353 million was paid by the Group to acquire wholly-owned Development Properties sites, including The Pinnacle (US$64 million) and West Central Park Project (US$181 million) in Chongqing , as well as Gongshu Project in Hangzhou (US$106 million), as compared to US$809 million in 2018. Sales proceeds from Development Properties were US$185 million lower at US$1,143 million, principally due to lower sales proceeds from wholly-owned Development Properties projects in Singapore. Dividends received from joint ventures increased by US$281 million to US$420 million, predominantly due to receipts from Bamboo Grove in the Chinese mainland.

Cash outflows from investing activities were US$658 million, compared to US$1,056 million in the prior year. Net funding of the Group's joint venture projects totalled US$646 million, a decrease on US$979 million in the prior year primarily due to funding for the Group's joint venture Investment Properties development in central Bangkok paid in 2018 and fewer new joint venture Development Properties projects secured compared to the prior year. Development expenditure of US$28 million was predominantly for the WF CENTRAL project in Beijing, whilst capital expenditure of US$116 million for major renovations principally relates to the Group's Hong Kong Central Portfolio.

Under financing activities, the Company paid dividends of US$510 million, being the 2018 final dividend of US¢16.00 per share and the 2019 interim dividend of US¢6.00 per share, US¢2.00 per share higher compared to the prior year. The Group had a net drawdown of borrowings of US$25 million during the year.

Cash and cash equivalents were US$49 million higher at the end of 2019. Taken together with an increase in borrowings, the Group's net debt at 31st December 2019 marginally increased to US$3,591 million, from US$3,564 million at the beginning of the year.

Year-end debt summary*

	2019 US$m	2018 US$m
US$ bonds/notes	**1,514**	1,499
HK$ bonds/notes	**1,478**	1,425
HK$ bank loans	**433**	460
S$ bonds/notes	**331**	217
S$ bank loans	**255**	593
RMB bank loans	**621**	479
PHP bank loans	**7**	4
THB bank loans	**376**	262
Gross debt	**5,015**	4,939
Cash	**1,424**	1,375
Net debt	**3,591**	3,564

* Before currency swaps

Capital Management

The Group's capital management policies are set out on page 68.

New Investments

During 2019, the Group committed to invest, based on its equity contribution and share of project level debt, US$1.2 billion in new projects (2018: US$2.3 billion). The Group was also successful in securing a large predominantly commercial site in Shanghai in February 2020 at a consideration of approximately US$4.4 billion. New investments are and will continue to be funded by a range of financing options, including internal resources and external financing from banks and capital markets. There is no intention to seek funding from shareholders.

Dividends

The Board is recommending a final dividend of US¢16.00 per share for 2019, providing a total annual dividend of US¢22.00 per share, same as last year. The final dividend will be payable on 13th May 2020, subject to approval at the Annual General Meeting to be held on 6th May 2020, to shareholders on the register of members at the close of business on 20th March 2020. No scrip alternative is being offered in respect of the dividend.

Treasury Policy

The Group manages its treasury activities within established risk management objectives and policies using a variety of techniques and instruments. The main objectives are to manage exchange, interest rate and liquidity risks and to provide a degree of certainty in respect of costs. The investment of the Group's cash balances is managed so as to minimise risk while seeking to enhance yield. Appropriate credit guidelines are in place to manage counterparty credit risk.

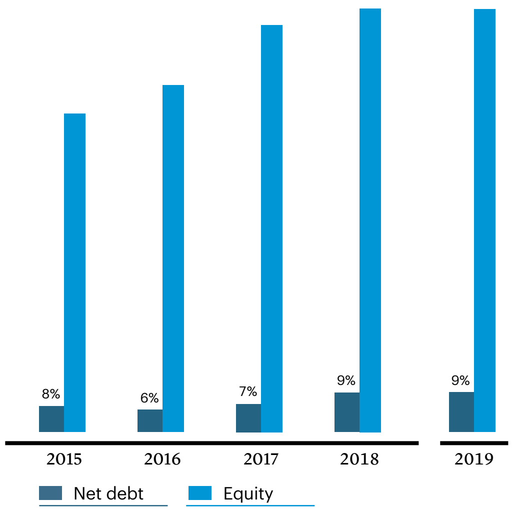
When economically sensible to do so, borrowings are taken in local currencies to hedge foreign currency exposures on investments. A portion of borrowings is denominated in fixed rates. Adequate headroom in committed facilities is maintained to facilitate the Group's capacity to pursue new investment opportunities and to provide some protection against market uncertainties. Overall, 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, to give flexibility to develop the business.

The Group's Treasury operations are managed as cost centres and are not permitted to undertake speculative transactions unrelated to underlying financial exposures.

Funding

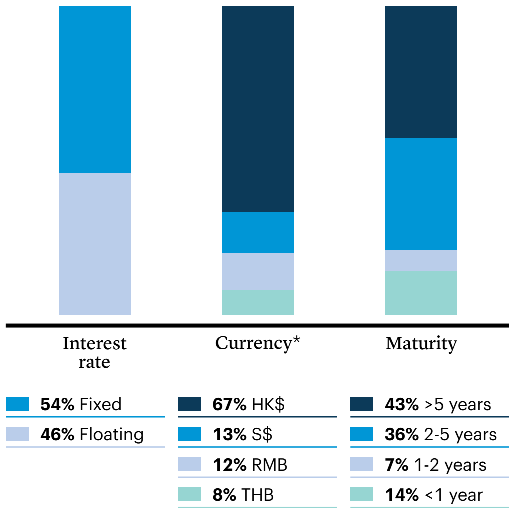
The Group is well financed with strong liquidity. Net gearing remained unchanged at 9% at 31st December 2019 compared to that at the end of 2018. Interest cover, calculated as the underlying operating profits, including the Group's share of associates and joint ventures' operating profits, divided by net financing charges including the Group's share of associates and joint ventures' net financing charges, was 8.8 times, down from 10.3 times in 2018. The decrease was mainly due to higher levels of debt and average interest cost during the year.

Both Moody's and Standard & Poor's have maintained their credit ratings of Hongkong Land Holdings Limited at A3 and A respectively.



Net debt as a percentage of equity

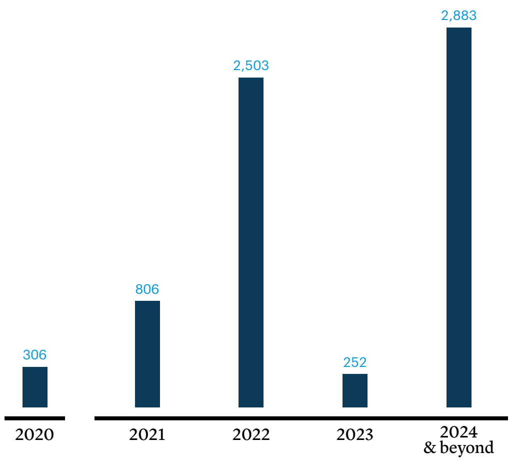
The average tenor of the Group's debt was 6.1 years at 31st December 2019, down from 6.2 years at the end of 2018. Approximately 46% of the Group's borrowings were at floating rates and the remaining 54% were either fixed rate borrowings or covered by interest rate hedges with major credit worthy financial institutions, broadly in line with the end of 2018.



Debt profile at 31st December 2019

* After currency swaps

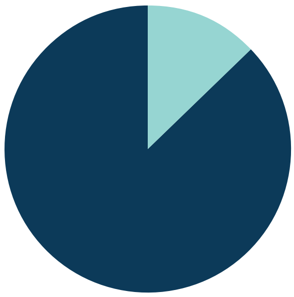
At 31st December 2019, the Group had total committed lines of approximately US$6.8 billion. Of these lines, 51% were sourced from banks with the remaining 49% from the capital markets. At the end of 2019, the Group had drawn US$5.0 billion of these lines leaving US$1.8 billion of committed, but unused, facilities. Adding the Group's year end cash balances, the Group had overall liquidity at 31st December 2019 of US$3.2 billion, down from US$3.6 billion at the end of 2018.



Committed facility maturity at 31st December 2019 (US$m)

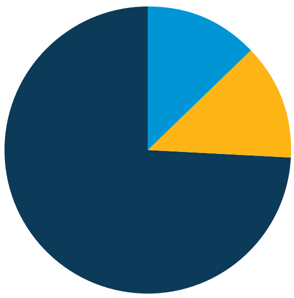
Gross Assets

The Group's gross assets, including its share of joint ventures, (excluding cash balances) is analysed below, by activity and by location.



87% Investment Properties
13% Development Properties

Gross assets by activity



74% Hong Kong
13% Southeast Asia
13% Chinese mainland and Macau

Gross assets by location

Principal Risks and Uncertainties

A review of the principal risks and uncertainties facing the Group is set out on page 85.

Accounting Policies

The Directors continue to review the appropriateness of the accounting policies adopted by the Group with regard to developments in International Financial Reporting Standards. There are no changes to the accounting policies as described in the 2018 annual financial statements except for the adoption of IFRS 16 'Leases' and the early adoption of 'Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7' from 1st January 2019. IFRS 16 affects primarily the accounting for the Group's operating leases, whilst the amendments to IFRS 9, IAS 39 and IFRS 7 relate to hedge accounting. The adoption of IFRS 16 and the early adoption of these amendments do not have a significant effect on the Group's profit and financial position.

Simon Dixon
Chief Financial Officer
5th March 2020

Directors' Profiles

Ben Keswick* Chairman and Managing Director

Mr Keswick joined the Board as Managing Director in 2012 and became Chairman in 2013. He has held a number of executive positions since joining the Jardine Matheson group in 1998, including finance director and then chief executive officer of Jardine Pacific between 2003 and 2007 and, thereafter, group managing director of Jardine Cycle & Carriage until 2012. He has an MBA from INSEAD. Mr Keswick is chairman of Jardine Matheson Limited, Jardine Cycle & Carriage and Yonghui Superstores and a commissioner of Astra. He is also executive chairman and managing director of Jardine Matheson and Jardine Strategic, chairman and managing director of Dairy Farm and Mandarin Oriental, and a director of Jardine Pacific and Jardine Motors.

Robert Wong* Chief Executive

Mr Wong joined the Board as Chief Executive in 2016. He joined the Group in 1985 and has extensive experience in property management and development. As a director of Hongkong Land Limited since 1996, he had prime responsibility for the Group's residential property business. He is a member of both The Royal Institution of Chartered Surveyors and The Hong Kong Institute of Surveyors.

Simon Dixon* Chief Financial Officer

Mr Dixon joined the Board as Chief Financial Officer in 2016. A Chartered Accountant, he joined the Jardine Matheson group in 2006 from PricewaterhouseCoopers. He was previously finance director of Astra, prior to which he was group treasurer of Jardine Matheson from 2006 to 2010.

Mark Greenberg

Mr Greenberg joined the Board in 2006. He is group strategy director of Jardine Matheson. He previously spent 16 years in investment banking with Dresdner Kleinwort Wasserstein in London. He is also a director of Jardine Matheson Limited, Dairy Farm, Jardine Cycle & Carriage and Mandarin Oriental, and a commissioner of Astra and Permata Bank.

Adam Keswick

Mr Keswick joined the Board in 2012. Having joined Jardine Matheson in 2001, he was appointed to the board in 2007 and was deputy managing director from 2012 to 2016. Mr Keswick is a director of Dairy Farm, Jardine Strategic and Mandarin Oriental. He is also a director of Ferrari NV and Yabuli China Entrepreneurs Forum and vice-chairman of the supervisory board of Rothschild & Co.

Anthony Nightingale

Mr Nightingale joined the Board in 2006 and was Managing Director of the Company from 2006 to 2012. He is also a director of Dairy Farm, Jardine Cycle & Carriage, Jardine Matheson, Jardine Strategic, Mandarin Oriental, Prudential, Schindler, Shui On Land and Vitasoy, and a commissioner of Astra. He is chairperson of The Sailors Home and Missions to Seafarers in Hong Kong.

Christina Ong

Mrs Ong joined the Board in May 2018. She is chairman and senior partner of Allen & Gledhill as well as co-head of its financial services department. She is a director of Oversea-Chinese Banking Corporation, SIA Engineering Company and Singapore Telecommunications. She is also a member of the Catalist Advisory Panel and a trustee of The Stephen A. Schwarzman Scholars Trust.

* Executive Director

Y.K. Pang

Mr Pang has been a Director of the Company since 2007. He was Chief Executive of the Group from 2007 to 2016. He is deputy managing director and chairman of Hong Kong of Jardine Matheson, and chairman of Jardine Pacific and Gammon. He previously held a number of senior executive positions in the Jardine Matheson group, which he joined in 1984. Mr Pang is also deputy chairman of Jardine Matheson Limited, and a director of Dairy Farm, Jardine Matheson (China), Jardine Strategic and Mandarin Oriental. He is chairman of the Hong Kong Tourism Board, deputy chairman of the Hong Kong Management Association, a member of the Council and General Committee of the Hong Kong General Chamber of Commerce and the Employers' Federation of Hong Kong.

Lord Powell of Bayswater, KCMG

Lord Powell rejoined the Board in 2008, having first served as a Director between 1992 and 2000. He was previously Private Secretary and adviser on foreign affairs and defence to British Prime Ministers Baroness Thatcher and Sir John Major. He is a director of Jardine Strategic, LVMH Moët Hennessy Louis Vuitton, Matheson & Co, and the Northern Trust Corporation. He was previously President of the China-Britain Business Council and chairman of the Singapore-British Business Council. He is an independent member of the House of Lords.

Lord Sassoon, Kt

Lord Sassoon joined the Board in 2013. He began his career at KPMG, before joining SG Warburg (later UBS Warburg) in 1985. From 2002 to 2006 he served as a civil servant in the United Kingdom Treasury, where he had responsibility for financial services and enterprise policy. He subsequently chaired the Financial Action Task Force and conducted a review of the UK's system of financial regulation. From 2010 to 2013 Lord Sassoon was the first Commercial Secretary to the Treasury and acted as the Government's Front Bench Treasury spokesman in the House of Lords. He is a director of Dairy Farm, Jardine Matheson and Mandarin Oriental. He is also President of the China-Britain Business Council. As announced on 20th January 2020, Lord Sassoon will be retiring as a Director on 9th April 2020.

James Watkins

Mr Watkins joined the Board in 2009. He was a director and group general counsel of Jardine Matheson from 1997 to 2003. Mr Watkins qualified as a solicitor in 1969 and was formerly a partner of Linklaters. He is also a director of Mandarin Oriental.

Percy Weatherall

Mr Weatherall joined the Board in 1994 and was Managing Director from 2000 to 2006. He first joined the Jardine Matheson group in 1976 and retired from executive office in 2006. He is also a director of Dairy Farm, Jardine Matheson, Jardine Strategic and Mandarin Oriental. He is chairman of Corney & Barrow and the Nith District Salmon Fishery Board.

Michael Wei Kuo Wu

Mr Wu joined the Board in 2012. He is chairman and managing director of Maxim's Caterers in Hong Kong. He is also a non-executive director of Hang Seng Bank and Jardine Matheson.

Consolidated Profit and Loss Account

for the year ended 31st December 2019

	Note	2019 Underlying business performance US$m	2019 Non-trading items US$m	2019 Total US$m	2018 Underlying business performance US$m	2018 Non-trading items US$m	2018 Total US$m
Revenue	3	**2,319.7**	**–**	**2,319.7**	2,665.4	–	2,665.4
Net operating costs	4	**(1,149.3)**	**34.4**	**(1,114.9)**	(1,576.1)	20.1	(1,556.0)
Change in fair value of investment properties	9	**–**	**(854.2)**	**(854.2)**	–	1,222.4	1,222.4
Operating profit		**1,170.4**	**(819.8)**	**350.6**	1,089.3	1,242.5	2,331.8
Net financing charges	5						
– financing charges		**(204.8)**	**–**	**(204.8)**	(170.7)	–	(170.7)
– financing income		**83.4**	**–**	**83.4**	56.4	–	56.4
		(121.4)	**–**	**(121.4)**	(114.3)	–	(114.3)
Share of results of associates and joint ventures	6						
– before change in fair value of investment properties		**272.7**	**–**	**272.7**	265.1	–	265.1
– change in fair value of investment properties	9	**–**	**(32.6)**	**(32.6)**	–	188.6	188.6
		272.7	**(32.6)**	**240.1**	265.1	188.6	453.7
Profit before tax		**1,321.7**	**(852.4)**	**469.3**	1,240.1	1,431.1	2,671.2
Tax	7	**(246.6)**	**(20.5)**	**(267.1)**	(206.3)	(7.8)	(214.1)
Profit after tax		**1,075.1**	**(872.9)**	**202.2**	1,033.8	1,423.3	2,457.1
Attributable to:							
Shareholders of the Company		**1,076.4**	**(878.4)**	**198.0**	1,036.1	1,421.0	2,457.1
Non-controlling interests		**(1.3)**	**5.5**	**4.2**	(2.3)	2.3	–
		1,075.1	**(872.9)**	**202.2**	1,033.8	1,423.3	2,457.1

	Note	2019 Underlying business performance US¢		2019 Total US¢	2018 Underlying business performance US¢		2018 Total US¢
Earnings per share (basic and diluted)	8	**46.12**		**8.48**	44.24		104.92

Consolidated Statement of Comprehensive Income

for the year ended 31st December 2019

	Note	2019 US$m	2018 US$m
Profit for the year		**202.2**	2,457.1
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plans		**2.2**	(2.6)
Tax on items that will not be reclassified	7	**(0.4)**	0.4
		1.8	(2.2)
Items that may be reclassified subsequently to profit or loss:			
Net exchange translation differences			
– net gain/(loss) arising during the year		**166.3**	(197.7)
– transfer to profit and loss		**–**	0.3
		166.3	(197.4)
Cash flow hedges			
– net gain/(loss) arising during the year		**25.7**	(2.8)
– transfer to profit and loss		**(0.6)**	(2.6)
		25.1	(5.4)
Tax relating to items that may be reclassified	7	**(4.1)**	0.9
Share of other comprehensive income/(expense) of associates and joint ventures		**29.5**	(156.7)
		216.8	(358.6)
Other comprehensive income/(expense) for the year, net of tax		**218.6**	(360.8)
Total comprehensive income for the year		**420.8**	2,096.3
Attributable to:			
Shareholders of the Company		**418.0**	2,100.4
Non-controlling interests		**2.8**	(4.1)
		420.8	2,096.3

Consolidated Balance Sheet

at 31st December 2019

	Note	2019 US$m	2018 US$m
Net operating assets			
Fixed assets		**127.6**	133.7
Right-of-use assets		**12.4**	–
Investment properties	10	**33,191.2**	33,712.1
Associates and joint ventures	11	**7,226.1**	6,694.7
Other investments		**–**	122.8
Non-current debtors	12	**48.1**	24.0
Deferred tax assets	13	**26.9**	13.9
Pension assets		**0.1**	–
Non-current assets		**40,632.4**	40,701.2
Properties for sale	14	**2,042.0**	1,983.0
Current debtors	12	**1,141.3**	892.2
Current tax assets		**19.5**	11.4
Bank balances	15	**1,424.0**	1,375.2
Current assets		**4,626.8**	4,261.8
Current creditors	16	**(1,460.8)**	(1,337.3)
Current borrowings	17	**(715.3)**	(793.8)
Current tax liabilities		**(261.0)**	(119.4)
Current liabilities		**(2,437.1)**	(2,250.5)
Net current assets		**2,189.7**	2,011.3
Long-term borrowings	17	**(4,299.9)**	(4,145.2)
Deferred tax liabilities	13	**(210.9)**	(167.4)
Pension liabilities		**(1.5)**	(3.3)
Non-current creditors	16	**(20.0)**	(27.1)
		38,289.8	38,369.5
Total equity			
Share capital	18	**233.4**	233.4
Share premium		**257.3**	257.3
Revenue and other reserves		**37,756.1**	37,850.8
Shareholders' funds		**38,246.8**	38,341.5
Non-controlling interests		**43.0**	28.0
		38,289.8	38,369.5

Approved by the Board of Directors

Robert Wong
Simon Dixon
Directors
5th March 2020

Consolidated Statement of Changes in Equity

for the year ended 31st December 2019

	Note	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
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	*19*	**–**	**–**	**(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**
2018									
At 1st January		235.3	386.9	36,367.0	(7.7)	(139.7)	36,841.8	34.7	36,876.5
Total comprehensive income		–	–	2,454.9	(1.1)	(353.4)	2,100.4	(4.1)	2,096.3
Dividends paid by the Company	*19*	–	–	(469.8)	–	–	(469.8)	–	(469.8)
Dividends paid to non-controlling shareholders		–	–	–	–	–	–	(2.6)	(2.6)
Unclaimed dividends forfeited		–	–	0.6	–	–	0.6	–	0.6
Share repurchase		(1.9)	(129.6)	–	–	–	(131.5)	–	(131.5)
At 31st December		233.4	257.3	38,352.7	(8.8)	(493.1)	38,341.5	28.0	38,369.5

Consolidated Cash Flow Statement

for the year ended 31st December 2019

	Note	2019 US$m	2018 US$m
Operating activities			
Operating profit		**350.6**	2,331.8
Depreciation and amortisation	*4*	**13.6**	4.2
Change in fair value of investment properties	*10*	**854.2**	(1,222.4)
Gain on disposal/change in fair value of other investments	*4*	**(34.4)**	(20.1)
(Increase)/decrease in properties for sale		**(1.1)**	105.9
Increase in debtors		**(186.7)**	(250.0)
Increase/(decrease) in creditors		**26.7**	(185.2)
Interest received		**50.3**	44.8
Interest and other financing charges paid		**(195.2)**	(171.7)
Tax paid		**(115.5)**	(172.1)
Dividends from associates and joint ventures		**419.6**	139.2
Cash flows from operating activities		**1,182.1**	604.4
Investing activities			
Major renovations expenditure		**(116.4)**	(93.0)
Developments capital expenditure		**(27.3)**	(57.4)
Investments in and advances to associates and joint ventures	*20a*	**(646.0)**	(978.4)
Acquisition of a subsidiary		**(25.8)**	–
Refund of deposit for a joint venture		**–**	72.9
Proceeds on disposal of other investments		**157.5**	–
Cash flows from investing activities		**(658.0)**	(1,055.9)
Financing activities			
Drawdown of borrowings		**1,334.5**	2,721.5
Repayment of borrowings		**(1,309.2)**	(1,883.9)
Principal elements of lease payments		**(5.1)**	–
Dividends paid by the Company		**(510.1)**	(466.6)
Dividends paid to non-controlling shareholders		**(0.9)**	(2.5)
Share repurchase		**–**	(131.5)
Cash flows from financing activities		**(490.8)**	237.0
Net cash inflow/(outflow)		**33.3**	(214.5)
Cash and cash equivalents at 1st January		**1,368.9**	1,616.6
Effect of exchange rate changes		**15.8**	(33.2)
Cash and cash equivalents at 31st December	*20b*	**1,418.0**	1,368.9

Notes to the Financial Statements

1 Basis of Preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'), including International Accounting Standards ('IAS') and Interpretations adopted by the International Accounting Standards Board. The financial statements have been prepared on a going concern basis and under the historical cost convention except as disclosed in the accounting policies.

Details of the Group's principal accounting policies are included in Note 28.

The Group has adopted IFRS 16 'Leases' from 1st January 2019:

IFRS 16 'Leases'
The standard replaces IAS 17 'Leases' and related interpretations, and introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. The distinction between operating and finance leases is removed for lessee accounting, and is replaced by a model where a lease liability and a corresponding right-of-use asset have to be recognised on the balance sheet for almost all leases by the lessees. The Group's recognised right-of-use assets primarily relate to property leases, which are entered into for use as offices. There are also right-of-use assets relate to motor vehicles and equipment. Prior to 2019, payments made under operating leases were charged to profit and loss on a straight-line basis over the period of the lease. From 1st January 2019, each lease payment is allocated between settlement of the lease liability and finance cost. The finance cost is charged to profit and loss over the lease period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

In addition, leasehold land which represents payments to third parties to acquire interests in property, previously included in fixed assets, is now presented under right-of-use assets. Leasehold land is amortised over the useful life of the lease, which includes the renewal period if the lease is likely to be renewed by the Group without significant cost.

The accounting for lessors does not change significantly.

IFRS 16 affects primarily the accounting for the Group's operating leases. It does not have a significant effect on the Group's profit and financial position.

There are no other amendments or interpretations, which are effective in 2019 and relevant to the Group's operations, that have a significant effect on the Group's accounting policies.

The Group has elected to early adopt the 'Interest Rate Benchmark Reform: 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. In accordance with the transition provisions, the amendments have been adopted retrospectively with respect to hedging relationships that existed at the start of the reporting period or were designated thereafter. The amendments provide temporary relief from applying specific hedge accounting requirements to hedging relationships which are directly affected by the uncertainty arising from the reforms and replacement of the existing benchmark interest rates such as LIBOR and other inter-bank offered rates ('IBOR reform'). The forthcoming IBOR reforms may take effect at different times and may have a different impact on hedged items (the fixed and floating rate borrowings) and the hedging instruments (the interest rate swaps and cross currency swaps used to hedge the borrowings). The reliefs have the effect that IBOR reform should not generally cause hedge accounting to terminate. The reliefs under the amendments will end when the uncertainty arising from IBOR reform is no longer present; or the hedging relationship is discontinued.

The outstanding interest rate swaps and cross currency swaps of an aggregate notional principal and contract amount of US$1,631.2 million are impacted by the IBOR reform. 92% of these will mature after 2021. Early adoption of these amendments has no impact on the Group's consolidated financial statements for 2019.

Apart from the above, the Group has not early adopted any standard, interpretation or amendments that has been issued but not yet effective.

The principal operating subsidiaries, associates and joint ventures have different functional currencies in line with the economic environments of the locations in which they operate. The functional currency of the Company is United States dollars. The consolidated financial statements are presented in United States dollars.

The Group's reportable segments are set out in Note 2.

2 Segmental Information

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the executive Directors of the Company for the purpose of resource allocation and performance assessment. The Group has two operating segments, namely Investment Properties and Development Properties. No operating segments have been aggregated to form the reportable segments. Set out below is an analysis of the Group's underlying profit and total equity by reportable segment.

	2019				2018			
	Investment Properties US$m	**Development Properties US$m**	**Corporate US$m**	**Total US$m**	Investment Properties US$m	Development Properties US$m	Corporate US$m	Total US$m
Revenue	**1,142.6**	**1,177.1**	**–**	**2,319.7**	1,124.4	1,541.0	–	2,665.4
Net operating costs	**(224.0)**	**(842.3)**	**(83.0)**	**(1,149.3)**	(221.5)	(1,283.1)	(71.5)	(1,576.1)
Share of operating profit of associates and joint ventures	**145.0**	**340.5**	**–**	**485.5**	141.0	323.9	–	464.9
Underlying operating profit	**1,063.6**	**675.3**	**(83.0)**	**1,655.9**	1,043.9	581.8	(71.5)	1,554.2
Net financing charges								
– subsidiaries				**(121.4)**				(114.3)
– share of associates and joint ventures				**(66.6)**				(37.3)
				(188.0)				(151.6)
Tax								
– subsidiaries				**(246.6)**				(206.3)
– share of associates and joint ventures				**(123.6)**				(145.5)
				(370.2)				(351.8)
Non-controlling interests								
– subsidiaries				**1.3**				2.3
– share of associates and joint ventures				**(22.6)**				(17.0)
				(21.3)				(14.7)
Underlying profit attributable to shareholders				**1,076.4**				1,036.1
Non-trading items:								
– change in fair value of investment properties				**(912.8)**				1,400.9
– gain on disposal/change in fair value of other investments				**34.4**				20.1
				(878.4)				1,421.0
Profit attributable to shareholders				**198.0**				2,457.1

2 Segmental Information continued

	Revenue		Underlying operating profit		Underlying profit attributable to shareholders	
	2019 US$m	2018 US$m	**2019 US$m**	2018 US$m	**2019 US$m**	2018 US$m
By geographical location						
Hong Kong and Macau	**1,042.0**	1,042.6	**902.3**	902.0	**902.3**	902.0
Chinese mainland	**711.3**	620.6	**563.9**	424.4	**525.8**	396.8
Southeast Asia and others	**566.4**	1,002.2	**272.7**	299.3	**272.0**	298.6
Corporate, net financing charges and tax	**–**	–	**(83.0)**	(71.5)	**(623.7)**	(561.3)
	2,319.7	2,665.4	**1,655.9**	1,554.2	**1,076.4**	1,036.1

	Segment assets					
	Investment properties US$m	Development properties for sale US$m	Others US$m	Segment liabilities US$m	Unallocated assets and liabilities US$m	Total assets and liabilities US$m
By business						
2019						
Investment Properties	**37,820.1**	**–**	**366.0**	**(767.8)**	**–**	**37,418.3**
Development Properties	**–**	**7,823.9**	**773.8**	**(2,410.4)**	**–**	**6,187.3**
Unallocated assets and liabilities	**–**	**–**	**–**	**–**	**(5,315.8)**	**(5,315.8)**
	37,820.1	**7,823.9**	**1,139.8**	**(3,178.2)**	**(5,315.8)**	**38,289.8**
2018						
Investment Properties	38,515.4	–	367.3	(716.0)	–	38,166.7
Development Properties	–	6,210.3	731.9	(1,743.3)	–	5,198.9
Unallocated assets and liabilities	–	–	–	–	(4,996.1)	(4,996.1)
	38,515.4	6,210.3	1,099.2	(2,459.3)	(4,996.1)	38,369.5
By geographical location						
2019						
Hong Kong and Macau	**32,156.5**	**153.3**	**149.8**	**(540.7)**	**–**	**31,918.9**
Chinese mainland	**917.4**	**5,607.7**	**602.3**	**(2,231.4)**	**–**	**4,896.0**
Southeast Asia and others	**4,746.2**	**2,062.9**	**387.7**	**(406.1)**	**–**	**6,790.7**
Unallocated assets and liabilities	**–**	**–**	**–**	**–**	**(5,315.8)**	**(5,315.8)**
	37,820.1	**7,823.9**	**1,139.8**	**(3,178.2)**	**(5,315.8)**	**38,289.8**
2018						
Hong Kong and Macau	32,740.9	30.1	285.9	(494.6)	–	32,562.3
Chinese mainland	1,132.2	4,420.4	506.5	(1,633.0)	–	4,426.1
Southeast Asia and others	4,642.3	1,759.8	306.8	(331.7)	–	6,377.2
Unallocated assets and liabilities	–	–	–	–	(4,996.1)	(4,996.1)
	38,515.4	6,210.3	1,099.2	(2,459.3)	(4,996.1)	38,369.5

Development properties for sale include properties for sale, contract assets and cost to fulfill contracts. Unallocated assets and liabilities include tax assets and liabilities, bank balances and borrowings.

3 Revenue

	2019 US$m	2018 US$m
Rental income	**998.8**	982.7
Service income	**152.6**	149.6
Sales of properties		
– recognised at a point in time	**652.6**	1,318.6
– recognised over time	**515.7**	214.5
	1,168.3	1,533.1
	2,319.7	2,665.4

Total variable rents included in rental income amounted to US$16.2 million (2018: US$15.5 million).

The maturity analysis of lease payments, showing the undiscounted lease payments to be received after the balance sheet date are as follow:

	2019 US$m	2018 US$m
Within one year	**877.3**	887.9
Between one and two years	**653.8**	646.8
Between two and five years	**970.0**	815.1
Beyond five years	**356.4**	303.6
	2,857.5	2,653.4

Generally the Group's operating leases are for terms of three years or more.

Contract balances

Contract assets primarily relate to the Group's rights to consideration for work completed but not billed, and are transferred to receivables when the rights become unconditional which usually occurs when the customers are billed.

Costs to fulfil contracts includes costs recognised to fulfil future performance obligations on existing contracts that have not yet been satisfied. Costs to obtain contracts include costs such as sale commissions and stamp duty paid, as a result of obtaining contracts. The Group has capitalised these costs and recognised in the profit and loss when the related revenue is recognised.

Contract liabilities primarily relate to the advance consideration received from customers relating to properties for sale.

3 **Revenue** continued

Contract balances continued

Contract assets and contract liabilities relating to properties for sale are further analysed as follows:

	2019 US$m	2018 US$m
Contract assets (see Note 12)	**102.7**	76.5
Contract liabilities (see Note 16)	**(265.7)**	(312.2)

Increases in contract assets during the year were in line with the growth of the Group's contracted sales.

At 31st December 2019, costs to fulfil contracts and costs to obtain contracts amounted to US$345.0 million (2018: US$239.6 million) and US$14.2 million (2018: US$6.8 million), and US$396.9 million (2018: US$173.8 million) and US$12.7 million (2018: US$23.2 million) have been recognised in profit and loss during the year respectively.

Revenue recognised in relation to contract liabilities

Revenue recognised in the current year relating to carried forward contract liabilities:

	2019 US$m	2018 US$m
Properties for sale	**286.1**	549.6

Revenue expected to be recognised on unsatified contracts with customers

The timing of revenue to be recognised on unsatified performance obligations relating to properties for sale at 31st December 2019:

	2019 US$m	2018 US$m
Within one year	**566.3**	700.8
Between one and two years	**439.4**	98.3
Between two and three years	**–**	100.0
	1,005.7	899.1

4 Net Operating Costs

	2019 US$m	2018 US$m
Cost of sales	**(989.6)**	(1,429.4)
Other income	**25.9**	27.6
Administrative expenses	**(185.6)**	(174.3)
Gain on disposal/change in fair value of other investments	**34.4**	20.1
	(1,114.9)	(1,556.0)

The following credits/(charges) are included in net operating costs:

	2019 US$m	2018 US$m
Cost of properties for sale recognised as expense	**(789.8)**	(1,231.5)
Operating expenses arising from investment properties	**(179.6)**	(192.9)
Depreciation of fixed assets	**(8.3)**	(4.2)
Depreciation of right-of-use assets	**(5.3)**	–
Employee benefit expense		
– salaries and benefits in kind	**(167.1)**	(153.6)
– defined contribution pension plans	**(1.8)**	(1.6)
– defined benefit pension plans	**(1.9)**	(1.8)
	(170.8)	(157.0)
Expenses relating to short-term lease	**(0.6)**	–
Auditors' remuneration		
– audit	**(2.0)**	(1.8)
– non-audit services	**(0.3)**	(0.3)
	(2.3)	(2.1)

The number of employees at 31st December 2019 was 2,403 (2018: 2,090).

5 Net Financing Charges

	2019 US$m	2018 US$m
Interest expense		
– bank loans and overdrafts	**(60.0)**	(58.8)
– other borrowings	**(134.2)**	(117.5)
Total interest expense	**(194.2)**	(176.3)
Interest capitalised	**1.2**	10.4
	(193.0)	(165.9)
Commitment and other fees and exchange differences	**(11.8)**	(4.8)
Financing charges	**(204.8)**	(170.7)
Financing income	**83.4**	56.4
	(121.4)	(114.3)

Financing charges and financing income are stated after taking into account hedging gains or losses.

6 Share of Results of Associates and Joint Ventures

	2019 US$m	2018 US$m
By business		
Investment Properties	**78.3**	77.8
Development Properties	**194.4**	187.3
Underlying business performance	**272.7**	265.1
Non-trading items:		
Change in fair value of investment properties	**(32.6)**	188.6
	240.1	453.7

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

The Group's share of revenue of associates and joint ventures was US$1,074.5 million (2018: US$1,083.8 million).

7 Tax

Tax charged to profit and loss is analysed as follows:

	2019 US$m	2018 US$m
Current tax	**(247.8)**	(177.0)
Deferred tax		
– changes in fair value of investment properties	**(16.5)**	(7.8)
– other temporary differences	**(2.8)**	(29.3)
	(19.3)	(37.1)
	(267.1)	(214.1)

Reconciliation between tax expense and tax at applicable tax rate:

	2019 US$m	2018 US$m
Tax at applicable tax rate	**(71.6)**	(385.4)
Change in fair value of investment properties not (deductible)/taxable in determining taxable profit	**(157.0)**	195.6
Income not subject to tax	**47.6**	26.7
Expenses not deductible in determining taxable profit	**(14.3)**	(17.2)
Withholding tax	**(17.3)**	(13.4)
Land appreciation tax in Chinese mainland	**(49.2)**	(14.6)
Tax losses arising in the year not recognised	**(4.6)**	(7.2)
Others	**(0.7)**	1.4
	(267.1)	(214.1)

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

	2019 US$m	2018 US$m
Remeasurements of defined benefit plans	**(0.4)**	0.4
Cash flow hedges	**(4.1)**	0.9
	(4.5)	1.3

The applicable tax rate for the year of 31.2% (2018: 17.4%) represents the weighted average of the rates of taxation prevailing in the territories in which the Group operates.

Share of tax charge of associates and joint ventures of US$136.2 million (2018: US$214.0 million) is included in share of results of associates and joint ventures.

8 Earnings per Share

Earnings per share are calculated on profit attributable to shareholders of US$198.0 million (2018: US$2,457.1 million) and on the weighted average number of 2,333.9 million (2018: 2,341.8 million) shares in issue during the year.

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

	2019		2018	
	US$m	**Earnings per share US¢**	US$m	Earnings per share US¢
Underlying profit attributable to shareholders	**1,076.4**	**46.12**	1,036.1	44.24
Non-trading items (see Note 9)	**(878.4)**		1,421.0	
Profit attributable to shareholders	**198.0**	**8.48**	2,457.1	104.92

9 Non-trading Items

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

	2019 US$m	2018 US$m
Change in fair value of investment properties	**(854.2)**	1,222.4
Tax on change in fair value of investment properties	**(20.5)**	(7.8)
Gain on disposal/change in fair value of other investments	**34.4**	20.1
Share of results of associates and joint ventures		
– change in fair value of investment properties	**(20.0)**	257.1
– tax on change in fair value of investment properties	**(12.6)**	(68.5)
	(32.6)	188.6
Non-controlling interests	**(5.5)**	(2.3)
	(878.4)	1,421.0

10 Investment Properties

	Completed commercial properties US$m	Under development commercial properties US$m	Completed residential properties US$m	Total US$m
2019				
At 1st January	**33,385.5**	**47.4**	**279.2**	**33,712.1**
Exchange differences	**188.8**	**–**	**1.8**	**190.6**
Additions	**141.2**	**1.3**	**0.2**	**142.7**
Increase/(decrease) in fair value	**(848.4)**	**1.0**	**(6.8)**	**(854.2)**
At 31st December	**32,867.1**	**49.7**	**274.4**	**33,191.2**
Freehold properties				**172.3**
Leasehold properties				**33,018.9**
				33,191.2
2018				
At 1st January	32,174.1	46.9	260.0	32,481.0
Exchange differences	(108.6)	–	(0.7)	(109.3)
Additions	115.4	2.3	0.3	118.0
Increase/(decrease) in fair value	1,204.6	(1.8)	19.6	1,222.4
At 31st December	33,385.5	47.4	279.2	33,712.1
Freehold properties				166.1
Leasehold properties				33,546.0
				33,712.1

The Group measures its investment properties at fair value. The fair values of the Group's investment properties at 31st December 2019 and 2018 have been determined on the basis of valuations carried out by independent valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. The Group engaged Jones Lang LaSalle to value its commercial investment properties in Hong Kong, Chinese mainland, Singapore, Vietnam and Cambodia which are either freehold or held under leases with unexpired lease terms of more than 20 years. The valuations, which conform to the International Valuation Standards issued by the International Valuation Standards Council and the HKIS Valuation Standards issued by the Hong Kong Institute of Surveyors, were arrived at by reference to the net income, allowing for reversionary potential, of each property. The Report of the Valuers is set out on page 89. The valuations are comprehensively reviewed by the Group.

At 31st December 2019, investment properties of US$917.4 million (2018: US$880.9 million) were pledged as security for borrowings (see Note 17).

10 Investment Properties continued

Fair value measurements of residential properties using no significant unobservable inputs

Fair values of completed residential properties are generally derived using the direct comparison method. This valuation method is based on comparing the property to be valued directly with other comparable properties, which have recently transacted. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

Fair value measurements of commercial properties using significant unobservable inputs

Fair values of completed commercial properties in Hong Kong, Chinese mainland and Singapore are generally derived using the income capitalisation method. This valuation method is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to valuers' views of recent lettings, within the subject properties and other comparable properties.

Fair values of completed commercial properties in Vietnam and Cambodia are generally derived using the discounted cash flow method. The net present value of the income stream is estimated by applying an appropriate discount rate which reflects the risk profile.

Fair values of under development commercial properties are generally derived using the residual method. This valuation method is essentially a means of valuing the land by reference to its development potential by deducting development costs together with developer's profit and risk from the estimated capital value of the proposed development assuming completion as at the date of valuation.

The Group's policy is to recognise transfers between fair value measurements as of the date of the event or change in circumstances that caused the transfer.

Information about fair value measurements using significant unobservable inputs at 31st December 2019:

			Range of significant unobservable inputs	
Location of property	Fair value US$m	Valuation method	Prevailing market rent per month US$	Capitalisation/ discount rate %
Hong Kong	**31,215.0**	Income capitalisation	5.7 to 36.0 per square foot	2.75 to 5.00
Chinese mainland	**917.4**	Income capitalisation	98.2 per square metre	3.75
Singapore	**594.4**	Income capitalisation	7.6 to 8.8 per square foot	3.50 to 4.80
Vietnam and Cambodia	**140.3**	Discounted cash flow	21.5 to 44.5 per square metre	12.50 to 15.00
Total	**32,867.1**			

Prevailing market rents are estimated based on independent valuers' view of recent lettings, within the subject properties and other comparable properties. The higher the rents, the higher the fair value.

Capitalisation and discount rates are estimated by independent valuers based on the risk profile of the properties being valued. The lower the rates, the higher the fair value.

11 Associates and Joint Ventures

	2019 US$m	2018 US$m
Unlisted associates		
– share of attributable net assets	41.4	92.4
– amounts due from associates	223.1	107.5
	264.5	199.9
Unlisted joint ventures		
– share of attributable net assets	4,476.0	4,542.1
– amounts due from joint ventures	2,485.6	1,952.7
	6,961.6	6,494.8
	7,226.1	6,694.7
By business		
Investment Properties	3,753.7	3,908.4
Development Properties	3,472.4	2,786.3
	7,226.1	6,694.7

Amounts due from associates are interest free, unsecured and have no fixed terms of repayment.

Amounts due from joint ventures bear interests at rates ranging from approximately 0% to 8% per annum and are repayable within one to six years.

Movements of associates and joint ventures during the year:

	Associates		Joint ventures	
	2019 US$m	2018 US$m	2019 US$m	2018 US$m
At 1st January	199.9	306.2	6,494.8	5,272.6
Exchange differences	6.9	10.1	40.5	(48.3)
Share of results after tax and non-controlling interests	8.2	16.7	231.9	437.0
Share of other comprehensive income/(expense) after tax and non-controlling interests	(0.5)	(30.2)	30.0	(126.5)
Dividends received and receivable	(1.0)	(1.5)	(415.3)	(139.8)
Investments in and advances to/(repayments from) associates and joint ventures	51.0	(101.4)	595.0	1,099.8
Transfer to subsidiary on further acquisition of interest	–	–	(15.3)	–
At 31st December	264.5	199.9	6,961.6	6,494.8

The material joint ventures of the Group are listed below. These joint ventures have share capital consisting solely of ordinary shares, which are held directly by the Group.

Nature of investments in material joint ventures in 2019 and 2018:

Name of entity	Nature of business	Country of incorporation/ principal place of business	% of ownership interest 2019	% of ownership interest 2018
Properties Sub F, Ltd	Property investment	Macau	49.0	49.0
BFC Development LLP	Property investment	Singapore	33.3	33.3
Central Boulevard Development Pte Ltd	Property investment	Singapore	33.3	33.3
One Raffles Quay Pte Ltd	Property investment	Singapore	33.3	33.3

11 Associates and Joint Ventures continued

Summarised financial information for material joint ventures

Summarised balance sheet at 31st December:

	Properties Sub F, Ltd US$m	BFC Development LLP US$m	Central Boulevard Development Pte Ltd US$m	One Raffles Quay Pte Ltd US$m
2019				
Non-current assets	**1,356.9**	**3,755.7**	**2,909.6**	**2,857.6**
Current assets				
Cash and cash equivalents	**58.4**	**11.6**	**23.6**	**12.4**
Other current assets	**34.8**	**0.6**	**1.8**	**5.2**
Total current assets	**93.2**	**12.2**	**25.4**	**17.6**
Non-current liabilities				
Financial liabilities (excluding trade payables)	**–**	**(1,268.8)**	**(1,206.5)**	**(775.1)**
Other non-current liabilities (including trade payables)	**(144.6)**	**–**	**(21.3)**	**(209.9)**
Total non-current liabilities	**(144.6)**	**(1,268.8)**	**(1,227.8)**	**(985.0)**
Current liabilities				
Financial liabilities (excluding trade payables)	**–**	**(0.8)**	**(12.6)**	**(4.9)**
Other current liabilities (including trade payables)	**(48.2)**	**(56.0)**	**(36.3)**	**(43.5)**
Total current liabilities	**(48.2)**	**(56.8)**	**(48.9)**	**(48.4)**
Net assets	**1,257.3**	**2,442.3**	**1,658.3**	**1,841.8**
2018				
Non-current assets	1,379.9	3,682.6	2,848.0	2,804.0
Current assets				
Cash and cash equivalents	64.7	13.7	18.8	6.8
Other current assets	35.7	1.1	1.4	3.5
Total current assets	100.4	14.8	20.2	10.3
Non-current liabilities				
Financial liabilities (excluding trade payables)	–	(1,247.9)	(1,180.6)	(763.7)
Other non-current liabilities (including trade payables)	(153.1)	–	(20.2)	(205.4)
Total non-current liabilities	(153.1)	(1,247.9)	(1,200.8)	(969.1)
Current liabilities				
Financial liabilities (excluding trade payables)	–	(0.4)	(4.4)	(1.3)
Other current liabilities (including trade payables)	(47.4)	(60.5)	(35.1)	(41.0)
Total current liabilities	(47.4)	(60.9)	(39.5)	(42.3)
Net assets	1,279.8	2,388.6	1,627.9	1,802.9

11 Associates and Joint Ventures continued

Summarised financial information for material joint ventures continued

Summarised statement of comprehensive income for the year ended 31st December:

	Properties Sub F, Ltd US$m	BFC Development LLP US$m	Central Boulevard Development Pte Ltd US$m	One Raffles Quay Pte Ltd US$m
2019				
Revenue	**85.6**	**161.0**	**120.7**	**110.6**
Depreciation and amortisation	**(8.5)**	**–**	**–**	**–**
Interest income	**0.3**	**0.3**	**0.3**	**0.2**
Interest expense	**(0.3)**	**(50.8)**	**(34.0)**	**(25.2)**
Profit from underlying business performance	**39.7**	**75.1**	**58.4**	**57.6**
Tax	**(4.7)**	**(12.7)**	**(9.9)**	**(9.9)**
Profit after tax from underlying business performance	**35.0**	**62.4**	**48.5**	**47.7**
Profit after tax from non-trading items	**(24.1)**	**21.3**	**21.6**	**12.3**
Profit after tax	**10.9**	**83.7**	**70.1**	**60.0**
Other comprehensive income	**7.6**	**45.3**	**9.0**	**26.7**
Total comprehensive income	**18.5**	**129.0**	**79.1**	**86.7**
Group's share of dividends received and receivable from joint ventures	**20.1**	**25.1**	**16.2**	**15.9**
2018				
Revenue	87.1	157.8	109.8	111.6
Depreciation and amortisation	(8.0)	–	–	–
Interest income	0.1	0.2	0.2	0.2
Interest expense	(0.5)	(46.5)	(31.8)	(24.6)
Profit from underlying business performance	44.1	72.6	49.6	60.7
Tax	(5.2)	(12.3)	(8.2)	(10.4)
Profit after tax from underlying business performance	38.9	60.3	41.4	50.3
Profit after tax from non-trading items	13.1	131.5	109.7	85.1
Profit after tax	52.0	191.8	151.1	135.4
Other comprehensive expense	(2.2)	(35.7)	(26.6)	(33.9)
Total comprehensive income	49.8	156.1	124.5	101.5
Group's share of dividends received and receivable from joint ventures	18.4	24.1	14.2	16.6

The information contained in the summarised balance sheets and statements of comprehensive income reflect the amounts presented in the financial statements of the joint ventures adjusted for differences in accounting policies between the Group and the joint ventures, and fair value of the joint ventures at the time of acquisition.

11 Associates and Joint Ventures continued

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in the material joint ventures for the year ended 31st December:

	Properties Sub F, Ltd US$m	BFC Development LLP US$m	Central Boulevard Development Pte Ltd US$m	One Raffles Quay Pte Ltd US$m
2019				
Net assets	**1,257.3**	**2,442.3**	**1,658.3**	**1,841.8**
Interest in joint ventures (%)	**49.0**	**33.3**	**33.3**	**33.3**
Group's share of net assets in joint ventures	**616.1**	**814.1**	**552.8**	**613.9**
Amounts due from joint ventures	**–**	**422.9**	**–**	**35.9**
Carrying value	**616.1**	**1,237.0**	**552.8**	**649.8**
2018				
Net assets	1,279.8	2,388.6	1,627.9	1,802.9
Interest in joint ventures (%)	49.0	33.3	33.3	33.3
Group's share of net assets in joint ventures	627.1	796.2	542.6	601.0
Amounts due from joint ventures	3.0	416.0	–	34.7
Carrying value	630.1	1,212.2	542.6	635.7

The Group has interests in a number of individually immaterial joint ventures. The following table analyses, in aggregate, the share of profit and other comprehensive income and carrying amount of these joint ventures.

	2019 **US$m**	2018 US$m
Share of profit	**155.0**	252.0
Share of other comprehensive expense	**(0.7)**	(93.6)
Share of total comprehensive income	**154.3**	158.4
Carrying amount of interests in these joint ventures	**3,905.9**	3,474.2

At 31st December 2019, the Group's commitments to provide funding to its joint ventures, if called, amounted to US$1,024.0 million (2018: US$1,314.7 million).

There were no contingent liabilities relating to the Group's interests in the joint ventures at 31st December 2019 and 2018.

12 Debtors

	2019 US$m	2018 US$m
Trade debtors	**112.4**	86.3
Contract assets (see Note 3)	**102.7**	76.5
Other debtors		
– third parties	**919.3**	708.3
– associates and joint ventures	**55.0**	45.1
	1,189.4	916.2
Non-current	**48.1**	24.0
Current	**1,141.3**	892.2
	1,189.4	916.2
By geographical area of operation		
Hong Kong and Macau	**136.3**	111.2
Chinese mainland	**397.6**	336.5
Southeast Asia and others	**655.5**	468.5
	1,189.4	916.2

The fair value of trade debtors, contract assets and other debtors approximates to their carrying amounts, as the impact of discounting is not significant. Derivative financial instruments are stated at fair value.

Significant financial difficulties of a debtor, probability that a debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payment are considered indicators that the debt is impaired and an allowance for impairment is made based on the estimated irrecoverable amount determined by reference to past default experience.

The Group applied the simplified approach to measure expected credit loss, that is a lifetime expected loss allowance for trade debtors and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. Changes in certain macroeconomic information, such as GDP and inflation rate, are relevant for determining expected credit loss rates. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade debtors for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade debtors are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the historical payment profiles of sales and the corresponding historical credit losses. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors and industry trends affecting the ability of the customers to settle the receivables.

12 Debtors continued

The loss allowance as at 31st December 2019 and 2018:

	Below 30 days US$m	Between 31 and 60 days US$m	Between 61 and 120 days US$m	More than 120 days US$m	Total US$m
2019					
Expected loss rate (%)	**–**	**–**	**–**	**–**	**–**
Gross carrying amount – trade debtors	**105.9**	**2.9**	**3.1**	**0.5**	**112.4**
Gross carrying amount – contract assets	**102.7**	**–**	**–**	**–**	**102.7**
Loss allowance	**–**	**–**	**–**	**–**	**–**
2018					
Expected loss rate (%)	–	–	–	–	–
Gross carrying amount – trade debtors	85.1	0.9	0.3	–	86.3
Gross carrying amount – contract assets	76.5	–	–	–	76.5
Loss allowance	–	–	–	–	–

Trade debtors, contract assets and other debtors are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Other debtors are further analysed as follows:

	2019 **US$m**	2018 US$m
Costs to fulfil contracts (see Note 3)	**345.0**	239.6
Costs to obtain contracts (see Note 3)	**14.2**	6.8
Prepayments	**351.2**	326.5
Derivative financial instruments	**30.5**	8.1
Amounts due from associates and joint ventures	**55.0**	45.1
Others	**178.4**	127.3
	974.3	753.4

13 Deferred Tax Assets and Liabilities

	Tax losses US$m	Accelerated capital allowances US$m	Revaluation surpluses of investment properties US$m	Other temporary differences US$m	Total US$m
2019					
At 1st January	**1.3**	**(88.2)**	**(11.2)**	**(55.4)**	**(153.5)**
Exchange differences	**(0.1)**	**(0.5)**	**0.2**	**(0.4)**	**(0.8)**
Credited/(charged) to profit and loss	**2.9**	**(3.6)**	**(16.5)**	**(2.1)**	**(19.3)**
Charged to other comprehensive income	**–**	**–**	**–**	**(4.5)**	**(4.5)**
Acquisition of a subsidiary	**–**	**–**	**–**	**(5.9)**	**(5.9)**
At 31st December	**4.1**	**(92.3)**	**(27.5)**	**(68.3)**	**(184.0)**
Deferred tax assets	**4.1**	**–**	**–**	**22.8**	**26.9**
Deferred tax liabilities	**–**	**(92.3)**	**(27.5)**	**(91.1)**	**(210.9)**
	4.1	**(92.3)**	**(27.5)**	**(68.3)**	**(184.0)**
2018					
At 1st January	0.5	(80.2)	(3.6)	(36.3)	(119.6)
Exchange differences	–	0.1	0.2	1.6	1.9
Credited/(charged) to profit and loss	0.8	(8.1)	(7.8)	(22.0)	(37.1)
Credited to other comprehensive income	–	–	–	1.3	1.3
At 31st December	1.3	(88.2)	(11.2)	(55.4)	(153.5)
Deferred tax assets	1.3	–	–	12.6	13.9
Deferred tax liabilities	–	(88.2)	(11.2)	(68.0)	(167.4)
	1.3	(88.2)	(11.2)	(55.4)	(153.5)

Deferred tax balances predominantly comprise non-current items. Deferred tax assets and liabilities are netted when the taxes relate to the same taxation authority and where offsetting is allowed.

Deferred tax assets of US$15.3 million (2018: US$10.9 million) arising from unused tax losses of US$67.8 million (2018: US$48.6 million) have not been recognised in the financial statements. Included in the unused tax losses, US$12.3 million (2018: US$9.4 million) have no expiry date and the balance will expire at various dates up to and including 2024.

14 Properties for Sale

	2019 US$m	2018 US$m
Properties under development	**1,824.4**	1,839.1
Completed properties	**230.9**	157.2
	2,055.3	1,996.3
Provision for impairment	**(13.3)**	(13.3)
	2,042.0	1,983.0

At 31st December 2019, properties under development which were not scheduled for completion within the next 12 months amounted to US$1,131.1 million (2018: US$1,420.3 million).

15 Bank Balances

	2019 US$m	2018 US$m
Deposits with banks and financial institutions	**1,267.3**	1,244.6
Bank balances	**156.7**	130.6
	1,424.0	1,375.2
By currency		
Chinese renminbi	**603.7**	552.3
Hong Kong dollar	**124.9**	15.8
Malaysian ringgit	**30.3**	29.9
Singapore dollar	**166.0**	288.9
United States dollar	**496.0**	486.1
Others	**3.1**	2.2
	1,424.0	1,375.2

Deposits and bank balances of certain subsidiaries amounting to US$91.8 million (2018: US$88.4 million) are held under the Housing Developers (Project Account) Rules in Singapore, withdrawals from which are subject to the provision of these Rules.

The weighted average interest rate on deposits with banks and financial institutions is 2.0% (2018: 2.5%) per annum.

16 Creditors

	2019 US$m	2018 US$m
Trade creditors	**620.1**	511.0
Other creditors	**274.9**	235.0
Tenants' deposits	**280.3**	266.5
Derivative financial instruments	**4.7**	17.7
Rent received in advance	**29.2**	22.0
Contract liabilities – properties for sale (see Note 3)	**265.7**	312.2
Lease liabilities	**5.9**	–
	1,480.8	1,364.4
Non-current	**20.0**	27.1
Current	**1,460.8**	1,337.3
	1,480.8	1,364.4
By geographical area of operation		
Hong Kong and Macau	**572.2**	524.6
Chinese mainland	**723.9**	693.9
Southeast Asia and others	**184.7**	145.9
	1,480.8	1,364.4

Derivative financial instruments are stated at fair value. Other creditors are stated at amortised cost. The fair value of these creditors approximates their carrying amounts.

17 Borrowings

	2019 Carrying amount US$m	2019 Fair value US$m	2018 Carrying amount US$m	2018 Fair value US$m
Current				
Bank overdrafts	**6.0**	**6.0**	6.3	6.3
Bank loans	**383.8**	**383.8**	154.8	154.8
Current portion of long-term borrowings				
– bank loans	**21.4**	**21.4**	530.6	530.6
– notes	**304.1**	**305.4**	102.1	103.4
	715.3	**716.6**	793.8	795.1
Long-term				
Bank loans	**1,281.5**	**1,281.5**	1,106.4	1,106.4
Notes	**3,018.4**	**3,176.3**	3,038.8	3,117.9
	4,299.9	**4,457.8**	4,145.2	4,224.3
	5,015.2	**5,174.4**	4,939.0	5,019.4
Secured	**653.2**		822.4	
Unsecured	**4,362.0**		4,116.6	
	5,015.2		4,939.0	

17 Borrowings continued

The fair values are based on market prices or are estimated using the expected future payments discounted at market interest rates ranging from 1.4% to 6.4% (2018: 1.8% to 7.7%) per annum. This is in line with the definition of 'observable current market transactions' under the fair value measurement hierarchy. The fair value of current borrowings approximates their carrying amounts, as the impact of discounting is not significant.

Secured borrowings at 31st December 2019 and 2018 were certain subsidiaries' bank borrowings which were secured against their investment properties and properties for sale.

The movements in borrowings are as follow:

	Bank overdrafts US$m	Long-term borrowings US$m	Short-term borrowings US$m	Total US$m
2019				
At 1st January	**6.3**	**4,145.2**	**787.5**	**4,939.0**
Exchange differences	**–**	**(0.9)**	**37.5**	**36.6**
Transfer	**–**	**(315.4)**	**315.4**	**–**
Change in fair value	**–**	**14.6**	**–**	**14.6**
Change in bank overdrafts	**(0.3)**	**–**	**–**	**(0.3)**
Drawdown of borrowings	**–**	**1,052.6**	**281.9**	**1,334.5**
Repayment of borrowings	**–**	**(596.2)**	**(713.0)**	**(1,309.2)**
At 31st December	**6.0**	**4,299.9**	**709.3**	**5,015.2**
2018				
At 1st January	5.5	3,980.3	185.1	4,170.9
Exchange differences	–	(55.0)	(8.9)	(63.9)
Transfer	–	(514.0)	514.0	–
Change in fair value	–	(6.4)	–	(6.4)
Change in bank overdrafts	0.8	–	–	0.8
Drawdown of borrowings	–	2,397.1	324.4	2,721.5
Repayment of borrowings	–	(1,656.8)	(227.1)	(1,883.9)
At 31st December	6.3	4,145.2	787.5	4,939.0

17 Borrowings continued

The borrowings are further summarised as follows:

	Weighted average interest rates %	Fixed rate borrowings: Weighted average period outstanding Years	Fixed rate borrowings: US$m	Floating rate borrowings US$m	Total US$m
By currency					
2019					
Hong Kong dollar	**4.1**	**6.5**	**2,306.0**	**1,054.2**	**3,360.2**
Singapore dollar	**3.1**	**11.4**	**397.5**	**253.2**	**650.7**
Chinese renminbi	**5.0**	**–**	**–**	**620.8**	**620.8**
Thai baht	**1.8**	**–**	**–**	**376.2**	**376.2**
Others	**4.0**	**–**	**–**	**7.3**	**7.3**
			2,703.5	**2,311.7**	**5,015.2**
2018					
Hong Kong dollar	4.0	7.1	2,176.8	1,065.3	3,242.1
Singapore dollar	2.9	7.3	359.8	592.3	952.1
Chinese renminbi	4.9	–	–	479.0	479.0
Thai baht	2.3	–	–	261.5	261.5
Others	6.0	–	–	4.3	4.3
			2,536.6	2,402.4	4,939.0

The weighted average interest rates and period of fixed rate borrowings are stated after taking into account hedging transactions.

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at 31st December after taking into account hedging transactions are as follows:

	2019 US$m	2018 US$m
Floating rate borrowings	**2,311.7**	2,402.4
Fixed rate borrowings		
– within one year	**239.7**	102.1
– between one and two years	**–**	237.3
– between two and three years	**266.6**	–
– between three and four years	**246.0**	265.5
– between four and five years	**199.0**	243.9
– beyond five years	**1,752.2**	1,687.8
	2,703.5	2,536.6
	5,015.2	4,939.0

17 Borrowings continued

Details of notes outstanding at 31st December are as follows:

	Maturity	2019 Current US$m	2019 Non-current US$m	2018 Current US$m	2018 Non-current US$m
Medium term notes					
HK$200m 10-year notes at 4.135%	2019	–	–	25.5	–
HK$300m 10-year notes at 4.1875%	2019	–	–	38.3	–
HK$300m 10-year notes at 4.25%	2019	–	–	38.3	–
HK$500m 10-year notes at 4.22%	2020	**64.3**	–	–	64.8
HK$500m 10-year notes at 4.24%	2020	**64.2**	–	–	63.8
S$150m 10-year notes at 3.43%	2020	**111.4**	–	–	109.7
HK$500m 10-year notes at 3.95%	2020	**64.2**	–	–	63.8
HK$500m 12-year notes at 4.28%	2021	–	**65.5**	–	65.3
HK$410m 10-year notes at 3.86%	2022	–	**52.5**	–	52.1
US$500m 10-year notes at 4.50%*	2022	–	**497.5**	–	488.3
HK$305m 10-year notes at 3.00%	2022	–	**39.1**	–	38.8
HK$200m 10-year notes at 2.90%	2022	–	**25.6**	–	25.5
HK$1,100m 10-year notes at 3.95%	2023	–	**140.8**	–	139.9
HK$300m 10-year notes at 3.95%	2023	–	**38.4**	–	38.1
US$400m 10-year notes at 4.625%*	2024	–	**406.7**	–	399.6
HK$300m 15-year notes at 4.10%	2025	–	**38.4**	–	38.2
US$600m 15-year notes at 4.50%*	2025	–	**609.1**	–	610.5
HK$302m 15-year notes at 3.75%	2026	–	**38.6**	–	38.3
HK$785m 15-year notes at 4.00%	2027	–	**99.7**	–	98.9
HK$473m 15-year notes at 4.04%	2027	–	**60.7**	–	60.3
HK$200m 15-year notes at 3.95%	2027	–	**25.6**	–	25.5
HK$300m 15-year notes at 3.15%	2028	–	**38.1**	–	37.8
HK$325m 15-year notes at 4.22%	2028	–	**41.5**	–	41.2
HK$450m 10-year notes at 3.83%	2028	–	**57.6**	–	57.3
HK$355m 10-year notes at 3.75%	2028	–	**45.4**	–	45.1
HK$400m 15-year notes at 4.40%	2029	–	**50.8**	–	50.5
HK$550m 10-year notes at 2.93%	2029	–	**70.5**	–	–
HK$800m 20-year notes at 4.11%	2030	–	**102.8**	–	102.2
HK$200m 20-year notes at 4.125%	2031	–	**25.4**	–	25.2
HK$240m 20-year notes at 4.00%	2032	–	**30.3**	–	30.1
HK$700m 15-year notes at 4.12%	2033	–	**89.2**	–	88.6
HK$604m 15-year notes at 3.67%	2034	–	**77.2**	–	–
S$150m 20-year notes at 3.95%	2038	–	**109.2**	–	107.6
S$150m 20-year notes at 3.45%	2039	–	**110.2**	–	–
HK$250m 30-year notes at 5.25%	2040	–	**32.0**	–	31.8
		304.1	**3,018.4**	102.1	3,038.8

* Listed on the Singapore Exchange

18 Share Capital

	Ordinary shares in millions 2019	2018	2019 US$m	2018 US$m
Authorised				
Shares of US$0.10 each	**4,000.0**	4,000.0	**400.0**	400.0
Issued and fully paid				
At 1st January	**2,333.9**	2,352.8	**233.4**	235.3
Repurchased	**–**	(18.9)	**–**	(1.9)
At 31st December	**2,333.9**	2,333.9	**233.4**	233.4

19 Dividends

	2019 US$m	2018 US$m
Final dividend in respect of 2018 of US¢16.00 (2017: US¢14.00) per share	**373.4**	329.4
Interim dividend in respect of 2019 of US¢6.00 (2018: US¢6.00) per share	**140.0**	140.4
	513.4	469.8

A final dividend in respect of 2019 of US¢16.00 (2018: US¢16.00) per share amounting to a total of US$373.4 million (2018: US$373.4 million) is proposed by the Board. The dividend proposed will not be accounted for until it has been approved at the 2020 Annual General Meeting. The amount will be accounted for as an appropriation of revenue reserves in the year ending 31st December 2020.

20 Notes to Consolidated Cash Flow Statement

a) Investments in and advances to associates and joint ventures

	2019 US$m	2018 US$m
By business		
Investment Properties	**(1.7)**	(260.5)
Development Properties	**(644.3)**	(717.9)
	(646.0)	(978.4)
By geographical location		
Chinese mainland	**(456.9)**	(473.7)
Southeast Asia and others	**(189.1)**	(504.7)
	(646.0)	(978.4)

20 Notes to Consolidated Cash Flow Statement continued

b) Cash and cash equivalents

	2019 US$m	2018 US$m
Bank balances (see Note 15)	**1,424.0**	1,375.2
Bank overdrafts (see Note 17)	**(6.0)**	(6.3)
	1,418.0	1,368.9

21 Derivative Financial Instruments

The fair values of derivative financial instruments at 31st December are as follows:

	2019		2018	
	Positive fair value US$m	Negative fair value US$m	Positive fair value US$m	Negative fair value US$m
Designated as cash flow hedges				
– interest rate swaps	**–**	**1.8**	–	1.2
– cross currency swaps	**19.7**	**–**	2.6	6.7
Designated as fair value hedges				
– interest rate swaps	**1.3**	**–**	1.5	–
– cross currency swaps	**9.5**	**2.9**	4.0	9.8

Interest rate swaps

The notional principal amounts of the outstanding interest rate swap contracts designated as fair value hedges at 31st December 2019 were US$64.2 million (2018: US$63.9 million).

The notional principal amounts of the outstanding interest rate swap contracts designated as cash flow hedges at 31st December 2019 were US$66.8 million (2018: US$65.9 million).

The fair values of interest rate swaps are based on the estimated cash flows discounted at market rates ranging from 1.5% to 2.4% (2018: 1.9% to 2.3%) per annum.

Cross currency swaps

The contract amounts of the outstanding cross currency swap contracts at 31st December 2019 were US$1,567.0 million (2018: US$1,644.8 million).

22 Capital Commitments

	2019 US$m	2018 US$m
Authorised not contracted	**7.9**	4.5
Contracted not provided		
– contributions to joint ventures	**1,024.0**	1,314.7
– others	**112.8**	75.3
	1,136.8	1,390.0
	1,144.7	1,394.5

23 Contingent Liabilities

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.

24 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 2019 was US$5.4 million (2018: US$5.2 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 2019 amounted to US$24.1 million (2018: US$24.9 million).

The Group provided project management services and property management services to Jardine Matheson group members in 2019 amounting to US$3.0 million (2018: US$: Nil).

Jardine Matheson group members provided property maintenance and other services to the Group in 2019 in aggregate amounting to US$61.4 million (2018: US$55.8 million).

Hotel management services
Jardine Matheson group members provided hotel management services to the Group in 2019 amounting to US$2.1 million (2018: US$3.6 million).

Outstanding balances with associates and joint ventures
Amounts of outstanding balances with associates and joint ventures are included in debtors and creditors as appropriate (see Notes 12 and 16). The amounts are not material.

Directors' emoluments
Details of Directors' emoluments (being the key management personnel compensation) are shown on page 81 under the heading of 'Directors' Appointment, Retirement, Remuneration and Service Contracts'.

25 Post Balance Sheet Event

On 20th February 2020, the Group secured a prime, predominantly commercial site along the Huangpu River South Extension area in the Xuhui District of Shanghai from the government via auction for a consideration of RMB31.1 billion (equivalent to approximately US$4.4 billion). The project mainly comprises office and retail space with a developable area of 1.1 million sq. m., and will be developed in multiple phases to 2027.

The Group is considering a range of funding options without recourse to shareholders, including internal resources and external funding (including, but not limited to, pre-sales, cooperation with strategic partners, and debt, subject to any applicable regulatory approvals). The Group has sufficient liquidity to fund the land cost and does not intend to seek funding from shareholders.

26 Summarised Balance Sheet of the Company

Included below is certain summarised balance sheet information of the Company disclosed in accordance with Bermuda law.

	2019 US$m	2018 US$m
Net operating assets		
Investments at cost		
Unlisted shares in subsidiaries	**4,481.7**	4,481.7
Amounts due from subsidiaries	**1,819.4**	969.7
	6,301.1	5,451.4
Creditors and other accruals	**(32.8)**	(29.4)
	6,268.3	5,422.0
Total equity		
Share capital (see Note 18)	**233.4**	233.4
Revenue and other reserves		
Contributed surplus	**2,249.6**	2,249.6
Share premium	**257.3**	257.3
Revenue reserves	**3,528.0**	2,681.7
	6,034.9	5,188.6
Shareholders' funds	**6,268.3**	5,422.0

Subsidiaries are shown at cost less amounts provided.

The contributed surplus was set up on the formation of the Company in 1989 and, under the Bye-laws of the Company, is distributable.

27 Principal Subsidiaries, Associates and Joint Ventures

The principal subsidiaries, associates and joint ventures of the Group at 31st December 2019 are set out below.

	Attributable interest 2019 %	2018 %	Issued share capital		Main activities	Place of incorporation
Subsidiaries						
Hongkong Land China Holdings Ltd*	**100**	100	USD	200,000,000	Investment holding	Bermuda
Hongkong Land International Holdings Ltd*	**100**	100	USD	200,000,000	Investment holding	Bermuda
Hongkong Land Ltd*	**100**	100	USD	12,000	Group management	Bermuda
The Hongkong Land Company, Ltd	**100**	100	HKD	1,293,180,006	Investment holding	Hong Kong
The Hongkong Land Property Company, Ltd	**100**	100	HKD	200	Property investment	Hong Kong
HKL (Chater House) Ltd	**100**	100	HKD	1,500,000	Property investment	Hong Kong
HKL (Landmark Hotel) Ltd	**100**	100	HKD	2	Hotel investment	Hong Kong
HKL (Prince's Building) Ltd	**100**	100	HKD	200	Property investment	Hong Kong
Hongkong Land (HK) Investments Ltd	**100**	100	HKD	4,033,804,249	Investment holding	Hong Kong
Mulberry Land Company Ltd	**100**	100	HKD	200	Property investment	Hong Kong
Hongkong Land (Chongqing) Development Co Ltd	**100**	100	USD	550,990,000	Property development	Chinese mainland
Hongkong Land (Chongqing North) Development Co Ltd	**100**	100	HKD	3,980,000,000	Property development	Chinese mainland
Hongkong Land (Chongqing) Investment and Holding Co Ltd	**100**	100	USD	1,759,990,000	Investment holding	Chinese mainland
Hongkong Land (Chonqqing) Xinchen Development Co Ltd	**100**	100	RMB	900,000,000	Property development	Chinese mainland
Hongkong Land (Chongqing) Xingyi Development Co Ltd	**100**	–	RMB	480,000,000	Property development	Chinese mainland
Hongkong Land (Hangzhou) Heyue Investment and Development Co Ltd	**100**	–	RMB	200,000,000	Property development	Chinese mainland
Wangfu Central Real Estate Development Co Ltd	**84**	84	RMB	3,500,000,000	Property investment	Chinese mainland
HKL (Esplanade) Pte Ltd	**100**	100	SGD	150,000,000	Property investment	Singapore
HKL Treasury (Singapore) Pte Ltd	**100**	100	SGD	2	Finance	Singapore
Hongkong Land (Singapore) Pte Ltd	**100**	100	SGD SGD	1 519,525,895†	Project management	Singapore
The Hongkong Land Treasury Services (Singapore) Pte Ltd	**100**	100	SGD	2	Finance	Singapore

* Owned directly
† Preference shares

27 Principal Subsidiaries, Associates and Joint Ventures continued

	Attributable interest 2019 %	2018 %	Issued share capital		Main activities	Place of incorporation
Subsidiaries continued						
MCL Land Limited	**100**	100	SGD	511,736,041	Investment holding	Singapore
MCL Land (Everbright) Pte Ltd	**100**	100	SGD	4,000,000	Property development	Singapore
MCL Land (Regency) Pte Ltd	**100**	100	SGD	3,000,000	Property development	Singapore
Hongkong Land (Premium Development) Ltd	**100**	100	Riels	4,000,000	Property investment	Cambodia
MCL Land (Quinn) Sdn Bhd	**100**	100	MYR	2,764,210	Property development	Malaysia
MCL Land (Century Gardens) Sdn Bhd	**100**	100	MYR	29,117,145	Investment holding	Malaysia
MCL Land (Pantai View) Sdn Bhd	**100**	100	MYR	28,000,000	Property investment	Malaysia
MCL Land (Malaysia) Sdn Bhd	**100**	100	MYR	4,010,000	Property development	Malaysia
Central Building Ltd	**65**	65	USD	1,991,547	Property investment	Vietnam
Doan Ket International Co Ltd	**73.9**	73.9	USD	7,292,000	Property investment	Vietnam
HKL (Treasury Services) Ltd	**100**	100	USD	1	Finance	British Virgin Islands
The Hongkong Land Notes Co Ltd	**100**	100	USD	2	Finance	British Virgin Islands
The Hongkong Land Finance (Cayman Islands) Co Ltd	**100**	100	USD	2	Finance	Cayman Islands
Associates and joint ventures						
Normelle Estates Ltd	**50**	50	HKD	10,000	Property investment	Hong Kong
Properties Sub F, Ltd	**49**	49	MOP	1,000,000	Property investment	Macau
Beijing Landmark Trinity Real Estate Development Co Ltd	**30**	30	RMB	2,800,000,000	Property development	Chinese mainland
Beijing Premium Real Estate Ltd	**40**	40	USD	12,000,000	Property development	Chinese mainland
Chongqing Central Park Co Ltd	**50**	50	HKD	4,640,000,000	Property development	Chinese mainland
Chongqing Lijia Development Co Ltd	**50**	50	RMB	533,596,100	Property development	Chinese mainland
Chengdu Premium Property Development Co Ltd	**50**	50	USD	699,980,000	Property development	Chinese mainland
China West Premier Housing Development Co Ltd	**50**	50	USD	569,960,000	Property development	Chinese mainland
Hangzhou Kesheng Property Development Co Ltd	**30**	30	RMB	50,000,000	Property development	Chinese mainland
Hangzhou Keyi Property Development Co Ltd	**30**	30	RMB	50,000,000	Property development	Chinese mainland
Hongkong Land (Chengdu) Xingyi Development Co Ltd	**33**	–	RMB	50,000,000	Property development	Chinese mainland

27 Principal Subsidiaries, Associates and Joint Ventures continued

	Attributable interest 2019 %	2018 %	Issued share capital		Main activities	Place of incorporation
Associates and joint ventures continued						
Hongkong Land Longfor (Chongqing) Hongmao Development Co Ltd	**50**	–	RMB	2,000,000,000	Property development	Chinese mainland
Longfor Hongkong Land (Chongqing) Development Co Ltd	**50**	50	RMB	1,275,920,000	Property development	Chinese mainland
Nanjing Shengxiangyuan Property Development Co Ltd	**33**	33	RMB	3,000,000,000	Property development	Chinese mainland
Nanjing Xinyeezhi Property Development Co Ltd	**50**	–	USD	750,000,000	Property development	Chinese mainland
Nanjing Yeezhi Jiangbei Property Development Co Ltd	**50**	50	RMB	1,500,000,000	Property development	Chinese mainland
Shanghai Xinqiaogao Development Co Ltd	**26.7**	26.7	RMB	4,000,000,000	Property development	Chinese mainland
Shanghai Xujing Property Co Ltd	**50**	50	RMB	4,200,000,000	Property development	Chinese mainland
Shanghai Yihui Development Co Ltd	**50**	–	RMB	830,000,000	Property development	Chinese mainland
Wuhan Dream Land Investment and Development Co Ltd	**50**	50	RMB	1,200,000,000	Property development	Chinese mainland
Wuhan Yeezhi Minghong Development Co Ltd	**66**	–	RMB	600,000,000	Property development	Chinese mainland
Yeezhi Yuexiang (Chongqing) Development Co Ltd	**50**	–	RMB	260,000,000	Property development	Chinese mainland
Asia Radiant Pte Ltd	**50**	50	SGD	4,000,000	Property development	Singapore
BFC Development LLP	**33.3**	33.3	SGD	N/A	Property investment	Singapore
Central Boulevard Development Pte Ltd	**33.3**	33.3	SGD	6	Property investment	Singapore
One Raffles Quay Pte Ltd	**33.3**	33.3	SGD	6	Property investment	Singapore
Universal Estate Pte Ltd	**50**	50	SGD	2	Investment holding	Singapore
PT Astra Modern Land	**33.5**	33.5	IDR	3,870,000,000,000	Property development	Indonesia
PT Award Global Infinity	**50**	50	IDR	257,981,171,800	Property development	Indonesia
PT Brahmayasa Bahtera	**40**	40	IDR	166,000,000,000	Property development	Indonesia
PT Bumi Parama Wisesa	**49**	49	IDR	1,950,000,000,000	Property development	Indonesia
PT Jakarta Land	**50**	50	IDR	3,320,000,000	Property investment	Indonesia
Sunrise MCL Land Sdn Bhd	**50**	50	MYR	2,000,000	Property development	Malaysia
Roxas Land Corporation	**40**	40	Peso	1,065,000,000	Property development	The Philippines
Central and Hongkong Land Co Ltd	**49**	49	THB	4,986,250,000	Property development	Thailand
CPN and HKL Co Ltd	**49**	–	THB	4,000,000	Property development	Thailand

27 Principal Subsidiaries, Associates and Joint Ventures continued

	Attributable interest 2019 %	2018 %	Issued share capital		Main activities	Place of incorporation
Associates and joint ventures continued						
PFHKL 1 Co Ltd	**49**	49	THB	5,000,000	Property development	Thailand
PFHKL 2 Co Ltd	**49**	49	THB	5,000,000	Property development	Thailand
PFHKL 3 Co Ltd	**49**	49	THB	5,000,000	Property development	Thailand
PFHKL 4 Co., Ltd.	**49**	–	THB	5,000,000	Property development	Thailand
PFHKL 5 Co., Ltd.	**49**	–	THB	5,000,000	Property development	Thailand
PFHKL 6 Co., Ltd.	**49**	–	THB	5,000,000	Property development	Thailand
Gaysorn Land Co Ltd	**49**	49	THB	61,250,000	Property investment	Thailand
S36 Property Co Ltd	**49**	49	THB	800,000,000	Property development	Thailand
Nassim JV Co Ltd	**50**	50	VND	286,200,000,000	Property development	Vietnam
NDC An Khang Joint Stock Co	**70**	70	VND	2,861,000,000,000	Property development	Vietnam
Jardine Gibbons Properties Ltd	**40**	40	BD	600,000 'A' 400,000 'B'	Property investment	Bermuda

28 Principal Accounting Policies

Basis of consolidation

i) The consolidated financial statements include the financial statements of the Company, its subsidiaries, and the Group's interests in associates and joint ventures.

ii) A subsidiary is an entity over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition includes the fair value at the acquisition date of any contingent consideration. The Group recognises the non-controlling interest's proportionate share of the recognised identifiable net assets of the acquired subsidiary. In a business combination achieved in stages, the Group remeasures its previously held interest in the acquiree at its acquisition-date fair value and recognises the resulting gain or loss in profit and loss. Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for as equity transactions. When control over a previous subsidiary is lost, any remaining interest in the entity is remeasured at fair value and the resulting gain or loss is recognised in profit and loss.

All material intercompany transactions, balances and unrealised surpluses and deficits on transactions between Group companies have been eliminated.

iii) An associate is an entity, not being a subsidiary or joint venture, over which the Group exercises significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Associates and joint ventures are included on the equity basis of accounting.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates and joint ventures are recognised in the consolidated financial statements only to the extent of unrelated investor's interests in the associates and joint ventures.

28 Principal Accounting Policies continued

Basis of consolidation continued

iv) Non-controlling interests represent the proportion of the results and net assets of subsidiaries and their associates and joint ventures not attributable to the Group.

v) The results of subsidiaries, associates and joint ventures are included or excluded from their effective dates of acquisition or disposal respectively. The results of entities other than subsidiaries, associates and joint ventures are included to the extent of dividends received when the right to receive such dividend is established.

Foreign currencies

Transactions in foreign currencies are accounted for at the exchange rates ruling at the transaction dates.

Assets and liabilities of subsidiaries, associates and joint ventures, together with all other monetary assets and liabilities expressed in foreign currencies, are translated into United States dollars at the rates of exchange ruling at the year end. Results expressed in foreign currencies are translated into United States dollars at the average rates of exchange ruling during the year, which approximate the exchange rates at the dates of the transactions.

Exchange differences arising from the retranslation of the net investment in foreign subsidiaries, associates and joint ventures, and of financial instruments which are designated as hedges of such investments, are recognised in other comprehensive income and accumulated in equity under exchange reserves. On the disposal of these investments, such exchange differences are recognised in profit and loss. Exchange differences on other investments measured at fair value through other comprehensive income are recognised in other comprehensive income as part of the gains and losses arising from changes in their fair value. All other exchange differences are recognised in profit and loss.

Goodwill and fair value adjustments arising on acquisition of a foreign entity after 1st January 2003 are treated as assets and liabilities of the foreign entity and translated into United States dollars at the rate of exchange ruling at the year end.

Impairment of non-financial assets

Assets that have indefinite useful lives are not subject to amortisation and are tested for impairment annually and whenever there is an indication that the assets may be impaired. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows. Cash-generating units or groups of cash-generating units to which goodwill has been allocated are tested for impairment annually and whenever there is an indication that the units may be impaired. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment annually.

Goodwill

Goodwill represents the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the acquisition-date fair value of any previously held equity interest in the acquiree over the acquisition-date fair value of the Group's share of the net identifiable assets acquired. Non-controlling interests are measured at their proportionate share of the net identifiable assets at the acquisition date. If the cost of acquisition is less than the fair value of the net assets acquired, the difference is recognised directly in profit and loss. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates and joint ventures is included in investment in associates and joint ventures. Goodwill is allocated to cash-generating units or groups of cash-generating units for the purpose of impairment testing and is carried at cost less accumulated impairment loss.

The profit or loss on disposal of subsidiaries, associates and joint ventures is stated after deducting the carrying amount of goodwill relating to the entity sold.

28 Principal Accounting Policies continued

Fixed assets and depreciation

The building component of owner-occupied leasehold properties are stated at cost less accumulated depreciation and impairment. Other fixed assets are stated at cost less amounts provided for depreciation.

Depreciation of fixed assets is calculated on the straight line basis to allocate the cost or valuation of each asset to its residual value over its estimated useful life. The residual values and useful lives are reviewed at each balance sheet date. The estimated useful lives are as follows:

Hotel property	20 – 30 years
Furniture, equipment and motor vehicles	3 – 10 years

Where the carrying amount of a fixed asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

The profit or loss on disposal of fixed assets is recognised by reference to their carrying amount.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

i) As a lessee

The Group enters into property leases for use as offices, as well as leases for motor vehicles for use in its operations.

The Group recognises right-of-use assets and lease liabilities at the lease commencement dates, that is the dates the underlying assets are available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment, and adjusted for any remeasurement of lease liabilities. The cost of the right-of-use assets includes amounts of the initial measurement of lease liabilities recognised, lease payments made at or before the commencement dates less any lease incentives received, initial direct costs incurred and restoration costs. Right-of-use assets are depreciated using the straight-line method over the shorter of their estimated useful lives and the lease terms.

When right-of-use assets meet the definition of investment properties, they are presented in investment properties, and are initially measured at cost and subsequently measured at fair value, in accordance with the Group's accounting policy.

The Group also has interests in leasehold land for use in its operations. Lump sum payments were made upfront to acquire these land interests from their previous registered owners or governments in the jurisdictions where the land is located. There are no ongoing payments to be made under the term of the land leases, other than insignificant lease renewal costs or payments based on rateable value set by the relevant government authorities. These payments are stated at cost and are amortised over the term of the lease which includes the renewal period if the lease can be renewed by the Group without significant cost.

Lease liabilities are measured at the present value of lease payments to be made over the lease terms. Lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised and payments of penalties for terminating a lease, if the lease term reflects the Group exercising that option. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. Lease liabilities are measured at amortised cost using the effective interest method. After the commencement date, the amount of lease liabilities is increased by the interest costs on the lease liabilities and decreased by lease payments made.

28 Principal Accounting Policies continued

Leases continued

i) As a lessee continued

The carrying amount of lease liabilities is remeasured when there is a change in the lease term, or there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise an extension or a termination option. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low value assets (i.e. US$5,000 or less) and short-term leases. Low value assets comprised IT equipment and small items of office furniture. Short-term leases are leases with a lease term of 12 months or less. Lease payments associated with these leases are recognised on a straight-line basis as an expense in profit and loss over the lease term.

Lease liabilities are classified as non-current liabilities unless payments are within 12 months from the balance sheet date.

ii) As a lessor

The Group enters into contracts with lease components as a lessor on its investment properties. These leases are operating leases as they do not transfer the risk and rewards incidental to the underlying investment properties. The Group recognises the lease payments received under these operating leases on a straight line basis over the lease term as part of revenue in the profit and loss.

Investment properties

Properties including those under operating leases which are held for long-term rental yields or capital gains are classified and accounted for as investment properties, but the business model does not necessarily envisage that the properties will be held for their entire useful life. Investment properties are carried at fair value, representing estimated open market value determined annually by independent qualified valuers who have recent experience in the location and category of the investment property being valued. The market value of commercial properties are calculated on the discounted net rental income allowing for reversionary potential. The market value of residential properties are arrived at by reference to market evidence of transaction prices for similar properties. Changes in fair value are recognised in profit and loss.

Properties for sale

Properties for sale, which comprise land and buildings held for resale, are stated at the lower of cost and net realisable value. The cost of properties for sale comprises land cost, construction and other development costs, and borrowing costs.

Debtors

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

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

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise deposits with banks and financial institutions, and bank and cash balances, net of bank overdrafts. In the balance sheet, bank overdrafts are included in current borrowings.

28 Principal Accounting Policies continued

Provisions

Provisions are recognised when the Group has present legal or constructive obligations as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, and a reliable estimate of the amount of the obligations can be made.

Borrowings and borrowing costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective interest method.

Borrowing costs relating to major development projects are capitalised until the asset is substantially completed. Capitalised borrowing costs are included as part of the cost of the asset. All other borrowing costs are expensed as incurred.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Current and deferred tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or direct in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Provision for deferred tax is made on the revaluation of certain non-current assets and, in relation to acquisitions, on the difference between the fair value of the net assets acquired and their tax base. Deferred tax is provided on temporary differences associated with investments in subsidiaries, associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Pension obligations

The Group operates a number of defined benefit and defined contribution plans, the assets of which are held in trustee administered funds.

Pension accounting costs for defined benefit plans are assessed using the projected unit credit method. Under this method, the costs of providing pensions are charged to profit and loss spreading the regular cost over the service lives of employees in accordance with the advice of qualified actuaries, who carry out a full valuation of major plans every year. The pension obligations are measured as the present value of the estimated future cash outflows by reference to market yields on high quality corporate bonds which have terms to maturity approximating the terms of the related liability. Plan assets are measured at fair value.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income in the year in which they occur. Past service costs are recognised immediately in profit and loss.

The Group's total contributions relating to the defined contribution plans are charged to profit and loss in the year to which they relate.

28 Principal Accounting Policies continued

Derivative financial instruments

The Group only enters into derivative financial instruments in order to hedge underlying exposures and not as speculative investments. Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss is dependent on the nature of the item being hedged. The Group designates certain derivatives as a hedge of the fair value of a recognised asset or liability (fair value hedge), or a hedge of a forecast transaction or of the foreign currency risk on a firm commitment (cash flow hedge), or a hedge of a net investment in a foreign entity.

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges and that are highly effective, are recognised in profit and loss, along with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in profit and loss within finance costs, together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in profit and loss. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, the cumulative adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit and loss over the residual period to maturity.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and that are highly effective, are recognised in other comprehensive income and accumulated in equity under hedging reserves. Changes in the fair value relating to the ineffective portion is recognised immediately in profit and loss. Where the hedged item results in the recognition of a non-financial asset or of a non-financial liability, the deferred gains and losses are included in the initial measurement of the cost of the asset or liability. The deferred amounts are ultimately recognised in profit and loss as the hedged item affects profit and loss. Otherwise, amounts deferred in hedging reserves are transferred to profit and loss in the same periods during which the hedged firm commitment or forecast transaction affects profit and loss. The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit and loss within finance cost at the same time as the interest expense on the hedged borrowings. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in hedging reserves at that time remains in the hedging reserves and is recognised when the committed or forecast transaction ultimately is recognised in profit and loss. When a committed or forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in hedging reserves is immediately transferred to profit and loss.

Certain derivative transactions, while providing effective economic hedges under the Group's risk management policies, do not qualify for hedge accounting under the specific rules in IFRS 9. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting under IFRS 9 are recognised immediately in profit and loss.

Hedges of net investments in foreign entities are accounted for on a similar basis to that used for cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in exchange reserves; the gain or loss relating to the ineffective portion is recognised immediately in profit and loss.

The fair value of derivatives which are designated and qualify as effective hedges are classified as non-current assets or liabilities if the remaining maturities of the hedged assets or liabilities are greater than 12 months after the balance sheet date.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

28 Principal Accounting Policies continued

Non-trading items

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

Earnings per share

Earnings per share are calculated on profit attributable to shareholders and on the weighted average number of shares in issue during the year.

Dividends

Dividends proposed or declared after the balance sheet date are not recognised as a liability at the balance sheet date.

Revenue recognition

i) Properties for sale

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

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

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

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

ii) Investment properties

Rental income from investment properties are accounted for on an accruals basis over the lease term.

iii) Service income

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

Pre-operating costs

Pre-operating costs are expensed as they are incurred.

29 Standards and Amendments Issued but Not Yet Effective

'Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7' (effective 1st January 2020) was issued in September 2019. The Group has elected to early adopt the amendments in 2019 (refer Note 1).

A number of other new standards and amendments, which are effective for accounting periods beginning after 2019, have also been published and will be adopted by the Group from their effective dates. The Group expects the adoption of the relevant standards and amendments will not have a significant effect on the Group's consolidated financial statements.

30 Financial Risk Management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

The Group's treasury function co-ordinates, under the directions of the board of Hongkong Land Limited, financial risk management policies and their implementation on a group-wide basis. The Group's treasury policies are designed to manage the financial impact of fluctuations in interest rates and foreign exchange rates and to minimise the Group's financial risks. The Group uses derivative financial instruments, principally interest rate swaps, cross-currency swaps and forward foreign exchange contracts as appropriate for hedging transactions and managing the Group's assets and liabilities in accordance with the Group's financial risk management policies. Financial derivative contracts are executed between third-party banks and the Group entity that is directly exposed to the risk being hedged. Hedge accounting is applied to remove the accounting mismatch between the hedging instrument and the hedged item. The effective portion of the change in the fair value of the hedging instrument is deferred into the cash flow hedge reserve through other comprehensive income and will be recognised in profit and loss when the hedged item affects profit and loss. In general, the volatility in profit or loss can be reduced by applying hedge accounting.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

For hedges of foreign currency purchases, the Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The Group assesses whether the derivative designated in each hedging relationship has been and expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

In hedges of foreign currency purchases, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated, or if there are changes in the credit risk of the Group or the derivative counterparty.

The Group enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The Group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. As all critical terms matched during the year, effective economic relationship existed between the swaps and the loans.

Hedge ineffectiveness for interest rate swaps is assessed using the same principles as for hedges of foreign currency purchases. It may occur due to: (i) the credit value/debit value adjustment on the interest rate swaps which is not matched by the loan; and (ii) differences in critical terms between the interest rate swaps and loans. The ineffectiveness during 2019 or 2018 in relation to interest rate swaps was not material.

30 Financial Risk Management *continued*

Financial risk factors *continued*

i) Market risk

Foreign exchange risk

Entities within the Group are exposed to foreign exchange risk from future commercial transactions, net investments in foreign operations and net monetary assets and liabilities that are denominated in a currency that is not the entity's functional currency.

Entities in the Group use cross-currency swaps and forward foreign exchange contracts in a consistent manner to hedge firm and anticipated foreign exchange commitments and manage their foreign exchange risk arising from future commercial transactions. The Group does not usually hedge its net investments in foreign operations except in circumstances where there is a material exposure arising from a currency that is anticipated to be volatile and the hedging is cost effective. Group entities are required to manage their foreign exchange risk against their functional currency. Foreign currency borrowings are swapped into the entity's functional currency using cross-currency swaps except where the foreign currency borrowings are repaid with cash flows generated in the same foreign currency. The purpose of these hedges is to mitigate the impact of movements in foreign exchange rates on assets and liabilities and the profit and loss account of the Group.

Currency risks as defined by IFRS 7 arise on account of monetary assets and liabilities being denominated in a currency that is not the functional currency. At 31st December 2019, there are no significant monetary balances held by group companies that are denominated in a non-functional currency other than the cross-currency swap contracts with contract amounts of US$1,567 million (2018: US$1,645 million). Differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration.

Since the Group manages the interdependencies between foreign exchange risk and interest rate risk of foreign currency borrowings using cross-currency swaps, the sensitivity analysis on financial impacts arising from cross-currency swaps is included in the sensitivity assessment on interest rates under the interest rate risk section.

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed partly by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities, and partly through fixed rate borrowings and the use of derivative financial instruments such as interest rate swaps. The Group monitors interest rate exposure on a monthly basis by currency and business unit, taking into consideration proposed financing and hedging arrangements. The Group's guideline is to maintain 40% to 60% of its gross borrowings in fixed rate instruments. At 31st December 2019, the Group's interest rate hedge was 54% (2018: 51%) with an average tenor of seven years (2018: seven years). The interest rate profile of the Group's borrowings after taking into account hedging transactions are set out in Note 17.

Cash flow interest rate risk is the risk that changes in market interest rates will impact cash flows arising from variable rate financial instruments. Borrowings at floating rates therefore expose the Group to cash flow interest rate risk. The Group manages this risk by using forward rate agreements to a maturity of one year, and by entering into interest rate swaps for a maturity of up to five years. Forward rate agreements and interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates.

Fair value interest rate risk is the risk that the value of a financial asset or liability and derivative financial instrument will fluctuate because of changes in market interest rates. The Group manages its fair value interest rate risk by entering into interest rate swaps which have the economic effect of converting borrowings from fixed rates to floating rates, to maintain the Group's fixed rate instruments within the Group's guideline.

30 Financial Risk Management continued

Financial risk factors continued

i) Market risk continued

Interest rate risk continued

At 31st December 2019, if interest rates had been 100 basis points higher/lower with all other variables held constant, the Group's profit after tax would have been US$1 million lower/higher (2018: US$2 million higher/lower), and hedging reserve would have been US$40 million (2018: US$49 million) higher/lower, as a result of fair value changes to cash flow hedges. The sensitivity analysis has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in those interest rates which have the most impact on the Group, specifically the United States, Hong Kong, Chinese mainland and Singapore rates, over the period until the next annual balance sheet date. In the case of effective fair value hedges, changes in fair value of the hedged item caused by interest rate movements balance out in profit and loss account against changes in the fair value of the hedging instruments. Changes in market interest rates affect the interest income or expense of non-derivative variable-interest financial instruments, the interest payments of which are not designated as hedged items of cash flow hedges against interest rate risks. As a consequence, they are included in the calculation of profit after tax sensitivities. Changes in the market interest rate of financial instruments that were designated as hedging instruments in a cash flow hedge to hedge payment fluctuations resulting from interest rate movements affect the hedging reserves and are therefore taken into consideration in the equity-related sensitivity calculations.

ii) Credit risk

The Group's credit risk is primarily attributable to deposits with banks, credit exposures to customers and derivative financial instruments with a positive fair value. The Group has credit policies in place and the exposures to these credit risks are monitored on an ongoing basis.

The Group manages its deposits with banks and financial institutions and transactions involving derivative financial instruments by monitoring credit ratings and capital adequacy ratios of counterparties, and limiting the aggregate risk to any individual counterparty. The utilisation of credit limits is regularly monitored. Similarly transactions involving derivative financial instruments are with banks with sound credit ratings and capital adequacy ratios. In developing countries it may be necessary to deposit money with banks that have a lower credit rating, however the Group only enters into derivative transactions with counterparties which have credit ratings of at least investment grade. Management does not expect any counterparty to fail to meet its obligations.

In respect of credit exposures to customers, the Group has policies in place to ensure that investment properties are leased principally to corporate companies with appropriate credit history, and rental deposits in the form of cash or bank guarantee are usually received from tenants. The Group receives progress payments from sales of residential properties to individual customers prior to the completion of transactions. In the event of default by customers, the Group undertakes legal proceedings to recover the property. Amounts due from associates and joint ventures are generally supported by the underlying assets.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet after deducting any impairment allowance.

30 Financial Risk Management continued

Financial risk factors continued

iii) Liquidity risk

Prudent liquidity risk management includes managing the profile of debt maturities and funding sources, maintaining sufficient cash and marketable securities, and ensuring the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. The Group's ability to fund its existing and prospective debt requirements is managed by maintaining diversified funding sources with adequate committed funding lines from high quality lenders, and by monitoring rolling short-term forecasts of the Group's cash and gross debt on the basis of expected cash flows. In addition long-term cash flows are projected to assist with the Group's long-term debt financing plans.

At 31st December 2019, total committed and uncommitted borrowing facilities amounted to US$7,332 million (2018: US$7,759 million) of which US$5,015 million (2018: US$4,939 million) was drawn down. Undrawn committed facilities, in the form of revolving credit and term loan facilities, totalled US$2,127 million (2018: US$2,532 million). Undrawn uncommitted facilities in the form of revolving credit and term loan facilities, amounted to US$190 million (2018: US$288 million).

The following table analyses the Group's non-derivative financial liabilities, net-settled derivative financial liabilities and gross-settled financial instruments into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within one year US$m	Between one and two years US$m	Between two and three years US$m	Between three and four years US$m	Between four and five years US$m	Beyond five years US$m	Total undiscounted cash flows US$m
2019							
Borrowings	**895.4**	**503.6**	**1,290.7**	**340.1**	**545.0**	**2,548.3**	**6,123.1**
Creditors	**881.3**	**4.4**	**12.1**	**0.2**	**0.2**	**2.7**	**900.9**
Gross settled derivative financial instruments							
– inflow	**132.7**	**68.0**	**555.7**	**45.5**	**428.4**	**623.0**	**1,853.3**
– outflow	**(134.1)**	**(66.9)**	**(551.1)**	**(42.0)**	**(438.6)**	**(617.8)**	**(1,850.5)**
2018							
Borrowings	847.5	566.1	461.1	1,537.0	332.6	2,184.3	5,928.6
Creditors	732.2	8.5	0.2	2.0	0.2	2.9	746.0
Gross settled derivative financial instruments							
– inflow	150.1	132.3	68.0	556.0	45.5	1,051.9	2,003.8
– outflow	149.1	132.3	66.0	547.4	41.6	1,052.9	1,989.3

30 Financial Risk Management *continued*

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern whilst seeking to maximise benefits to shareholders and other stakeholders. Capital is equity as shown in the consolidated balance sheet plus net debt.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, purchase Group shares, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group does not have a defined dividend policy or share repurchase plan.

The Group monitors capital on the basis of the Group's consolidated gearing ratio and consolidated interest cover. The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings less bank balances. Interest cover is calculated as underlying operating profit and the Group's share of underlying operating profit of associates and joint ventures divided by net financing charges including the Group's share of net financing charges within associates and joint ventures. The Group does not have a defined gearing or interest cover benchmark or range.

The ratios at 31st December 2019 and 2018 are as follows:

	2019	2018
Gearing ratio (%)	**9**	9
Interest cover (times)	**9**	10

Fair value estimation

i) Financial instruments that are measured at fair value

For financial instruments that are measured at fair value in the balance sheet, the corresponding fair value measurements are disclosed by level of the following fair value measurement hierarchy:

a) *Quoted prices (unadjusted) in active markets for identical assets or liabilities ('quoted prices in active markets')*
The fair value of listed securities is based on quoted prices in active markets at the balance sheet date. The quoted market price used for listed investments held by the Group is the current bid price.

b) *Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly ('observable current market transactions')*
The fair values of derivative financial instruments are determined using rates quoted by the Group's bankers at the balance sheet date. The rates for interest rate swaps and forward foreign exchange contracts are calculated by reference to market interest rates and foreign exchange rates.

There were no changes in valuation techniques during the year.

30 Financial Risk Management continued

Fair value estimation continued

i) Financial instruments that are measured at fair value continued

The table below analyses financial instruments carried at fair value, by the levels in the fair value measurement hierarchy.

	Quoted prices in active markets US$m	Observable current market transactions US$m	Total US$m
2019			
Assets			
Derivative designated at fair value			
– through other comprehensive income	**–**	**19.7**	**19.7**
– through profit and loss	**–**	**10.8**	**10.8**
	–	**30.5**	**30.5**
Liabilities			
Derivative designated at fair value			
– through other comprehensive income	**–**	**(1.8)**	**(1.8)**
– through profit and loss	**–**	**(2.9)**	**(2.9)**
	–	**(4.7)**	**(4.7)**
2018			
Assets			
Other investments			
– equity investments	122.8	–	122.8
Derivative designated at fair value			
– through other comprehensive income	–	2.6	2.6
– through profit and loss	–	5.5	5.5
	122.8	8.1	130.9
Liabilities			
Derivative designated at fair value			
– through other comprehensive income	–	(7.9)	(7.9)
– through profit and loss	–	(9.8)	(9.8)
	–	(17.7)	(17.7)

There were no transfers among the two categories during the year ended 31st December 2019 and 2018.

30 Financial Risk Management continued

Fair value estimation continued

ii) Financial instruments that are not measured at fair value

The fair values of current debtors, bank balances, current creditors and current borrowings are assumed to approximate their carrying amounts due to the short-term maturities of these assets and liabilities.

The fair values of long-term borrowings are based on market prices or are estimated using the expected future payments discounted at market interest rates.

Financial instruments by category

The fair values of financial assets and financial liabilities, together with carrying amounts at 31st December 2019 and 2018 are as follows:

	Fair value of hedging instruments US$m	Fair value through profit and loss US$m	Financial assets at amortised costs US$m	Other financial liabilities US$m	Total carrying amount US$m	Fair value US$m
2019						
Financial assets measured at fair value						
Derivative financial instruments	30.5	–	–	–	30.5	30.5
Financial assets not measured at fair value						
Debtors	–	–	345.8	–	345.8	345.8
Bank balances	–	–	1,424.0	–	1,424.0	1,424.0
	–	–	1,769.8	–	1,769.8	1,769.8
Financial liabilities measured at fair value						
Derivative financial instruments	(4.7)	–	–	–	(4.7)	(4.7)
Financial liabilities not measured at fair value						
Borrowings	–	–	–	(5,015.2)	(5,015.2)	(5,174.4)
Trade and other payable excluding non-financial liabilities	–	–	–	(900.9)	(900.9)	(900.9)
	–	–	–	(5,916.1)	(5,916.1)	(6,075.3)

30 Financial Risk Management continued

Fair value estimation continued

Financial instruments by category continued

	Fair value of hedging instruments US$m	Fair value through profit and loss US$m	Financial assets at amortised costs US$m	Other financial liabilities US$m	Total carrying amount US$m	Fair value US$m
2018						
Financial assets measured at fair value						
Other investments						
– equity investments	–	122.8	–	–	122.8	122.8
Derivative financial instruments	8.1	–	–	–	8.1	8.1
	8.1	122.8	–	–	130.9	130.9
Financial assets not measured at fair value						
Debtors	–	–	258.7	–	258.7	258.7
Bank balances	–	–	1,375.2	–	1,375.2	1,375.2
	–	–	1,633.9	–	1,633.9	1,633.9
Financial liabilities measured at fair value						
Derivative financial instruments	(17.7)	–	–	–	(17.7)	(17.7)
Financial liabilities not measured at fair value						
Borrowings	–	–	–	(4,939.0)	(4,939.0)	(5,019.4)
Trade and other payable excluding non-financial liabilities	–	–	–	(746.0)	(746.0)	(746.0)
	–	–	–	(5,685.0)	(5,685.0)	(5,765.4)

31 Critical Accounting Estimates and Judgements

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Actual results may differ from these accounting estimates. The estimates and assumptions that have a significant effect on the reported amounts of assets and liabilities, and income and expenses are discussed below.

Acquisition of subsidiaries, associates and joint ventures

The initial accounting on the acquisition of subsidiaries, associates and joint ventures involves identifying and determining the fair values to be assigned to the identifiable assets, liabilities and contingent liabilities of the acquired entities. The fair values of right-of-use assets, tangible fixed assets and investment properties are determined by independent valuers by reference to market prices or present value of expected net cash flows from the assets. Any changes in the assumptions used and estimates made in determining the fair values, and management's ability to measure reliably the contingent liabilities of the acquired entity will impact the carrying amount of these assets and liabilities.

On initial acquisition or acquisition of further interests in an entity, an assessment of the level of control or influence exercised by the Group is required. For entities where the Group has a shareholding of less than 50%, an assessment of the Group's level of voting rights, board representation and other indicators of influence is performed to consider whether the Group has de facto control, requiring consolidation of that entity, or significant influence, requiring classification as an associate, or joint control, requiring classification as a joint venture.

Investment properties

The fair values of investment properties are determined by independent valuers on an open market for existing use basis calculated on the discounted net income allowing for reversionary potential. For investment properties in Hong Kong, Chinese mainland and Singapore, capitalisation rates in the range of 2.75% to 3.50% for office (2018: 2.75% to 3.50%) and 3.75% to 5.00% for retail (2018: 3.75% to 5.00%) are used in the fair value determination.

Considerations have been given to assumptions that are mainly based on market conditions existing at the balance sheet date and appropriate capitalisation rates. These estimates are regularly compared to actual market data and actual transactions entered into by the Group.

Impairment of assets

The Group tests annually whether goodwill and other assets that have indefinite useful lives suffered any impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset or a cash generating unit is determined based on the higher of its fair value less costs to sell and its value-in-use, calculated on the basis of management's assumptions and estimates. Changing the key assumptions, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the value-in-use calculations.

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the balance sheet date (see Note 12).

31 Critical Accounting Estimates and Judgements continued

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Provision of deferred tax follows the way management expects to recover or settle the carrying amount of the related assets or liabilities, which the management may expect to recover through use, sale or combination of both. Accordingly, deferred tax will be calculated at income tax rate, capital gains tax rate or combination of both. There is a rebuttable presumption in International Financial Reporting Standards that investment properties measured at fair value are recovered through sale. Thus deferred tax on revaluation of investment properties held by the Group are calculated at the capital gain tax rate.

Recognition of deferred tax assets, which principally relate to tax losses, depends on the management's expectation of future taxable profit that will be available against which the tax losses can be utilised. The outcome of their actual utilisation may be different.

Revenue Recognition

The Group uses the percentage of completion method to account for its contract revenue of certain development properties sales. The stage of completion is measured by reference to the contract costs incurred to date compared to the estimated total costs for the contract. Significant assumptions are required to estimate the total contract costs and the recoverable variation works that affect the stage of completion and the contract revenue respectively. In making these estimates, management has relied on past experience and the work of specialists.

Non-trading items

The Group uses underlying business performance in its internal financial reporting to distinguish between the underlying profits and non-trading items. The identification of non-trading items requires judgement by management, but follows the consistent methodology as set out in the Group's accounting policies.

Independent Auditors' Report

To the members of Hongkong Land Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, Hongkong Land Holdings Limited's Group ('the Group') financial statements (the 'financial statements'):

- give a true and fair view of the state of the Group's affairs as at 31st December 2019 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 1981 (Bermuda).

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated Balance Sheet as at 31st December 2019; the Consolidated Profit and Loss Account, the Consolidated Statement of Comprehensive Income, the Consolidated Cash Flow Statement, and the Consolidated Statement of Changes in Equity for the year then ended; and the Notes to the Financial Statements, which include the Principal Accounting Policies.

Certain required disclosures have been presented in the Corporate Governance section on page 81, rather than in the Notes to the Financial Statements. These disclosures are cross-referenced from the financial statements and are identified as audited.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the Financial Reporting Council's ('FRC's') Ethical Standard as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview
Materiality
- Overall Group materiality: US$406.0 million (2018: US$407.0 million), which represents 1% of total non-current assets.
- Specific Group materiality, applied to balances not related to investment properties: US$66.0 million (2018: US$62.0 million) which represents 5% of underlying profit before tax.

Audit scope
- A full scope audit was performed on seven entities. These subsidiaries accounted for 94% of the Group's revenue, 60% of the Group's profit before tax, 75% of the Group's underlying profit before tax and 77% of the Group's total non-current assets.
- Full scope audits of four joint ventures were also performed which accounted for a further 13% of the Group's profit before tax, 11% of the Group's underlying profit before tax and 5% of the Group's total non-current assets.
- Specified procedures were performed over selected material financial statement line items for 24 other entities.

Key audit matter
- Valuation of investment properties.

The scope of our audit
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Our audit approach continued

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties Refer to Note 31 (Critical Accounting Estimates and Judgements) and Note 10 (Investment Properties) to the consolidated financial statements. The fair value of the Group's investment properties amounted to US$33,191 million at 31st December 2019, with a revaluation loss of US$854 million recognised as a non-trading item in the Consolidated Profit and Loss account for the year. The Group's property portfolio principally consists of commercial properties. The valuation of the Group's investment property portfolio is inherently subjective due to, among other factors, the individual nature of each property, its location, prevailing market returns and the expected future rentals for that particular property. The valuations were carried out by third-party valuers (the 'valuers'). In determining a property's valuations, the valuers make assumptions, judgements and estimates in key areas. Valuations are principally derived using the income capitalisation method. Judgements are made in respect of capitalisation rates and market rents. We focused on the valuation of investment properties due to the significant judgements and estimates involved in determining the valuations.	We assessed the valuers' qualifications and their expertise, considering whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work. We found no evidence to suggest that the objectivity of the valuers in their performance of the valuations was compromised. Our work focused on the highest value properties in the portfolio, namely the buildings in the central business district of Hong Kong. We read the valuation reports for the Hong Kong properties covering the majority of the total investment property portfolio to consider whether the valuation approach used was appropriate for each property and suitable for use in determining the carrying value. We performed testing, on a sample basis, on the input data used in the valuation process to satisfy ourselves of the accuracy of the property information supplied to the valuers by management, for example agreement of lease terms to tenancy agreements and other supporting documents. We understood and assessed the Group's controls over data used in the valuation of the investment property portfolio and management's review of the valuations. The audit team, including our valuation specialists, attended meetings with the valuers at which the valuations and the key assumptions therein were discussed. We compared the capitalisation rates used by the valuers with an estimated range of expected yields, determined via reference to published benchmarks and market information. We evaluated year-on-year movements in capital value and rentals with reference to publicly available information and market rents. We evaluated whether assumptions were appropriate in light of the evidence provided by significant transactions which had taken place in local markets during the year. We concluded that the assumptions used in the valuations were supportable in light of available evidence.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which it operates.

The Group's accounting processes are structured around finance functions, which are responsible for their own accounting records and controls, which in turn, report financial information to the Group's finance function in Hong Kong to enable them to prepare consolidated financial statements.

Our audit approach continued

How we tailored the audit scope continued
In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed by members of the Group engagement team or by component auditors from within the PwC Network and other auditors operating under our instruction. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the financial statements as a whole. The Group engagement team was involved in the significant reporting entities in scope for Group reporting during the audit cycle through a combination of meetings, visits and conference calls. The lead Group audit partner and other senior team members undertook multiple visits to Hong Kong and Singapore during the audit and were involved throughout the year in regular conference calls and other forms of communication to direct and oversee the audit. Other senior team members visited a number of countries, including Singapore and the Chinese mainland during the audit to review the work of component teams with regular communication throughout the year.

A full scope audit of the complete financial information was performed for seven subsidiaries. These subsidiaries, together with procedures performed on centralised functions and at the Group level (on the consolidation and other areas of significant judgement), which accounted for 94% of the Group's revenue, 60% of the Group's profit before tax, 75% of the Group's underlying profit before tax and 77% of the Group's total non-current assets. Full scope audits of the complete financial information were also performed for four principal joint ventures which accounted for a further 13% of the Group's profit before tax, 11% of the Group's underlying profit before tax and 5% of the Group's total non-current assets. Specified procedures were performed over selected material financial statement line items for 24 other entities. This gave us the evidence we needed for our opinion on the financial statements as a whole.

Materiality
The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall Group materiality	US$406.0 million, (2018: US$407.0 million)
How we determined it	1% of total non-current assets
Rationale for benchmark applied	A key determinant of the Group's value is investment property. As non-current assets primarily comprise investment properties, we set an overall Group materiality level based on total non-current assets

We set a specific materiality level of US$66.0 million for items not related to the carrying value of investment properties and their related fair value changes (either wholly owned or held within joint ventures). This equates to 5% of underlying profit before tax.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of overall materiality allocated across components was US$11.1 million to US$54.9 million.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit of investment property related items above US$20.0 million (2018: US$20.0 million) as well as misstatements below that amount that in our view, warranted reporting for qualitative reasons. For all other account balances, we agreed with the Audit Committee that we would report to them misstatements identified during our audit above US$3.3 million (2018: US$3.1 million) as well as misstatements below that amount that in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

ISAs (UK) require us to report to you when the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue. We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern. For example, the terms of the United Kingdom's withdrawal from the European Union, the outcome of ongoing US and China trade relationships and the impact of the COVID-19 virus, are not clear, and it is therefore difficult to evaluate potential implications.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Responsibility Statement set out on page 79 and on page 83, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Section 90 of the Companies Act 1981 (Bermuda) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

The engagement partner responsible for this independent auditors' report is John Baker.

PricewaterhouseCoopers LLP
Chartered Accountants
London
5th March 2020

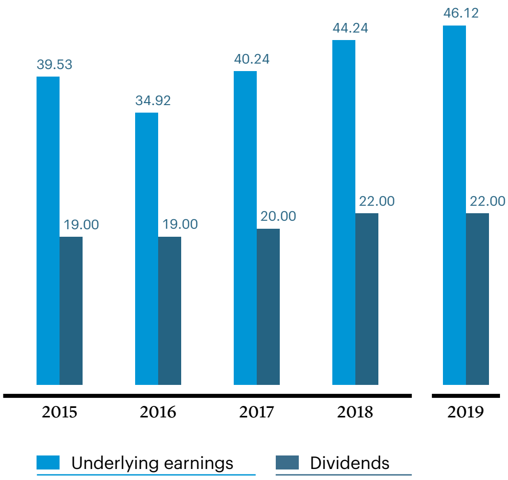
(a) The maintenance and integrity of the Hongkong Land Holdings Limited website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in Bermuda governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

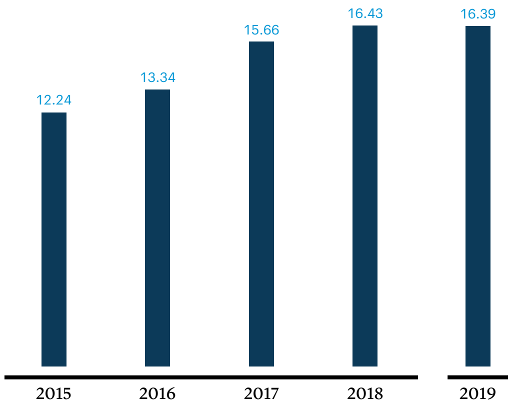
Five Year Summary

	2015 US$m	2016 US$m	2017 US$m	2018 US$m	**2019** **US$m**
Profit attributable to shareholders	2,046	3,311	5,614	2,457	**198**
Underlying profit attributable to shareholders	930	822	947	1,036	**1,076**
Investment properties	24,957	27,712	32,481	33,712	**33,191**
Net debt	2,341	2,008	2,549	3,564	**3,591**
Shareholders' funds	28,803	31,383	36,842	38,342	**38,247**

	US$	US$	US$	US$	**US$**
Net asset value per share	12.24	13.34	15.66	16.43	**16.39**



Underlying earnings/dividends per share (US¢)



Net asset value per share (US$)

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 this 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
5th March 2020

Corporate Governance

Hongkong Land Holdings Limited (the 'Company') is incorporated in Bermuda. The Company's property interests are held almost entirely in Asia. The Company's equity shares have a standard listing on the Main Market of the London Stock Exchange, and secondary listings in Bermuda and Singapore. The Disclosure Guidance and Transparency Rules (the 'DTRs') issued by the Financial Conduct Authority in the United Kingdom (the 'FCA') require that this Report address all relevant information about the corporate governance practices applied beyond the requirements under Bermuda law.

The Company attaches importance to the corporate stability and opportunities that result from it being part of the Jardine Matheson Holdings Limited ('Jardine Matheson') group, which is considered to be fundamental to the Company's ability to pursue a long-term strategy in Asian markets. By coordinating objectives, establishing common values and standards, and sharing experience, contacts and business relationships, Jardine Matheson helps the Group to optimise its opportunities in the countries in which it operates.

The Hongkong Land Group (Hongkong Land Holdings Limited and its subsidiaries together known as the 'Group') is committed to high standards of governance. The system of governance it has adopted is based on a well-tried approach to oversight and management that has been developed over many years by the members of the Jardine Matheson group. It enables the Group to benefit from Jardine Matheson's strategic guidance and professional expertise, while at the same time ensuring that the independence of the Board is respected and clear operational accountability rests with the Company's executive management team.

The Management of the Group

The Company has a dedicated executive management team led by the Chief Executive. The Memorandum of Association of the Company, however, provides for the chairman of Jardine Matheson to be, or to appoint, the Managing Director of the Company. Reflecting this, and the Jardine Matheson group's 50% interest in the Company's share capital, the Chief Executive and the Managing Director meet regularly. Similarly, the board of the Hong Kong-based Group management company, Hongkong Land Limited ('HKL'), and its finance committee are chaired by the Managing Director and include Hongkong Land Group executives as well as Jardine Matheson's deputy managing director, group finance director, group strategy director and group general counsel.

The presence of Jardine Matheson representatives on the Board of the Company and on the board of HKL, as well as on its audit and finance committees, provides an added element of stability to the Company's financial planning and supervision, enhancing its ability to raise finance and take a long-term view of business development. It also strengthens the ability of management to work effectively together in exploiting the full range of the Jardine Matheson group's commercial strengths.

The Directors of the Company retain full power to manage the business affairs of the Company, other than matters reserved to be exercised by the Company in general meeting under Bermuda legislation or the Company's Bye-laws. Among the matters on which the Board decides are the Group's business strategy, its annual budget, dividends and major corporate activities.

The Board

As at 5th March 2020, the Company has a Board of 13 Directors. Their names and brief biographies appear on pages 20 and 21 of this Report. The Chairman has been appointed in accordance with the provisions of the Bye-laws of the Company, which provide that the chairman of Jardine Matheson, or any Director nominated by him, shall be the Chairman of the Company. The Board composition and operation helps to provide the Company with the necessary stability as it seeks to grow its business.

The role of the Chairman is to lead the Board as it oversees the Group's strategic and financial direction, while the principal role of the Managing Director is to act as chairman of HKL and of its finance committee. Ben Keswick is currently appointed to both positions. As announced on 5th March 2020, with effect from 15th June 2020 Ben Keswick will step down as Managing Director and John Witt will take on the role of Managing Director. John Witt will also become chairman of HKL and of its finance committee. The responsibility for running the Group's business and all the executive matters affecting the Group rests with the Chief Executive, Robert Wong. The implementation of the Group's strategy is delegated to the Company's executive management, with decision-making authority within designated financial parameters delegated to the HKL finance committee.

The Board is scheduled to hold four meetings in 2020 and ad hoc procedures are adopted to deal with urgent matters which arise between scheduled meetings. In 2019 one meeting was held in Bermuda and three were held in Asia. The Board receives high quality, up to date information for each of its meetings. In addition, certain Directors of the Company who do not serve on the board of HKL and who are based outside Asia regularly visit Asia and Bermuda to discuss the Group's business, as well as to participate in the four strategic reviews that precede the regular Board meetings. These Directors are not directly involved in the operational management of the Group's business activities, but their knowledge and close oversight of the Group's affairs, as well as their knowledge and experience of the wider Jardine Matheson group, reinforces the process by which business is reviewed before consideration at Board meetings.

Directors' Appointment, Retirement, Remuneration and Service Contracts

Candidates for appointment as executive Directors of the Company, as executive directors of HKL or as senior executives elsewhere in the Group may be sourced internally, or from the wider Jardine Matheson group or externally, including by using the services of specialist executive search firms. The aim is to appoint individuals who combine international best practice with familiarity with, or adaptability to, Asian markets. When appointing non-executive Directors, the Board pays particular attention to the Asian business experience and relationships that they can bring.

Each new Director is appointed by the Board and, in accordance with the Company's Bye-laws, each new Director so appointed is subject to retirement and re-appointment at the first annual general meeting after appointment. Thereafter, Directors are subject to retirement by rotation under the Bye-laws whereby one-third of the Directors retire at the annual general meeting each year. These provisions apply to both executive and non-executive Directors, but the requirement to retire by rotation does not extend to the Chairman or Managing Director.

Charles Allen-Jones stepped down from the Board of the Company at the Annual General Meeting held on 8th May 2019. Simon Keswick retired from the Board with effect from 1st January 2020. On 20th January 2020, it was announced that Lord Sassoon will retire from the Board on 9th April 2020. On 5th March 2020, it was announced that John Witt will join the Board and take on the role of Managing Director of the Company with effect from 15th June 2020.

In accordance with Bye-law 85, Robert Wong, Simon Dixon and Y.K. Pang retire by rotation at this year's Annual General Meeting and, being eligible, offer themselves for re-election. Robert Wong has a service contract with a subsidiary of the Company that has a notice period of six months. None of the other Directors proposed for re-election has a service contract with the Company or its subsidiaries.

The Company's policy is to offer competitive remuneration packages to its senior executives. It is recognised that, due to the nature of the Group and its diverse geographic base, a number of its senior executives are required to be offered international terms and the nature of the remuneration packages is designed to reflect this. Executive Directors joining from outside the Group may be offered an initial fixed-term service contract to reflect any requirement for them to relocate.

Recommendations and decisions on remuneration and other benefits payable or made available to executive Directors result from consultations between the Chairman and other Directors as he considers appropriate. Directors' fees, which are payable to all Directors other than the Chief Executive and the Chief Financial Officer, are decided upon by shareholders in general meeting as provided for by the Company's Bye-laws.

For the year ended 31st December 2019, the Directors received from the Group US$9.0 million (2018: US$8.1 million) in Directors' fees and employee benefits, being US$0.8 million (2018: US$0.9 million) in Directors' fees, US$7.9 million (2018: US$7.0 million) in short-term employee benefits including salary, bonuses, accommodation and deemed benefits in kind and US$0.3 million (2018: US$0.2 million) in post-employment benefits. The information set out in this paragraph forms part of the audited financial statements.

The Company has in place notional share option plan under which cash bonuses are paid based on the performance of the Company's share price over a period. The notional plan was established to provide longer-term incentives for executive Directors and senior managers. Notional share options are granted after consultation between the Chairman and the Chief Executive as well as other Directors as they consider appropriate.

The Company purchases insurance to cover its Directors against their costs in defending themselves in civil proceedings taken against them in that capacity and in respect of damages resulting from the unsuccessful defence of any proceedings. To the extent permitted by law, the Company also indemnifies its Directors. Neither the insurance nor the indemnity provides cover where the Director has acted fraudulently or dishonestly.

Audit Committee

The Board has established within HKL an audit committee (the 'Audit Committee'), the current members of which are Y.K. Pang, Mark Greenberg, Jeremy Parr and John Witt; they have extensive knowledge of the Group while at the same time not being directly involved in operational management. The chairman, chief executive and chief financial officer of HKL, together with representatives of the internal and external auditors, also attend the Audit Committee meetings by invitation. The Audit Committee meets and reports to the Board semi-annually.

Prior to completion and announcement of the half-year and year-end results, a review of the financial information and of any issues raised in connection with the preparation of the results, including the adoption of new accounting policies, is undertaken by the Audit Committee with the executive management and a report is received from the external auditors. The external auditors also have access to the full Board when necessary, in addition to the Chief Executive, Chief Financial Officer and other senior executives.

The Audit Committee keeps under review the nature, scope and results of the audits conducted by the internal audit function. The Audit Committee's responsibilities extend to reviewing the effectiveness of both the internal and external audit functions; considering the independence and objectivity of the external auditors; and reviewing and approving the level and nature of non-audit work performed by the external auditors.

The terms of reference of the Audit Committee can be found on the Company's website at www.hkland.com.

Risk Management and Internal Control

The Board has overall responsibility for the Group's systems of risk management and internal control. The Board has delegated to the Audit Committee responsibility for providing oversight in respect of risk management activities. The Audit Committee considers the Group's principal risks and uncertainties and potential changes to the risk profile and reviews the operation and effectiveness of the Group's systems of internal control and the procedures by which these risks are monitored and mitigated. The Audit Committee considers the systems and procedures on a regular basis, and reports to the Board semi-annually. The systems of internal control are designed to manage, rather than eliminate, business risk; to help safeguard the Group's assets against fraud and other irregularities; and to give reasonable, but not absolute, assurance against material financial misstatement or loss.

Executive management is responsible for the implementation of the systems of internal control throughout the Group. The internal audit function also monitors the effectiveness of the systems of internal control and the approach taken by the business units to risk. The internal audit function is independent of the operating businesses and reports its findings, and recommendations for any corrective action required, to the Audit Committee.

The Group has in place an organisational structure with defined lines of responsibility and delegation of authority. There are established policies and procedures for financial planning and budgeting; for information and reporting systems; for assessment of risk; and for monitoring the Group's operations and performance. The information systems in place are designed to ensure that the financial information reported is reliable and up to date.

The Company's policy on commercial conduct underpins the Group's internal control process, particularly in the area of compliance. The policy is set out in the Group's Code of Conduct, which is a set of guidelines to which every employee must adhere and is reinforced and monitored by an annual compliance certification process.

The Audit Committee has also been given the responsibility to oversee the effectiveness of the formal procedures for employees to raise any matters of serious concern, and is required to review any reports made under those procedures that are referred to it by the internal audit function.

The principal risks and uncertainties facing the Company are set out on page 85.

Directors' Responsibilities in respect of the Financial Statements

The Directors are required under the Bermuda Companies Act to prepare financial statements for each financial year and to present them annually to the Company's shareholders at the annual general meeting. The financial statements are required to present fairly, in accordance with International Financial Reporting Standards ('IFRS'), the financial position of the Group at the end of the year and the results of its operations and its cash flows for the year then ended. The Directors consider that applicable accounting policies under IFRS, applied on a consistent basis and supported by prudent and reasonable judgements and estimates, have been followed in preparing the financial statements. The financial statements have been prepared on a going concern basis.

Code of Conduct

The Group conducts business in a professional, ethical and even-handed manner. Its ethical standards are clearly set out in its Code of Conduct, which is modelled on the Jardine Matheson group's code of conduct. The Code of Conduct requires that all Group companies comply with all laws of general application, all rules and regulations that are industry specific and proper standards of business conduct. The Code of Conduct prohibits the giving or receiving of illicit payments and requires that all managers must be fully aware of their obligations under the Code of Conduct and establish procedures to ensure compliance at all levels within their organisations.

The Code of Conduct also encourages inclusion and diversity, and requires all employees to be treated fairly, impartially and with dignity and respect. As a multinational Group with a broad range of businesses operating across Asia, the Group believes in promoting equal opportunities in recruiting, developing and rewarding its people regardless of race, gender, nationality, religion, sexual orientation, disability, age or background. The scale and breadth of the Group's businesses necessitate that they seek the best people from the communities in which they operate most suited to their needs.

The Group has in place procedures by which employees can raise, in confidence, matters of serious concern in areas such as financial reporting or compliance.

Directors' Share Interests

The Directors of the Company in office on 5th March 2020 had interests (within the meaning of the EU Market Abuse Regulation ('MAR'), which applies to the Company as it is listed on the London Stock Exchange) as set out below in the ordinary share capital of the Company. These interests include those notified to the Company in respect of the Directors' closely associated persons (as that term is used under MAR).

Anthony Nightingale	2,184
Y.K. Pang	38,000

In addition, Robert Wong held share options in respect of 1,450,000 ordinary shares issued pursuant to the Company's notional share option plan.

Substantial Shareholders

As a non-UK issuer, the Company is subject to the DTRs pursuant to which a person must in certain circumstances notify the Company of the percentage of voting rights attaching to the share capital of the Company that person holds. The obligation to notify arises if that person acquires or disposes of shares in the Company which results in the percentage of voting rights which the person holds reaching, exceeding, or falling below, 5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%.

The Company has been informed of the holding of voting rights of 5% or more attaching to the Company's issued ordinary share capital by Jardine Strategic Holdings Limited ('Jardine Strategic'), which is directly interested in 1,176,616,646 ordinary shares carrying 50.41% of the voting rights. By virtue of its interest in Jardine Strategic, Jardine Matheson is also interested in the same ordinary shares. Apart from this shareholding, the Company is not aware of any holders of voting rights of 5% or more attaching to the issued ordinary share capital of the Company as at 5th March 2020.

There were no contracts of significance with corporate substantial shareholders during the year under review.

Governance Principles

The Company's primary listing on the London Stock Exchange is a standard listing on the Main Market. Under a standard listing, the Company is subject to the UK Listing Rules (other than those which apply only to companies with a premium listing), the DTRs, the UK Prospectus Regulation Rules and MAR. The Company, therefore, is bound by the rules in relation to continuous disclosure, periodic financial reporting, disclosure of interests in shares and market abuse, including the rules governing insider dealing, market manipulation and the disclosure of inside information. The Company is also subject to regulatory oversight from the FCA, as the Company's principal securities regulator, and is required to comply with the Admission and Disclosure Standards of the Main Market of the London Stock Exchange.

When shareholders approved the Company's move to a standard listing from a premium listing in 2014, the Company stated that it intended to maintain certain governance principles on the same basis as was then applicable to the Company's premium listing, as follows:

1. When assessing a significant transaction, being a larger transaction which would be classified as a class 1 transaction under the provisions of the UK Listing Rules, the Company will engage an independent financial adviser to provide a fairness opinion on the terms of the transaction.
2. In the event of a related party transaction, being a transaction with a related party which would require a sponsor to provide a fair and reasonable opinion under the provisions of the UK Listing Rules, the Company will engage an independent financial adviser to confirm that the terms of the transaction are fair and reasonable as far as the shareholders of the Company are concerned.
3. Further, as soon as the terms of a significant transaction or a related party transaction are agreed, an announcement will be issued by the Company providing such details of the transaction as are necessary for investors to evaluate the effect of the transaction on the Company.
4. At each annual general meeting, the Company will seek shareholder approval to issue new shares on a non-pre-emptive basis for up to 33% of the Company's issued share capital, of which up to 5% can be issued for cash consideration.
5. The Company will continue to adhere to its Securities Dealing Rules. These rules, which were based on the UK Model Code, have since been revised to follow the provisions of MAR with respect to market abuse and disclosure of interests in shares.
6. The Company will continue its policies and practices in respect of risk management and internal controls.

Related Party Transactions

Details of transactions with related parties entered into by the Company during the course of the year are included in Note 24 to the financial statements on page 52.

Securities Purchase Arrangements

The Directors have the power under the Bermuda Companies Act and the Company's Memorandum of Association to purchase the Company's shares. Any shares so purchased shall be treated as cancelled and, therefore, reduce the issued share capital of the Company. When the Board reviews the possibility for share repurchases, it will take into consideration the potential for the enhancement of earnings or asset values per share. When purchasing such shares, the Company is subject to the provisions of MAR.

Takeover Code

The Company is subject to a Takeover Code, based on London's City Code on Takeovers and Mergers. The Takeover Code provides an orderly framework within which takeovers can be conducted and the interests of shareholders protected. The Takeover Code has statutory backing, being established under the Acts of incorporation of the Company in Bermuda.

Annual General Meeting

The 2020 Annual General Meeting will be held on 6th May 2020. The full text of the resolutions and explanatory notes in respect of the meeting are contained in the Notice of Meeting which accompanies this Report. A corporate website is maintained containing a wide range of information of interest to investors at www.hkland.com.

Power to Amend Bye-laws

The Bye-laws of the Company can be amended by the shareholders by way of a special resolution at a general meeting of the Company.

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 is set out in more detail on page 82 of the Corporate Governance section of this 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 and Financial Risk

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

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

The steps taken by the Group to manage its exposure to financial risk are set out in the Financial Review on page 17 and Note 30 to the financial statements on pages 64 to 71.

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 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.

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.

Shareholder Information

Financial Calendar

2019 full-year results announced	5th March 2020
Shares quoted ex-dividend	19th March 2020
Share registers closed	23rd to 27th March 2020
Annual General Meeting to be held	6th May 2020
2019 final dividend payable	13th May 2020
2020 half-year results to be announced	30th July 2020*
Shares quoted ex-dividend	20th August 2020*
Share registers to be closed	24th to 28th August 2020*
2020 interim dividend payable	14th October 2020*

* Subject to change

Dividends

Shareholders will receive their cash dividends in United States Dollars, unless they are registered on the Jersey branch register, in which case they will have the option to elect for their dividends to be paid in Sterling. These shareholders may make new currency elections for the 2019 final dividend by notifying the United Kingdom transfer agent in writing by 24th April 2020. The Sterling equivalent of dividends declared in United States Dollars will be calculated by reference to a rate prevailing on 29th April 2020. Shareholders holding their shares through CREST in the United Kingdom will receive their cash dividends in Sterling only. Shareholders holding their shares through The Central Depository (Pte) Limited ('CDP') in Singapore will receive their cash dividends in United States Dollars unless they elect, through CDP, to receive Singapore Dollars.

Registrars and Transfer Agent

Shareholders should address all correspondence with regard to their shareholdings or dividends to the appropriate registrar or transfer agent.

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Jardine Matheson International Services Limited
P.O. Box HM 1068
Hamilton HM EX
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Jersey Branch Registrar
Link Market Services (Jersey) Limited
12 Castle Street
St Helier, Jersey JE2 3RT
Channel Islands

Singapore Branch Registrar
M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

United Kingdom Transfer Agent
Link Asset Services
The Registry
34 Beckenham Road
Beckenham, Kent BR3 4TU
United Kingdom

Press releases and other financial information can be accessed through the internet at www.hkland.com.

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Francis Yee

Report of the Valuers

To Hongkong Land Holdings Limited

Dear Sirs

Revaluation of Investment Properties Held under Freehold and Leasehold

Further to your instructions, we have valued in our capacity as external valuers the investment properties held under freehold and leasehold as described in the consolidated financial statements of Hongkong Land Holdings Limited. We are of the opinion that the market value of the investment properties held under freehold in Cambodia and leasehold in China, Hong Kong, Singapore and Vietnam as at 31st December 2019, totalled US$33,178,100,000 (United States Dollars Thirty-Three Billion One Hundred Seventy-Eight Million One Hundred Thousand).

Our valuations were prepared in accordance with the International Valuation Standards by the International Valuation Standards Council and The HKIS Valuation Standards by The Hong Kong Institute of Surveyors.

We have inspected the properties without either making structural surveys or testing the services. We have been supplied with details of tenure, tenancies and other relevant information.

In arriving at our opinion, each property was valued individually, on market value basis, calculated on the net income allowing for reversionary potential, however no allowance has been made for expenses of realisation or for taxation which might arise in the event of disposal.

Yours faithfully

Jones Lang LaSalle Limited
Hong Kong, 30th January 2020

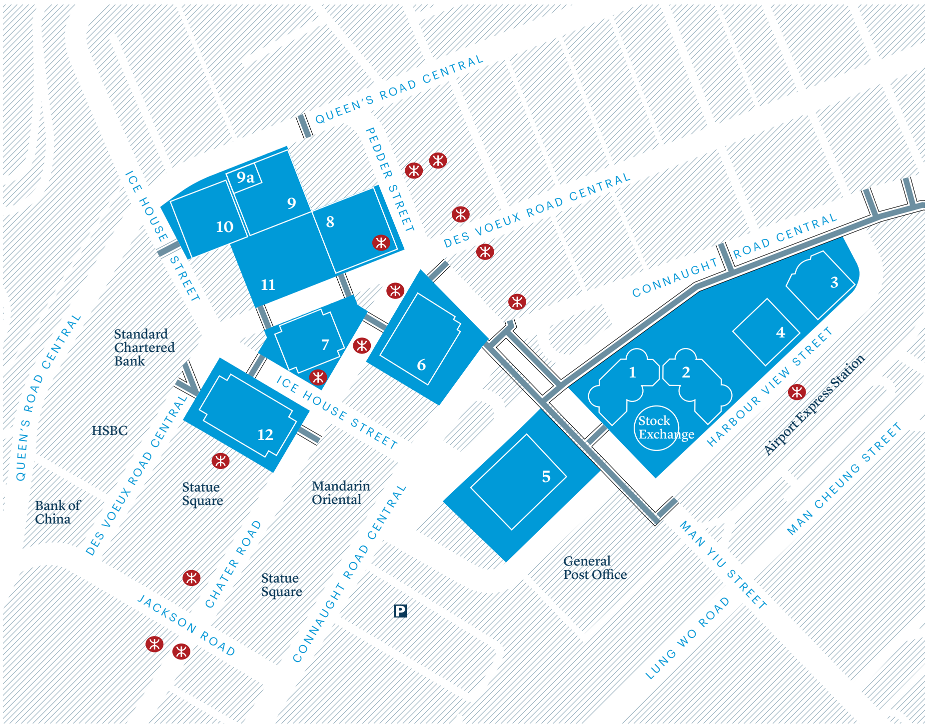
Major Property Portfolio

at 31st December 2019

Investment Properties	Attributable interest %	Location	Lettable area of the property Total	Office	Retail
			(in thousands of square metres)		
Alexandra House	100	Hong Kong	34	30	4
Chater House	100	Hong Kong	43	39	4
Exchange Square	100		139		
One Exchange Square		Hong Kong		53	–
Two Exchange Square		Hong Kong		47	–
Three Exchange Square		Hong Kong		30	–
Podium		Hong Kong		–	5
The Forum		Hong Kong		4	–
Jardine House	100	Hong Kong	62	59	3
Gloucester Tower	100	Hong Kong	44	44	–
Landmark Atrium	100	Hong Kong	23	–	23
Edinburgh Tower	100	Hong Kong	45	32	13
York House	100	Hong Kong	10	10	–
Prince's Building	100	Hong Kong	52	38	14
WF CENTRAL	84	Beijing	43	–	43
One Central	49	Macau	19	–	19
One Raffles Link	100	Singapore	29	23	6
One Raffles Quay	33.3		123		
North Tower		Singapore		71	–
South Tower		Singapore		52	–
Marina Bay Financial Centre	33.3		285		
Tower 1		Singapore		57	3
Tower 2		Singapore		95	6
Tower 3		Singapore		116	8
World Trade Centre 1	50	Jakarta	42	37	5
World Trade Centre 2	50	Jakarta	60	56	4
World Trade Centre 3	50	Jakarta	74	69	5
World Trade Centre 5	50	Jakarta	15	14	1
World Trade Centre 6	50	Jakarta	19	17	2
EXCHANGE SQUARE	100	Phnom Penh	25	17	8
Gaysorn	49	Bangkok	17	5	12
Central Building	65	Hanoi	4	3	1
63 Ly Thai To	73.9	Hanoi	7	6	1

Development Properties	Attributable interest	Location	Developable area of the property: Total	Construction completed	Under construction/ to be developed
	%		(in thousands of square metres)		
Artisan Bay	33	Chengdu	155	–	155
WE City	50	Chengdu	925	624	301
Central Avenue	50	Chongqing	1,115	476	639
Harbour Tale	50	Chongqing	114	14	100
Hillview	50	Chongqing	61	–	61
Landmark Riverside	50	Chongqing	1,105	578	527
New Bamboo Grove	50	Chongqing	640	551	89
River One	100	Chongqing	162	51	111
The Pinnacle	100	Chongqing	125	–	125
West Central Park Project	100	Chongqing	133	–	133
Yorkville North	100	Chongqing	1,116	645	471
Hangzhou Bay	30	Hangzhou	791	–	791
JL Central	50	Nanjing	252	–	252
River and City	50	Nanjing	254	–	254
Yue City	33	Nanjing	260	–	260
Caohejing Project	26.7	Shanghai	388	–	388
Huacao Project	50	Shanghai	64	–	64
Dream Land	50	Wuhan	493	–	493
Houguan Lake Project	66	Wuhan	226	–	226
Leedon Green	50	Singapore	49	–	49
Margaret Ville	100	Singapore	22	–	22
Parc Esta	100	Singapore	98	–	98
Arumaya	40	Jakarta	24	–	24
Asya	33.5	Jakarta	874	–	874
Avania	50	Jakarta	126	–	126
Nava Park	49	Jakarta	730	118	612
King Kaew	49	Bangkok	169	–	169
Nonthaburi	49	Bangkok	433	–	433
The Esse Sukhumbvit 36	49	Bangkok	38	–	38
The Marq	70	Ho Chi Minh City	57	–	57

Hong Kong – Central District



Hongkong Land properties

Public car park

Pedestrian bridges

Mass Transit Railway access

1 One Exchange Square
2 Two Exchange Square
3 Three Exchange Square
4 The Forum
5 Jardine House
6 Chater House
7 Alexandra House
8 Gloucester Tower
9 Edinburgh Tower
9a The Landmark Mandarin Oriental
10 York House
11 Landmark Atrium
12 Prince's Building

Beijing, China


WF CENTRAL


CBD Z3 Project*


Central Park

Chengdu, China


WE City


Artisan Bay*

Chongqing, China


Yorkville South


Yorkville North


Landmark Riverside


Central Avenue


River One


New Bamboo Grove


Hillview*


Harbour Tale*


The Pinnacle*


University Town Project*


West Central Park Project*

Hangzhou, China


Hangzhou Bay*


Gongshu Project*

Nanjing, China


JL CENTRAL*


Yue City*

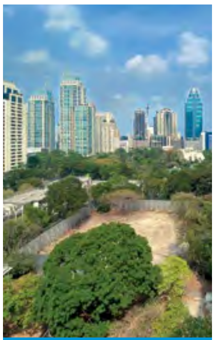

River and City*

* This rendering is for reference only, subject to change and government approval.

Thailand


Gaysorn


The ESSE Sukhumvit 36*


British Embassy Site


Nonthaburi Project


King Kaew Project*


Wireless Road Project*

Indonesia


WTC


Anandamaya Residences


Nava Park

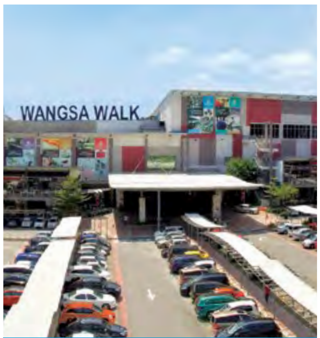

Arumaya*

Indonesia


Asya*


Avania*

Malaysia



Wangsa Walk Mall


The Quinn*

Macau


One Central

Vietnam


Central Building


63 Ly Thai To


The Marq*

Cambodia


Central Mansions


EXCHANGE SQUARE

Philippines


Roxas Triangle Towers


Mandani Bay*


Bridgetowne Project*

Singapore


Marina Bay Financial Centre


One Raffles Quay


One Raffles Link


Parc Esta*

Singapore


Leedon Green*


Margaret Ville*

Shanghai, China


West Bund Site*


Parkville

Shanghai, China


Caohejing Project*


Huacao Project*

Wuhan, China


Dream Land*


Houguan Lake Project*

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Hongkong Land Holdings Limited
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