

## News Release

To: Business Editor

2nd March 2017  
For immediate release

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

### HONGKONG LAND HOLDINGS LIMITED 2016 PRELIMINARY ANNOUNCEMENT OF RESULTS

#### Highlights

- Underlying profit down 6%
- Continued strong contribution from commercial portfolio
- Steady residential contribution from mainland China and Singapore
- Net assets per share up 9% on higher capital values

"A stable performance is anticipated from Hongkong Land's commercial property portfolio in 2017, while in the Group's residential business a higher contribution from mainland China is expected to be offset by lower profits from Singapore."

Ben Keswick  
Chairman

#### Results

|   | Year ended 31st December |               |             |
|---|--------------------------|---------------|-------------|
|   | 2016<br>US\$m            | 2015<br>US\$m | Change<br>% |
| Underlying profit attributable to shareholders* | 848                      | 905           | -6          |
| Profit attributable to shareholders             | 3,346                    | 2,012         | +66         |
| Shareholders' funds                             | 31,294                   | 28,685        | +9          |
| Net debt  | 2,008                    | 2,341         | -14         |
|   | US¢                      | US¢           | %           |
| Underlying earnings per share*                  | 36.03                    | 38.44         | -6          |
| Earnings per share                              | 142.23                   | 85.50         | +66         |
| Dividends per share                             | 19.00                    | 19.00         | -           |
|   | US\$                     | US\$          | %           |
| Net asset value per share                       | 13.30                    | 12.19         | +9          |

\* 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 1 to the financial statements. Management considers this to be a key measure which provides additional information to enhance understanding of the Group's underlying business performance.

The final dividend of US¢13.00 per share will be payable on 11th May 2017, subject to approval at the Annual General Meeting to be held on 3rd May 2017, to shareholders on the register of members at the close of business on 17th March 2017.

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## **HONGKONG LAND HOLDINGS LIMITED**

### **PRELIMINARY ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST DECEMBER 2016**

#### **OVERVIEW**

Results from the Group's commercial portfolio continued to be strong due to largely positive rental reversions in Hong Kong and higher occupancy in both Hong Kong and Singapore. In the residential sector, while profits from mainland China were flat and profits from Singapore were only marginally lower in 2016, overall earnings declined in the absence of a gain recorded in the prior year on a redeveloped property in Hong Kong.

#### **PERFORMANCE**

Underlying profit attributable to shareholders in 2016 was US\$848 million, a 6% decrease compared to the prior year. After taking into account the net non-trading gains of US\$2,498 million recorded on the revaluation of the Group's investment properties, the profit attributable to shareholders for the year was US\$3,346 million. This compares to US\$2,012 million in 2015, which included net valuation gains of US\$1,107 million.

The net asset value per share at 31st December 2016 was US\$13.30, compared with US\$12.19 at the end of 2015.

The Directors are recommending a final dividend of US¢13.00 per share, providing a total dividend for the year of US¢19.00 per share, unchanged from the previous year.

#### **GROUP REVIEW**

##### ***Commercial Property***

In Hong Kong, the office leasing market in Central continues to benefit from limited supply. Vacancy in the Group's Central office portfolio at the end of 2016 was 2.2%, compared with 3.4% at the end of 2015. Office rental reversions continue to be positive, with the Group's average office rent increasing to HK\$103 per sq. ft from HK\$101 per sq. ft in 2015. The Group's Central retail portfolio remains fully occupied and base rental reversions continue to be largely positive. The impact of turnover rent, however, led to the average retail rent reducing to HK\$218 per sq. ft, compared with HK\$221 per sq. ft in 2015. The value of the Group's commercial portfolio in Hong

Kong increased by 12% when compared to the prior year, due to office capitalisation rates compressing on strong investment demand and rental growth.

In Singapore, vacancy in the Group's office portfolio reduced to 0.1% from 3.0% at the end of 2015 as previously committed space was taken up during the year. Average rent decreased slightly to S\$9.3 per sq. ft, compared to S\$9.5 per sq. ft in 2015.

In mainland China, the construction of the Group's luxury retail and hotel complex in Beijing, WF CENTRAL at Wangfujing, is progressing well with the retail component scheduled to open in late 2017 and the 74-room Mandarin Oriental Hotel scheduled to open in 2018. In Jakarta, the fifth tower at Jakarta Land, the Group's 50%-owned joint venture, is on schedule for completion in 2018.

### ***Residential Developments***

As anticipated, the contribution from the Group's residential interests was lower in 2016, primarily due to the absence of a gain from the redevelopment of a residential property in Hong Kong recorded in 2015.

In mainland China, revenue recognised during the year, including the Group's attributable interest in joint ventures, increased by 34%. However, profits were flat primarily due to the product mix and the impact of a weaker Chinese Renminbi. The Group's attributable interest in contracted sales for 2016 was 38% higher at US\$1,105 million, compared to US\$802 million in 2015. At 31st December 2016, the Group had US\$1,083 million in sold but unrecognised contracted sales, compared with US\$821 million at the end of 2015. The construction of the 50%-owned New Bamboo Grove began in mid-2016 and is progressing well.

Results from the Group's residential business in Singapore declined marginally compared to the prior year due to lower provision writebacks on completed developments. The Group's wholly-owned subsidiary, MCL Land, completed the fully sold 738-unit J Gateway project. Presales continue at two projects scheduled for completion in 2017 and 2018, respectively, while construction began in July 2016 on a project due to complete in 2019. In December 2016, MCL Land won a tender to develop a residential site on Margaret Drive, which is expected to complete in 2020.

Of the Group's other residential interests, the development of two joint venture projects in Indonesia are advancing on schedule. In September 2016, the Group formed Astra Land, a 50:50 joint venture with Astra International in Indonesia, to pursue primarily residential trading opportunities. Astra Land subsequently announced that it will develop a 69 hectare site in Jakarta Garden City in joint venture with Modernland Realty. In the Philippines, the construction of a 40%-owned 182-unit luxury development in Manila and a 40%-owned mixed-use development in Cebu are also well underway.

### ***Financing***

The Group's financial position remains strong with net debt of US\$2.0 billion at 31st December 2016, down from US\$2.3 billion at the end of 2015. Net gearing at the end of the year was 6%, compared with 8% at the end of 2015.

### **PEOPLE**

On behalf of the Board, I would like to thank all of our staff for their dedication and professionalism in upholding our reputation of providing high quality offerings to our customers.

Y.K. Pang stepped down as Chief Executive in July, while remaining on the Board, and was succeeded by Robert Wong. John Witt stepped down as Chief Financial Officer in March and was succeeded by Simon Dixon.

Lord Leach passed away in June 2016. During his time on the Board, he made a significant contribution to the development and expansion of Hongkong Land. He will be fondly remembered and greatly missed.

### **OUTLOOK**

A stable performance is anticipated from Hongkong Land's commercial property portfolio in 2017, while in the Group's residential business a higher contribution from mainland China is expected to be offset by lower profits from Singapore.

Ben Keswick  
*Chairman*

## **CHIEF EXECUTIVE'S REVIEW**

Hongkong Land had a good year in 2016 with another strong contribution from its commercial property portfolio and a steady contribution from its residential property projects. There has also been a significant increase in the value of the Group's commercial property portfolio during 2016. The Group maintains a sound balance sheet with ample liquidity, is well positioned in its core markets in Greater China and Southeast Asia, and continues to seek development opportunities to further grow in these markets.

## **STRATEGY**

The Group develops prime commercial properties, which it retains and manages as long-term investments, and premium residential and accompanying commercial properties, which are developed for sale.

The Group's prime commercial properties are predominantly in core central business locations in Asian gateway cities, with a concentration in Hong Kong and Singapore. Returns principally arise from annual rental yields and long-term capital appreciation. The Group's Hong Kong and Singapore portfolios remain its most important investments as they provide a stable stream of earnings and balance sheet strength, which enables the Group to continue to invest and grow both its commercial and residential portfolios in its core markets in Greater China and Southeast Asia.

The Group's premium residential and accompanying commercial developments are primarily in mainland China and Singapore, with emerging businesses in the Philippines, Indonesia and Vietnam. Returns principally arise from short to medium-term trading profits. The consistency of earnings contributed from these developments continues to strengthen as the mainland China operations mature. The Group's attributable interest in the developable area of its residential projects in mainland China totals 4.6 million sq. m. Of this, construction of approximately 1.8 million sq. m., or 39%, had been completed at the end of 2016. In Singapore, MCL Land, the Group's wholly-owned residential developer, continues to be an important contributor to earnings and is working to maintain a steady pipeline of projects. In Indonesia and the Philippines, the Group's joint venture projects are progressing well and will provide additional sources of income as they mature in the coming years.

### ***Hong Kong's Central Portfolio***

The portfolio in Hong Kong comprises 12 buildings that form the heart of the financial district in Central. These buildings are interlinked and represent over 450,000 sq. m. of Grade A office and luxury retail space. They are positioned as the pre-eminent office, retail, restaurant and hotel accommodation in Central. This integrated mixed-use development continues to attract both prime office tenants and luxury retailers. As a key financial and business hub in Asia, Hong Kong's economy is closely linked to the global economic environment. Despite current economic uncertainties, vacancy is low and rental reversions have remained positive, reflecting the unique positioning of the portfolio and the scarcity of supply of high quality space in core Central.

The Group's retail portfolio in Hong Kong, the 54,000 sq. m. *Landmark*, is integrated with the office buildings and is a key component of the Group's unique and successful mixed-use business model. Its tenants include numerous luxury brand flagship stores, as well as leading restaurants that have collected a total of ten Michelin stars. *Landmark* is clearly established as the iconic shopping destination in Hong Kong.

### ***Commercial Property Investments in Asia***

Outside Hong Kong, the Group has similarly established itself as a leading provider of office and retail space. In Singapore, Hongkong Land's attributable interests of 165,000 sq. m. includes some of the finest Grade A office space in the market, principally in the Marina Bay Area. In Indonesia, Jakarta Land, the Group's 50%-owned joint venture, is continuing to extend its 135,000 sq. m. office development, with construction progressing well on a 73,000 sq. m. fifth tower scheduled for completion in the first half of 2018. In Beijing, the Group's WF CENTRAL development, comprising a luxury retail complex and a prestigious Mandarin Oriental hotel, is scheduled for completion in the second half of 2017 and the first half of 2018, respectively. In Cambodia, the Group's 30,000 sq. m. prime mixed-use complex comprising office and retail components in the heart of Phnom Penh has recently been completed.

The performance of the Group's commercial portfolio is determined by supply and demand as well as macro-economic conditions in Asia. Nevertheless, the Group is committed to maintaining excellence in product quality and service to retain current tenants and attract new premium tenants and customers. It will seek to grow its exceptional portfolio of commercial properties in prime locations across the region by investing in new developments.

### ***Residential Developments***

Based on the Group's experience and reputation, it has established a strong and profitable residential trading business focusing primarily on the premium market in Greater China and Southeast Asia. While the capital invested in this sector is significantly lower than the commercial business, the residential projects enhance the Group's overall profits and returns on capital.

Annual returns from residential developments fluctuate due to the nature of the projects and the Group's accounting policy of only recognising profits on sold properties on completion. 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 continue to build this income stream over the longer term.

### **REVIEW OF COMMERCIAL PROPERTY**

Profits from the Group's commercial business were marginally higher in 2016 than 2015, largely due to positive office rental reversions in Hong Kong and higher occupancy in both Hong Kong and Singapore.

#### ***Hong Kong***

Demand in the Hong Kong office leasing market remained strong in 2016, backed by the continued scarcity of Grade A office supply. The Group's vacancy was 2.2% at the end of 2016, compared to 3.4% at the end of 2015. Vacancy for the overall Central Grade A market was 1.7% at the end of 2016, compared to 1.2% in 2015. The Group's average office rent in 2016 was HK\$103 per sq. ft, an increase from last year's average of HK\$101 per sq. ft. This increase was predominantly due to positive rental reversions from existing tenants. Financial institutions, legal firms and accounting firms occupy 77% of the Group's total leased office space.

The Group's retail portfolio remained resilient amidst challenging conditions in the luxury retail sector in Hong Kong, and continued to be fully occupied. The average rent was HK\$218 per sq. ft in 2016, down slightly from HK\$221 per sq. ft in 2015, due to the impact of turnover rent. Base rental reversions remained largely positive, although the demand for retail space has moderated.

The value of the Group's commercial portfolio in Hong Kong at 31st December 2016, based on independent valuations, increased by 12% to US\$26.1 billion when

compared to the prior year, primarily due to office capitalisation rates compressing on strong investment demand and rental growth.

### ***Singapore***

Sentiment in the office leasing market in Singapore was slightly softer in 2016 compared to 2015 due to a projected surplus of supply. Vacancy in the Group's office portfolio was 0.1% at the year end, down from 3.0% at the end of 2015. The overall vacancy across the entire Grade A CBD market was 6.7% as at 31st December 2016, compared to 5.0% at the end of 2015. The Group's average rent was S\$9.3 per sq. ft, a slight decrease from S\$9.5 per sq. ft in the previous year, due to negative rental reversions. In line with the financial nature of the district in which the Group's portfolio is located, financial institutions, legal firms and accounting firms occupy 82% of the total leasable area.

### ***Other Commercial Property Investments***

In Beijing, the development of WF CENTRAL, the Group's retail and hotel project located in Wangfujing in the Dongcheng District, continues to make progress. This unique development will be an iconic lifestyle destination for shopping and dining in the capital for both local and international customers. The retail component is scheduled to open later in the second half of 2017. The complex will also include a 74-room Mandarin Oriental hotel, scheduled to open in the first half of 2018. In the CBD Core Area of Beijing's Chaoyang District, the Group's 30%-owned proposed office development project remains under planning. It will be developed as a prime Grade A office building of 120,000 sq. m.

In Shanghai, the agreement with the Lujiazui Group to develop a mixed-use project with both office and retail components in the Qiantan area of Pudong was finalised during the year, and is now subject to planning and regulatory approval. This prime site will have a developable area of 230,000 sq. m.

In One Central, Macau, occupancy in the retail portfolio remained high at 95%, marginally lower than the prior year. Amidst challenging market conditions, tenant sales were down 21%.

In Jakarta, development of the fifth tower at the Group's 50%-owned joint venture, Jakarta Land, is progressing as scheduled. It is planned for completion in 2018. Occupancy across the portfolio was 90% at the year end, a modest decline from 93%



at the end of 2015. The average gross rent in 2016 was US\$25.3 per sq. m., unchanged from the prior year.

In Cambodia, the Group's 30,000 sq. m. prime mixed-use complex, Exchange Square, comprising office and retail components in the heart of Phnom Penh's emerging financial district, has recently been completed and is in the process of being handed over to tenants.

Performances at the Group's other commercial investment properties in Bangkok, Hanoi and Bermuda were within expectations.

## **REVIEW OF RESIDENTIAL PROPERTY**

As expected, earnings from the Group's residential property business were lower in 2016 compared to 2015, primarily due to the absence of profits from a redeveloped property in Hong Kong.

### ***Mainland China***

The Group's residential businesses in mainland China are situated across the cities of Beijing, Chengdu, Chongqing and Shanghai. These are predominantly long-term projects of different product types that are being developed in phases over time.

Despite cautious market conditions in Chongqing, the Group's largest market, the Group's sales performance improved against 2015. The Group's attributable interest in contracted sales was US\$1,105 million in 2016, compared with US\$802 million in the previous year.

The Group's attributable interest in revenue recognised was US\$676 million, compared with US\$505 million in 2015, an increase of 34%.

At 31st December 2016, the Group's attributable interest in sold but yet to be recognised contracted sales amounted to US\$1,083 million, an increase of 32% from US\$821 million at the end of 2015.

Chongqing, the largest city in western China, remains the Group's most significant residential market in the country. The city accounts for some 88% of the Group's total residential investments in mainland China. It consists of two wholly-owned projects, Yorkville South and the adjacent Yorkville North, and four 50%-owned joint

ventures, being Bamboo Grove, New Bamboo Grove, Landmark Riverside, and Central Avenue.

Yorkville South and Yorkville North, at Zhaomushan near the core of the Two-River New Area of Chongqing, are being developed in six phases over nine years to 2020 and seven phases over ten years to 2022, respectively. Revenue recognised during 2016 amounted to US\$417 million, compared with US\$236 million in 2015. Yorkville South has a total developable area of approximately 880,000 sq. m., of which 58% has been completed, while Yorkville North has a total developable area of 1.1 million sq. m., of which 31% has been completed.

Construction at the Group's joint venture projects in Chongqing has progressed in accordance with development plans. Hongkong Land's attributable interest in sales recognised from these joint venture projects was US\$92 million, compared to US\$125 million in 2015, due to the timing of completed sales.

Bamboo Grove, the Group's first 50%-owned joint venture with Longfor Properties, is a 78 hectare site at Dazhulin in Chongqing. It is primarily a residential development with total developable area of approximately 1.5 million sq. m., of which 88% has already been developed.

New Bamboo Grove, the second 50%-owned joint venture with Longfor Properties and adjacent to Bamboo Grove, is also primarily a residential development with total developable area of approximately 600,000 sq. m. Construction commenced in mid-2016 and its first phase will be completed in 2017.

Landmark Riverside, a 50%-owned joint venture with China Merchants Shekou Holdings, is a 22 hectare site at Dan Zishi in Chongqing. The project, which is primarily residential with some retail space, consists of a total developable area of approximately 1 million sq. m., of which approximately 31% has been completed.

Central Avenue, the Group's second 50%-owned joint venture with China Merchants Shekou Holdings, is a 40 hectare mixed-use development located next to the Central Park in the Airport New Town of Yubei District in Chongqing. The project is planned to be developed in eight phases to 2024. The first phase was completed in December 2016. The site consists of approximately 1.1 million sq. m. of developable area, of which 6% has been completed so far.

In Chengdu, the 50% joint venture with KWG Property Holding Group, WE City, is a 19 hectare mix-used development with total developable area of approximately 900,000 sq. m., of which around 34% has been completed. With the completion of phase 4, the Group's share of the sales recognised in 2016 reached US\$127 million, compared to US\$108 million in the prior year.

In Beijing, at the Group's 90%-owned Maple Place project, 31 units were sold and handed over during the year compared to 22 units in the prior year. Only two villas remain available for future sale.

Central Park in Beijing, a 40%-owned joint venture with Vantone Group, continues to hold 72 apartments which were operated as serviced apartments until June 2016. The joint venture has since taken vacant possession of all apartments and is preparing the apartments for sale.

In Shanghai, the Group holds a 50% interest in a joint venture with the CIFI Group to develop a prime residential project, Parkville, which is located in Pudong within Shanghai's inner-ring road. The project consists of residential and commercial space with total developable area of approximately 227,000 sq. m. The Group's share of contracted sales in 2016 was US\$248 million compared to US\$157 million in 2015. The residential component of the project is on schedule for completion in the first half of 2017.

### ***Singapore***

MCL Land, the Group's wholly-owned subsidiary, completed one residential project during 2016, the 738-unit J Gateway project, which was fully sold.

Beyond 2016, MCL Land has one 100%-owned project scheduled for completion in each year from 2017 to 2020. The 699-unit LakeVille development, which is expecting to complete in 2017, was 99% pre-sold at the end of 2016. The 1,327-unit Sol Acres executive condominium development (previously known as Choa Chu Kang Grove), which is scheduled for completion in 2018, was 44% pre-sold. The 710-unit Lake Grande project, a residential site located adjacent to its LakeVille project, which is scheduled for completion in 2019, was 77% pre-sold. In December 2016, MCL Land won a tender to develop a residential site on Margaret Drive with a land cost of US\$165 million. The Project will yield up to 316 residential units over a developable

area of 238,000 sq. ft. Construction will commence in 2017 and is expected to complete by 2020.

### ***Other Residential Developments***

In Indonesia, construction of the Group's two residential projects is progressing well. Nava Park, the Group's 49%-owned joint venture with Bumi Serpong Damai, is a 67 hectare site located southwest of central Jakarta. Upon completion in 2029, Nava Park will comprise a mix of landed houses, villas, mid-rise apartments and low-rise commercial components. Of the 471 units which have been launched for sale, 81% have been pre-sold as at the end of 2016. The first and second phases are scheduled for completion in 2017 and in 2018, respectively. At Anandamaya Residences, the 40%-owned joint venture project with affiliate Astra International, the construction work of the 509-unit luxury apartments is well underway and targeted to complete in 2018. At the end of 2016, 92% of the units have been pre-sold.

In September 2016, the Group entered into a 50%-owned joint venture arrangement with Astra International to form Astra Land in Indonesia, with the intention to jointly pursue primarily residential trading opportunities. Astra Land subsequently entered into a 50%-owned joint venture arrangement with Modernland Realty to co-develop a predominantly residential site of 69 hectare in Jakarta Garden City, east of central Jakarta. Construction of this project is expected to commence in 2017, and will be developed in multiple phases with total developable area of 940,000 sq. m.

In the Philippines, construction is continuing at Two Roxas Triangle, the 40%-owned luxury 182-unit residential condominium tower in Manila's central Makati area. The development is expected to complete in 2018. At the end of 2016, 99% of the units had been pre-sold. At Mandani Bay, a 40%-owned 20 hectare development comprising principally of residential units with some office and retail components in Cebu, construction began in the first half of 2016, and the project will be developed in multiple phases through to 2035. Since the first sales launch in early 2016, 43% of 1,226 units launched were pre-sold. Completion of these units is expected in 2020.

### **OUTLOOK**

The Group's commercial portfolio is expected to continue generating stable returns in 2017. In the residential sector, higher completions should lead to improved profits from mainland China, but these are expected to be offset by lower contributions from other regions.

The foundation of Hongkong Land's continued success is in satisfying its tenants and customers' needs through the delivery of world-class services and products. By maintaining its focus on its values, Hongkong Land will further strengthen its market positions and achieve long-term success. Going forward, the Group's strong balance sheet, disciplined investment approach and well established market presence in Greater China and Southeast Asia position it well to take advantage of expansion opportunities.

Robert Wong  
*Chief Executive*

**Hongkong Land Holdings Limited**  
**Consolidated Profit and Loss Account**  
**for the year ended 31st December 2016**

|   | Underlying<br>business<br>performance<br>US\$m | 2016<br>Non-<br>trading<br>items<br>US\$m | Total<br>US\$m   | Underlying<br>business<br>performance<br>US\$m | 2015<br>Non-<br>trading<br>items<br>US\$m | Total<br>US\$m |
|---|--|---|------------------|--|---|----------------|
| Revenue (note 2)  | <b>1,993.9</b>                                 | -   | <b>1,993.9</b>   | 1,932.1  | -   | 1,932.1        |
| Net operating costs (note 3)                                  | <b>(1,023.3)</b>                               | -   | <b>(1,023.3)</b> | (938.3)  | -   | (938.3)        |
|   | <b>970.6</b>                                   | -   | <b>970.6</b>     | 993.8  | -   | 993.8          |
| Change in fair value of investment<br>properties (note 7)     | -  | <b>2,549.9</b>                            | <b>2,549.9</b>   | -  | 999.9                                     | 999.9          |
| Asset impairment reversals                                    | -  | <b>1.2</b>                                | <b>1.2</b>       | -  | 13.9                                      | 13.9           |
| Operating profit (note 4)                                     | <b>970.6</b>                                   | <b>2,551.1</b>                            | <b>3,521.7</b>   | 993.8  | 1,013.8                                   | 2,007.6        |
| Net financing charges   |  |   |                  |  |   |                |
| - financing charges   | <b>(110.4)</b>                                 | -   | <b>(110.4)</b>   | (114.8)  | -   | (114.8)        |
| - financing income  | <b>41.5</b>                                    | -   | <b>41.5</b>      | 40.4   | -   | 40.4           |
|   | <b>(68.9)</b>                                  | -   | <b>(68.9)</b>    | (74.4)   | -   | (74.4)         |
| Share of results of associates and<br>joint ventures (note 5) |  |   |                  |  |   |                |
| - before change in fair value<br>of investment properties     | <b>117.0</b>                                   | -   | <b>117.0</b>     | 140.5  | 0.2                                       | 140.7          |
| - change in fair value of<br>investment properties            | -  | <b>(57.9)</b>                             | <b>(57.9)</b>    | -  | 69.0                                      | 69.0           |
|   | <b>117.0</b>                                   | <b>(57.9)</b>                             | <b>59.1</b>      | 140.5  | 69.2                                      | 209.7          |
| Profit before tax   | <b>1,018.7</b>                                 | <b>2,493.2</b>                            | <b>3,511.9</b>   | 1,059.9  | 1,083.0                                   | 2,142.9        |
| Tax (note 6)  | <b>(168.1)</b>                                 | <b>0.8</b>                                | <b>(167.3)</b>   | (150.8)  | 13.6                                      | (137.2)        |
| Profit after tax  | <b>850.6</b>                                   | <b>2,494.0</b>                            | <b>3,344.6</b>   | 909.1  | 1,096.6                                   | 2,005.7        |
| Attributable to:  |  |   |                  |  |   |                |
| Shareholders of the Company                                   | <b>847.8</b>                                   | <b>2,498.5</b>                            | <b>3,346.3</b>   | 904.5  | 1,107.2                                   | 2,011.7        |
| Non-controlling interests                                     | <b>2.8</b>                                     | <b>(4.5)</b>                              | <b>(1.7)</b>     | 4.6  | (10.6)                                    | (6.0)          |
|   | <b>850.6</b>                                   | <b>2,494.0</b>                            | <b>3,344.6</b>   | 909.1  | 1,096.6                                   | 2,005.7        |
|   | <b>US¢</b>                                     |   | <b>US¢</b>       | US¢  |   | US¢            |
| Earnings per share (basic and<br>diluted) (note 8)            | <b>36.03</b>                                   |   | <b>142.23</b>    | 38.44  |   | 85.50          |

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**Hongkong Land Holdings Limited**  
**Consolidated Statement of Comprehensive Income**  
**for the year ended 31st December 2016**


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|   | 2016<br>US\$m  | 2015<br>US\$m  |
|---|----------------|----------------|
| Profit for the year   | 3,344.6        | 2,005.7        |
| Other comprehensive income/(expense)                                  |                |                |
| Items that will not be reclassified to profit or loss:                |                |                |
| Remeasurements of defined benefit plans                               | (1.2)          | (3.4)          |
| Tax on items that will not be reclassified                            | 0.2            | 0.5            |
|   | (1.0)          | (2.9)          |
| Items that may be reclassified subsequently to profit or loss:        |                |                |
| Net exchange translation differences                                  | (172.1)        | (193.4)        |
| Revaluation of other investments                                      | (9.1)          | 8.3            |
| Cash flow hedges  |                |                |
| - net gain/(loss) arising during the year                             | 41.8           | (32.2)         |
| - transfer to profit and loss   | (2.5)          | (2.5)          |
|   | 39.3           | (34.7)         |
| Tax relating to items that may be reclassified                        | (6.5)          | 5.8            |
| Share of other comprehensive expense of associates and joint ventures | (144.9)        | (214.4)        |
|   | (293.3)        | (428.4)        |
| Other comprehensive expense for the year, net of tax                  | <u>(294.3)</u> | <u>(431.3)</u> |
| Total comprehensive income for the year                               | <u>3,050.3</u> | <u>1,574.4</u> |
| Attributable to:  |                |                |
| Shareholders of the Company   | 3,055.2        | 1,583.2        |
| Non-controlling interests   | <u>(4.9)</u>   | <u>(8.8)</u>   |
|   | <u>3,050.3</u> | <u>1,574.4</u> |

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**Hongkong Land Holdings Limited**  
**Consolidated Balance Sheet**  
**at 31st December 2016**


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|  | 2016<br>US\$m    | 2015<br>US\$m    |
|--|------------------|------------------|
| <b>Net operating assets</b>              |                  |                  |
| Tangible fixed assets                    | 44.9             | 34.0             |
| Investment properties ( <i>note 10</i> ) | 27,712.3         | 24,957.3         |
| Associates and joint ventures            | 4,460.7          | 4,617.6          |
| Other investments                        | 52.2             | 61.3             |
| Non-current debtors                      | 60.1             | 41.2             |
| Deferred tax assets                      | 8.7              | 13.1             |
| Pension assets                           | -                | 0.5              |
| Non-current assets                       | <u>32,338.9</u>  | 29,725.0         |
| Properties for sale                      | 2,217.4          | 2,713.9          |
| Current debtors                          | 480.3            | 355.7            |
| Current tax assets                       | 9.2              | 8.3              |
| Bank balances                            | <u>1,908.9</u>   | <u>1,569.2</u>   |
| Current assets                           | <u>4,615.8</u>   | <u>4,647.1</u>   |
| Current creditors                        | (1,490.3)        | (1,483.8)        |
| Current borrowings ( <i>note 11</i> )    | (220.7)          | (168.9)          |
| Current tax liabilities                  | <u>(80.0)</u>    | <u>(69.0)</u>    |
| Current liabilities                      | <u>(1,791.0)</u> | <u>(1,721.7)</u> |
| Net current assets                       | 2,824.8          | 2,925.4          |
| Long-term borrowings ( <i>note 11</i> )  | (3,695.7)        | (3,740.8)        |
| Deferred tax liabilities                 | (121.5)          | (102.0)          |
| Pension liabilities                      | (1.8)            | (0.2)            |
| Non-current creditors                    | <u>(30.3)</u>    | <u>(87.0)</u>    |
|  | <u>31,314.4</u>  | <u>28,720.4</u>  |
| <b>Total equity</b>                      |                  |                  |
| Share capital                            | 235.3            | 235.3            |
| Revenue and other reserves               | <u>31,059.1</u>  | <u>28,449.7</u>  |
| Shareholders' funds                      | 31,294.4         | 28,685.0         |
| Non-controlling interests                | <u>20.0</u>      | <u>35.4</u>      |
|  | <u>31,314.4</u>  | <u>28,720.4</u>  |

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**Hongkong Land Holdings Limited**  
**Consolidated Statement of Changes in Equity**  
**for the year ended 31st December 2016**

|  | Share capital<br>US\$m | Share premium<br>US\$m | Revenue reserves<br>US\$m | Hedging reserves<br>US\$m | Exchange reserves<br>US\$m | Attributable to Shareholders of the Company<br>US\$m | Attributable to non-controlling interests<br>US\$m | Total equity<br>US\$m |
|--|------------------------|------------------------|---------------------------|---------------------------|----------------------------|--|--|-----------------------|
| <b>2016</b>                                    |                        |                        |                           |                           |                            |  |  |                       |
| At 1st January                                 | 235.3                  | 386.9                  | 28,205.8                  | (9.1)                     | (133.9)                    | 28,685.0   | 35.4   | 28,720.4              |
| Total comprehensive income                     | -                      | -                      | 3,336.2                   | 27.7                      | (308.7)                    | 3,055.2  | (4.9)  | 3,050.3               |
| Dividends paid by the Company                  | -                      | -                      | (447.0)                   | -                         | -                          | (447.0)  | -  | (447.0)               |
| Dividends paid to non-controlling shareholders | -                      | -                      | -                         | -                         | -                          | -  | (4.2)  | (4.2)                 |
| Unclaimed dividends forfeited                  | -                      | -                      | 0.5                       | -                         | -                          | 0.5  | -  | 0.5                   |
| Change in interests in subsidiaries            | -                      | -                      | (1.9)                     | -                         | 2.6                        | 0.7  | (6.3)  | (5.6)                 |
| At 31st December                               | <u>235.3</u>           | <u>386.9</u>           | <u>31,093.6</u>           | <u>18.6</u>               | <u>(440.0)</u>             | <u>31,294.4</u>                                      | <u>20.0</u>  | <u>31,314.4</u>       |
| <b>2015</b>                                    |                        |                        |                           |                           |                            |  |  |                       |
| At 1st January                                 | 235.3                  | 386.9                  | 26,635.0                  | 17.5                      | 273.4                      | 27,548.1   | 50.3   | 27,598.4              |
| Total comprehensive income                     | -                      | -                      | 2,017.1                   | (26.6)                    | (407.3)                    | 1,583.2  | (8.8)  | 1,574.4               |
| Dividends paid by the Company                  | -                      | -                      | (447.0)                   | -                         | -                          | (447.0)  | -  | (447.0)               |
| Dividends paid to non-controlling shareholders | -                      | -                      | -                         | -                         | -                          | -  | (6.1)  | (6.1)                 |
| Unclaimed dividends forfeited                  | -                      | -                      | 0.7                       | -                         | -                          | 0.7  | -  | 0.7                   |
| At 31st December                               | <u>235.3</u>           | <u>386.9</u>           | <u>28,205.8</u>           | <u>(9.1)</u>              | <u>(133.9)</u>             | <u>28,685.0</u>                                      | <u>35.4</u>  | <u>28,720.4</u>       |

The comprehensive income included in revenue reserves mainly comprises profit attributable to shareholders of the Company of US\$3,346.3 million (2015: US\$2,011.7 million) and a fair value loss on other investments of US\$9.1 million (2015: gain of US\$8.3 million). The cumulative fair value gain on other investments amounted to US\$14.4 million (2015: US\$23.5 million).

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**Hongkong Land Holdings Limited**  
**Consolidated Cash Flow Statement**  
**for the year ended 31st December 2016**


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|   | 2016<br>US\$m    | 2015<br>US\$m |
|---|------------------|---------------|
| <b>Operating activities</b>   |                  |               |
| Operating profit  | <b>3,521.7</b>   | 2,007.6       |
| Depreciation  | <b>3.1</b>       | 2.9           |
| Reversal of writedowns on properties for sale                         | <b>(3.2)</b>     | (21.4)        |
| Gain on reclassification of a trading property to investment property | <b>-</b>         | (63.2)        |
| Change in fair value of investment properties                         | <b>(2,549.9)</b> | (999.9)       |
| Asset impairment reversals  | <b>(1.2)</b>     | (13.9)        |
| Decrease in properties for sale                                       | <b>392.4</b>     | 45.2          |
| Increase in debtors   | <b>(131.7)</b>   | (13.3)        |
| (Decrease)/increase in creditors                                      | <b>(7.5)</b>     | 88.0          |
| Interest received   | <b>36.4</b>      | 41.2          |
| Interest and other financing charges paid                             | <b>(111.4)</b>   | (118.9)       |
| Tax paid  | <b>(140.6)</b>   | (174.8)       |
| Dividends from associates and joint ventures                          | <b>88.1</b>      | 116.7         |
| Cash flows from operating activities                                  | <b>1,096.2</b>   | 896.2         |
| <b>Investing activities</b>   |                  |               |
| Major renovations expenditure   | <b>(91.3)</b>    | (57.8)        |
| Developments capital expenditure                                      | <b>(148.2)</b>   | (152.3)       |
| Investments in and loans to associates and joint ventures             | <b>(104.2)</b>   | (255.8)       |
| Advances and repayments from associates and joint ventures            | <b>102.8</b>     | 390.9         |
| Payment of deposit for a joint venture                                | <b>(4.2)</b>     | (70.9)        |
| Cash flows from investing activities                                  | <b>(245.1)</b>   | (145.9)       |
| <b>Financing activities</b>   |                  |               |
| Drawdown of borrowings  | <b>266.7</b>     | 229.1         |
| Repayment of borrowings   | <b>(240.6)</b>   | (575.7)       |
| Dividends paid by the Company   | <b>(443.8)</b>   | (444.9)       |
| Dividends paid to non-controlling shareholders                        | <b>(4.2)</b>     | (4.4)         |
| Change in interests in subsidiaries                                   | <b>(20.2)</b>    | -             |
| Cash flows from financing activities                                  | <b>(442.1)</b>   | (795.9)       |
| Net cash inflow/(outflow)   | <b>409.0</b>     | (45.6)        |
| Cash and cash equivalents at 1st January                              | <b>1,565.9</b>   | 1,658.6       |
| Effect of exchange rate changes                                       | <b>(76.5)</b>    | (47.1)        |
| Cash and cash equivalents at 31st December                            | <b>1,898.4</b>   | 1,565.9       |

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**Hongkong Land Holdings Limited**  
**Notes**


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**1. ACCOUNTING POLICIES AND BASIS OF PREPARATION**

The financial information contained in this announcement has been based on the audited results for the year ended 31st December 2016 which have been prepared in conformity with International Financial Reporting Standards ('IFRS'), including International Accounting Standards ('IAS') and Interpretations adopted by the International Accounting Standards Board.

The following amendments which are effective in the current accounting year and relevant to the Group's operations are adopted in 2016:

|                                 |  |
|---------------------------------|--|
| Amendments to IFRS 11           | Accounting for Acquisitions of interests in Joint Operations         |
| Amendments to IAS 1             | Disclosure Initiative: Presentation of Financial Statements          |
| Amendments to IAS 16 and IAS 38 | Clarification of Acceptable Methods of Depreciation and Amortisation |
| Annual Improvements to IFRSs    | 2012 – 2014 Cycle  |

The adoption of these amendments does not have a material impact on the Group's accounting policies and disclosures.

**2. REVENUE**

|                     | <b>2016</b><br><b>US\$m</b> | 2015<br>US\$m  |
|---------------------|-----------------------------|----------------|
| Rental income       | <b>858.8</b>                | 851.1          |
| Service income      | <b>130.8</b>                | 126.1          |
| Sales of properties | <b><u>1,004.3</u></b>       | <u>954.9</u>   |
|                     | <b><u>1,993.9</u></b>       | <u>1,932.1</u> |

Service income includes service and management charges and hospitality service income.

Total contingent rents included in rental income amounted to US\$10.4 million (2015: US\$10.5 million).

**3. NET OPERATING COSTS**

|   | <b>2016</b><br><b>US\$m</b> | 2015<br>US\$m  |
|---|-----------------------------|----------------|
| Cost of sales   | <b>(923.0)</b>              | (904.6)        |
| Gain on reclassification of a trading property to investment property | -                           | 63.2           |
| Other income  | <b>11.7</b>                 | 10.0           |
| Administrative expenses   | <b><u>(112.0)</u></b>       | <u>(106.9)</u> |
|   | <b><u>(1,023.3)</u></b>     | <u>(938.3)</u> |

## 4. OPERATING PROFIT

|   | <b>2016</b><br><b>US\$m</b> | 2015<br>US\$m  |
|---|-----------------------------|----------------|
| <i>By business</i>                            |                             |                |
| Commercial Property                           | <b>803.1</b>                | 800.3          |
| Residential Property                          | <b>229.0</b>                | 253.3          |
| Corporate                                     | <b>(61.5)</b>               | (59.8)         |
|   | <b>970.6</b>                | 993.8          |
| Change in fair value of investment properties | <b>2,549.9</b>              | 999.9          |
| Asset impairment reversals                    | <b>1.2</b>                  | 13.9           |
|   | <b><u>3,521.7</u></b>       | <u>2,007.6</u> |

## 5. SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES

|  | <b>2016</b><br><b>US\$m</b> | 2015<br>US\$m |
|--|-----------------------------|---------------|
| <i>By business</i>   |                             |               |
| Commercial Property  |                             |               |
| - operating profit   | <b>142.9</b>                | 139.4         |
| - net financing charges  | <b>(39.0)</b>               | (38.0)        |
| - tax  | <b>(17.3)</b>               | (16.6)        |
| - net profit   | <b>86.6</b>                 | 84.8          |
| Residential Property   |                             |               |
| - operating profit   | <b>63.5</b>                 | 100.4         |
| - net financing charges  | <b>5.8</b>                  | 5.2           |
| - tax  | <b>(29.1)</b>               | (41.6)        |
| - non-controlling interests  | <b>(9.8)</b>                | (8.3)         |
| - net profit   | <b><u>30.4</u></b>          | <u>55.7</u>   |
| Underlying business performance  | <b>117.0</b>                | 140.5         |
| Change in fair value of investment properties<br>(net of deferred tax) |                             |               |
| - Commercial Property  | <b>(60.9)</b>               | 63.2          |
| - Residential Property   | <b>3.0</b>                  | 5.8           |
|  | <b>(57.9)</b>               | 69.0          |
| Asset disposals  | <b>-</b>                    | 0.2           |
|  | <b><u>(57.9)</u></b>        | <u>69.2</u>   |
|  | <b><u>59.1</u></b>          | <u>209.7</u>  |

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

## 6. TAX

|  | <b>2016</b><br><b>US\$m</b> | 2015<br>US\$m  |
|--|-----------------------------|----------------|
| Tax charged to profit and loss is analysed as follows: |                             |                |
| Current tax  | <b>(149.3)</b>              | (148.0)        |
| Deferred tax   |                             |                |
| - changes in fair value of investment properties       | <b>0.8</b>                  | 13.6           |
| - other temporary differences                          | <b>(18.8)</b>               | (2.8)          |
|  | <u><b>(18.0)</b></u>        | <u>10.8</u>    |
|  | <u><b>(167.3)</b></u>       | <u>(137.2)</u> |

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

|   |                     |            |
|---|---------------------|------------|
| Remeasurements of defined benefit plans | <b>0.2</b>          | 0.5        |
| Cash flow hedges                        | <u><b>(6.5)</b></u> | <u>5.8</u> |
|   | <u><b>(6.3)</b></u> | <u>6.3</u> |

Tax on profits has been calculated at the rates of taxation prevailing in the territories in which the Group operates.

Share of tax charge of associates and joint ventures of US\$47.4 million (2015: US\$62.7 million) is included in share of results of associates and joint ventures.

## 7. NON-TRADING ITEMS

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

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

|   | <b>2016</b><br><b>US\$m</b> | 2015<br>US\$m  |
|---|-----------------------------|----------------|
| Change in fair value of investment properties   | <b>2,549.9</b>              | 999.9          |
| Deferred tax on change in fair value of investment properties   | <b>0.8</b>                  | 13.6           |
| Share of change in fair value of investment properties of associates and joint ventures (net of deferred tax) | <b>(57.9)</b>               | 69.0           |
| Asset impairment reversals  | <b>1.2</b>                  | 13.9           |
| Share of asset disposals of associates and joint ventures   | <b>-</b>                    | 0.2            |
| Non-controlling interests   | <u><b>4.5</b></u>           | <u>10.6</u>    |
|   | <u><b>2,498.5</b></u>       | <u>1,107.2</u> |

## 8. EARNINGS PER SHARE

Earnings per share are calculated on profit attributable to shareholders of US\$3,346.3 million (2015: US\$2,011.7 million) and on the weighted average number of 2,352.8 million (2015: 2,352.8 million) shares in issue during the year.

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

|  | 2016           |                        | 2015           |                        |
|--|----------------|------------------------|----------------|------------------------|
|  | US\$m          | Earnings per share US¢ | US\$m          | Earnings per share US¢ |
| Underlying profit attributable to shareholders | 847.8          | 36.03                  | 904.5          | 38.44                  |
| Non-trading items (note 7)                     | <u>2,498.5</u> |                        | <u>1,107.2</u> |                        |
| Profit attributable to shareholders            | <u>3,346.3</u> | 142.23                 | <u>2,011.7</u> | 85.50                  |

## 9. DIVIDENDS

|   | 2016<br>US\$m | 2015<br>US\$m |
|---|---------------|---------------|
| Final dividend in respect of 2015 of US¢13.00<br>(2014: US¢13.00) per share | 305.8         | 305.8         |
| Interim dividend in respect of 2016 of US¢6.00<br>(2015: US¢6.00) per share | <u>141.2</u>  | <u>141.2</u>  |
|   | <u>447.0</u>  | <u>447.0</u>  |

A final dividend in respect of 2016 of US¢13.00 (2015: US¢13.00) per share amounting to a total of US\$305.8 million (2015: US\$305.8 million) is proposed by the Board. The dividend proposed will not be accounted for until it has been approved at the Annual General Meeting. The amount will be accounted for as an appropriation of revenue reserves in the year ending 31st December 2017.

## 10. INVESTMENT PROPERTIES

|                        | 2016<br>US\$m   | 2015<br>US\$m   |
|------------------------|-----------------|-----------------|
| At 1st January         | 24,957.3        | 23,697.3        |
| Exchange differences   | (71.0)          | (58.7)          |
| Additions              | 276.1           | 318.8           |
| Increase in fair value | <u>2,549.9</u>  | <u>999.9</u>    |
| At 31st December       | <u>27,712.3</u> | <u>24,957.3</u> |

## 11. BORROWINGS

|   | 2016<br>US\$m  | 2015<br>US\$m  |
|---|----------------|----------------|
| <i>Current</i>                          |                |                |
| Bank overdrafts                         | 10.5           | 3.3            |
| Current portion of long-term borrowings |                |                |
| - bank loans                            | 175.1          | 165.6          |
| - notes                                 | 35.1           | -              |
|   | <b>220.7</b>   | 168.9          |
| <i>Long-term</i>                        |                |                |
| Bank loans                              | 838.0          | 836.7          |
| Medium term notes                       |                |                |
| - due 2017                              | -              | 35.8           |
| - due 2019                              | 103.1          | 103.1          |
| - due 2020                              | 299.6          | 303.7          |
| - due 2021                              | 66.8           | 69.8           |
| - due 2022                              | 605.1          | 605.0          |
| - due 2023                              | 179.5          | 179.4          |
| - due 2024                              | 405.5          | 407.7          |
| - due 2025                              | 651.8          | 653.2          |
| - due 2026                              | 38.6           | 38.6           |
| - due 2027                              | 186.1          | 186.2          |
| - due 2028                              | 79.7           | 79.7           |
| - due 2029                              | 50.9           | 50.9           |
| - due 2030                              | 103.2          | 103.2          |
| - due 2031                              | 25.4           | 25.4           |
| - due 2032                              | 30.3           | 30.3           |
| - due 2040                              | 32.1           | 32.1           |
|   | <b>2,857.7</b> | 2,904.1        |
|   | <b>3,695.7</b> | 3,740.8        |
|   | <b>3,916.4</b> | <b>3,909.7</b> |

## 12. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Total capital commitments at 31st December 2016 amounted to US\$623.0 million (2015: US\$802.9 million).

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

### 13. RELATED PARTY TRANSACTIONS

The parent company of the Group is Jardine Strategic Holdings Limited and the ultimate holding company is Jardine Matheson Holdings Limited ('JMHS'). 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 JMHS ('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 2016 was US\$4.2 million (2015: US\$4.5 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 JMHS.

#### *Property and other services*

The Group rented properties to Jardine Matheson group members. Gross rents on such properties in 2016 amounted to US\$20.2 million (2015: US\$19.1 million).

The Group provided consultancy services to Jardine Matheson group members in 2016 amounting to US\$0.4 million (2015: US\$0.4 million).

Jardine Matheson group members provided property maintenance and other services to the Group in 2016 in aggregate amounting to US\$53.7 million (2015: US\$50.7 million).

#### *Hotel management services*

Jardine Matheson group members provided hotel management services to the Group in 2016 amounting to US\$2.4 million (2015: US\$2.8 million).

#### *Outstanding balances with associates and joint ventures*

Amounts of outstanding balances with associates and joint ventures are included in debtors and creditors as appropriate. The amounts are not material.



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**Hongkong Land Holdings Limited**  
**Principal Risks and Uncertainties**

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The Board has overall responsibility for risk management and internal control. The process by which the Group identifies and manages risk will be set out in more detail in the Corporate Governance section of the Company's 2016 Annual Report (the 'Report'). The following are the principal risks and uncertainties facing the Company as required to be disclosed pursuant to the Disclosure Guidance and Transparency Rules issued by the Financial Conduct Authority in the United Kingdom and are in addition to the matters referred to in the Chairman's Statement and Chief Executive's Review.

**Economic Risk and Financial Risk**

The Group is exposed to the risk of negative developments in global and regional economies, and financial and property markets, either directly or through the impact on the Group's joint venture partners, bankers, suppliers or tenants. These developments can result in:

- 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 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 in full its strategic objectives.

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

**Commercial Risk**

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

The Group makes significant investment decisions in respect of commercial and residential development projects that take time to come to fruition and achieve the desired returns and are, therefore, subject to market risks. These risks are further pronounced when operating in volatile markets.

The Group operates in areas that are highly competitive, and failure to compete effectively in terms of price, tender terms, product specification or levels of service can have an adverse effect on earnings or market share, as can construction risks in relation to new developments. Significant pressure from such competition may also lead to reduced margins. The quality and safety of the products and services provided by the Group are important and there is an associated risk if they are below standard, while the potential impact of cyber-crime may be significant.

**Regulatory and Political Risk**

The Group is subject to a number of regulatory environments in the territories in which it operates. Changes in the regulatory approach to such matters as foreign ownership of assets and businesses, exchange controls, planning controls, tax rules and employment legislation have the potential to impact the operations and profitability of the Group. Changes in the political environment in such territories can also affect the Group.

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**Hongkong Land Holdings Limited**  
**Principal Risks and Uncertainties** *(continued)*

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**Terrorism, Pandemic and Natural Disasters**

A number of the Group's interests are vulnerable to the effects of terrorism, either directly through the impact of an act of terrorism or indirectly through the impact of generally reduced economic activity in response to the threat of or an actual act of terrorism.

The Group would be impacted by a global or regional pandemic which could be expected to seriously affect economic activity and the ability of our business to operate smoothly. In addition, many of the territories in which the Group is active can experience from time to time natural disasters such as earthquakes and typhoons.

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**Responsibility Statement**

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

- (a) the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, including International Accounting Standards and Interpretations adopted by the International Accounting Standards Board; and
- (b) the sections of the Company's 2016 Annual Report, including the Chairman's Statement, Chief Executive's Review and Principal Risks and Uncertainties, which constitute the management report include a fair review of all information required to be disclosed by the Disclosure Guidance and Transparency Rules 4.1.8 to 4.1.11 issued by the Financial Conduct Authority in the United Kingdom.

For and on behalf of the Board

Robert Wong  
Simon Dixon

*Directors*

*The final dividend of US\$13.00 per share will be payable on 11th May 2017, subject to approval at the Annual General Meeting to be held on 3rd May 2017, to shareholders on the register of members at the close of business on 17th March 2017. The shares will be quoted ex-dividend on the Singapore Exchange and the London Stock Exchange on 15th and 16th March 2017, respectively. The share registers will be closed from 20th to 24th March 2017, inclusive.*

*Shareholders will receive their cash dividends in United States dollars, unless they are registered on the Jersey branch register where they will have the option to elect for sterling. These shareholders may make new currency elections for the 2016 final dividend by notifying the United Kingdom transfer agent in writing by 21st April 2017. The sterling equivalent of dividends declared in United States dollars will be calculated by reference to a rate prevailing on 26th April 2017.*

*Shareholders holding their shares through CREST in the United Kingdom will receive their cash dividends in sterling only as calculated above. Shareholders holding their shares through The Central Depository (Pte) Limited ('CDP') in Singapore will receive their cash dividends in United States dollars unless they elect, through CDP, to receive Singapore dollars.*

*Shareholders on the Singapore branch register who wish to deposit their shares into the CDP system by the dividend record date, being 17th March 2017, must submit the relevant documents to M & C Services Private Limited, the Singapore branch registrar, no later than 5.00 p.m. (local time) on 16th March 2017.*

## **Hongkong Land Group**

Hongkong Land is a listed leading 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 almost 800,000 sq. m. of prime office and luxury retail property in key Asian cities, principally in Hong Kong and Singapore. Hongkong Land's properties attract the world's foremost companies and luxury brands.

Its Hong Kong Central 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, and a 50% interest in a leading office complex in Central Jakarta. The Group also has a number of high quality residential and mixed-use projects under development in cities across Greater China and Southeast Asia, including a luxury retail centre at Wangfujing in Beijing. In Singapore, its subsidiary, MCL Land, is a well-established residential developer.

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

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Full text of the Preliminary Announcement of Results and the Preliminary Financial Statements for the year ended 31st December 2016 can be accessed through the Internet at '[www.hkland.com](http://www.hkland.com)'.