

## News Release

To: Business Editor

28th July 2016  
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 HALF-YEARLY RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE 2016

#### Highlights

- Underlying profit down 6%
- Commercial portfolio benefited from low market vacancy
- Steady contribution from mainland China residential business
- Profit attributable to shareholders enhanced by gain on property revaluations

"While the performance from the Group's commercial portfolio is expected to remain stable for the full year, earnings from the residential business are likely to be lower as an improved contribution from mainland China will be more than offset by lower contributions elsewhere."

Ben Keswick  
Chairman

#### Results

	(unaudited) Six months ended 30th June		
	2016 US\$m	2015 US\$m	Change %
Underlying profit attributable to shareholders <sup>#</sup>	393	419	-6
Profit attributable to shareholders	1,263	513	+146
Shareholders' funds	29,743	28,685*	+4
Net debt	2,322	2,341*	-1
	US¢	US¢	%
Underlying earnings per share <sup>#</sup>	16.70	17.82	-6
Earnings per share	53.70	21.79	+146
Interim dividend per share	6.00	6.00	-
	US\$	US\$	%
Net asset value per share	12.64	12.19*	+4
<sup>#</sup> 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 8 to the condensed financial statements. Management considers this to be a key measure which provides additional information to enhance understanding of the Group's underlying business performance. <sup>*</sup> At 31st December 2015			

The interim dividend of US¢6.00 per share will be payable on 12th October 2016 to shareholders on the register of members at the close of business on 19th August 2016.

- more -

Issued by:

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**HONGKONG LAND HOLDINGS LIMITED**  
**HALF-YEARLY RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE 2016**

**OVERVIEW**

The Group's commercial portfolio provided a stable contribution as it benefited from lower levels of vacancy. In the residential sector, while profits from mainland China remained steady, there was a reduced contribution from Singapore.

**PERFORMANCE**

During the first half of the year, the Group's underlying profit attributable to shareholders was US\$393 million, compared with US\$419 million in 2015. The profit attributable to shareholders was US\$1,263 million after accounting for a net gain of US\$870 million arising on the valuation of the Group's investment properties. This compares with a profit of US\$513 million in 2015, after a valuation net gain of US\$94 million.

The net asset value per share at 30th June 2016 was US\$12.64, compared to US\$12.19 at 31st December 2015.

The Directors have declared an unchanged interim dividend of US¢6.00 per share.

**GROUP REVIEW**

***Commercial Property***

In Hong Kong, low office vacancy levels continued to support the market. Vacancy in the Group's Central office portfolio at 30th June 2016 was 3.1%, compared with 3.4% at the end of 2015. Office rental reversions were positive, and the Group's average office rent rose to HK\$103 per sq. ft, compared to HK\$101 per sq. ft in both the first and second halves of 2015. The Group's Central retail portfolio remains fully occupied and the base rental reversions continued to be positive. Lower turnover rent, however, led to the average retail rent reducing to HK\$216 per sq. ft, compared with HK\$219 per sq. ft and HK\$223 per sq. ft in the first and second halves of 2015, respectively.

In Singapore, vacancy in the Group's office portfolio had reduced to 1.0% at 30th June 2016 from 3.0% at the end of 2015 as previously committed space was taken up during the period.

In Beijing, the Group's luxury retail complex, WF CENTRAL at Wangfujing, is scheduled to open in the first half of 2017.

In Jakarta, work is continuing on the fifth tower at Jakarta Land, the Group's 50%-owned joint venture, which is on schedule for completion in 2018.

### ***Residential Property***

In the first six months of the year, the Group's attributable interest in contracted sales in mainland China was US\$432 million, compared to US\$328 million and US\$474 million in the first and second halves of 2015, respectively. At 30th June 2016, the Group had US\$885 million in sold but unrecognised contracted sales, compared with US\$821 million at the end of 2015.

In Singapore, there were no projects completed in the first half of 2016, while two projects had been completed in the first half of 2015. The J Gateway project, which has been fully sold, is on schedule for completion in the second half of this year. Pre-sales continue at the LakeVille and Sol Acres projects, which are scheduled for completion in 2017 and 2018, respectively.

Of the Group's other residential developments, in Indonesia, work is progressing well on the 49%-owned joint venture project, Nava Park, and the 40%-owned joint venture project, Anandamaya Residences. Construction is also continuing in the Philippines at the 40%-owned joint venture project, Two Roxas Triangle, in Manila, and pre-selling has commenced at the 40%-owned joint venture, Mandani Bay, in Cebu.

### ***Financing***

The Group's financial position remained strong with net debt of US\$2.3 billion at 30th June 2016, unchanged from the end of 2015. Gearing was 8%, unchanged from the end of last year.

### **PEOPLE**

Y.K. Pang is stepping down as Chief Executive on 31st July 2016, while remaining a Director of the Group, and will be succeeded by Robert Wong. John Witt stepped down as Chief Financial Officer on 31st March 2016 and was replaced on 28th April by Simon Dixon. We were saddened by the death of Lord Leach in June 2016. He made a significant contribution to the Group and his wise counsel will be greatly missed.

## **OUTLOOK**

While the performance from the Group's commercial portfolio is expected to remain stable for the full year, earnings from the residential business are likely to be lower as an improved contribution from mainland China will be more than offset by lower contributions elsewhere.

Ben Keswick

*Chairman*

**Hongkong Land Holdings Limited**  
**Consolidated Profit and Loss Account**

	(Unaudited) Six months ended 30th June			2015			Year ended 31st December 2015		
	2016								
	Underlying business performance US\$m	Non- trading items US\$m	Total US\$m	Underlying business performance US\$m	Non- trading items US\$m	Total US\$m	Underlying business performance US\$m	Non- trading items US\$m	Total US\$m
Revenue ( <i>note 2</i> )	<b>782.8</b>	-	<b>782.8</b>	905.1	-	905.1	1,932.1	-	1,932.1
Net operating costs ( <i>note 3</i> )	<b>(327.3)</b>	-	<b>(327.3)</b>	(448.9)	-	(448.9)	(938.3)	-	(938.3)
Change in fair value of investment properties	-	<b>986.2</b>	<b>986.2</b>	-	72.3	72.3	-	999.9	999.9
Asset impairment reversals	-	-	-	-	13.9	13.9	-	13.9	13.9
Operating profit ( <i>note 4</i> )	<b>455.5</b>	<b>986.2</b>	<b>1,441.7</b>	456.2	86.2	542.4	993.8	1,013.8	2,007.6
Financing charges	<b>(54.4)</b>	-	<b>(54.4)</b>	(58.0)	-	(58.0)	(114.8)	-	(114.8)
Financing income	<b>22.1</b>	-	<b>22.1</b>	19.4	-	19.4	40.4	-	40.4
Net financing charges	<b>(32.3)</b>	-	<b>(32.3)</b>	(38.6)	-	(38.6)	(74.4)	-	(74.4)
Share of results of associates and joint ventures ( <i>note 5</i> )	<b>59.6</b>	<b>(120.9)</b>	<b>(61.3)</b>	85.9	12.9	98.8	140.5	69.2	209.7
Profit before tax	<b>482.8</b>	<b>865.3</b>	<b>1,348.1</b>	503.5	99.1	602.6	1,059.9	1,083.0	2,142.9
Tax ( <i>note 6</i> )	<b>(89.0)</b>	<b>1.0</b>	<b>(88.0)</b>	(81.7)	(4.4)	(86.1)	(150.8)	13.6	(137.2)
Profit after tax	<b>393.8</b>	<b>866.3</b>	<b>1,260.1</b>	421.8	94.7	516.5	909.1	1,096.6	2,005.7
Attributable to:									
Shareholders of the Company	<b>392.8</b>	<b>870.6</b>	<b>1,263.4</b>	419.2	93.5	512.7	904.5	1,107.2	2,011.7
Non-controlling interests	<b>1.0</b>	<b>(4.3)</b>	<b>(3.3)</b>	2.6	1.2	3.8	4.6	(10.6)	(6.0)
	<b>393.8</b>	<b>866.3</b>	<b>1,260.1</b>	421.8	94.7	516.5	909.1	1,096.6	2,005.7
	US¢		US¢	US¢		US¢	US¢		US¢
Earnings per share ( <i>note 7</i> )	<b>16.70</b>		<b>53.70</b>	17.82		21.79	38.44		85.50

**Hongkong Land Holdings Limited**  
**Consolidated Statement of Comprehensive Income**

	(Unaudited) Six months ended 30th June 2016 US\$m	2015 US\$m	Year ended 31st December 2015 US\$m
Profit for the period	1,260.1	516.5	2,005.7
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plans	-	-	(3.4)
Tax on items that will not be reclassified	-	-	0.5
	-	-	(2.9)
Items that may be reclassified subsequently to profit or loss:			
Net exchange translation differences	26.4	(25.3)	(193.4)
Revaluation of other investments	(7.9)	12.5	8.3
Cash flow hedges			
- net gain/(loss) arising during the period	36.0	(17.6)	(32.2)
- transfer to profit and loss	(1.3)	(1.4)	(2.5)
	34.7	(19.0)	(34.7)
Tax relating to items that may be reclassified	(5.7)	3.2	5.8
Share of other comprehensive income/(expense) of associates and joint ventures	52.0	(53.6)	(214.4)
	99.5	(82.2)	(428.4)
Other comprehensive income/(expense) for the period, net of tax	99.5	(82.2)	(431.3)
Total comprehensive income for the period	1,359.6	434.3	1,574.4
Attributable to:			
Shareholders of the Company	1,364.0	430.6	1,583.2
Non-controlling interests	(4.4)	3.7	(8.8)
	1,359.6	434.3	1,574.4

**Hongkong Land Holdings Limited**  
**Consolidated Balance Sheet**

	2016 US\$m	(unaudited) At 30th June 2015 US\$m	At 31st December 2015 US\$m
<b>Net operating assets</b>			
Tangible fixed assets	36.6	24.8	34.0
Investment properties ( <i>note 10</i> )	26,079.4	23,871.4	24,957.3
Associates and joint ventures	4,583.6	4,624.7	4,617.6
Other investments	53.3	65.4	61.3
Non-current debtors	80.8	39.1	41.2
Deferred tax assets	9.4	12.0	13.1
Pension assets	0.1	4.2	0.5
Non-current assets	30,843.2	28,641.6	29,725.0
Properties for sale	2,745.6	3,017.3	2,713.9
Current debtors	377.1	340.8	355.7
Current tax assets	18.5	14.8	8.3
Bank balances	1,560.3	1,707.1	1,569.2
Current assets	4,701.5	5,080.0	4,647.1
Current creditors	(1,640.2)	(1,393.9)	(1,483.8)
Current borrowings ( <i>note 11</i> )	(18.8)	(279.6)	(168.9)
Current tax liabilities	(119.9)	(132.7)	(69.0)
Current liabilities	(1,778.9)	(1,806.2)	(1,721.7)
Net current assets	2,922.6	3,273.8	2,925.4
Long-term borrowings ( <i>note 11</i> )	(3,863.0)	(4,002.1)	(3,740.8)
Deferred tax liabilities	(101.9)	(106.0)	(102.0)
Pension liabilities	(0.2)	-	(0.2)
Non-current creditors	(26.8)	(82.4)	(87.0)
	29,773.9	27,724.9	28,720.4
<b>Total equity</b>			
Share capital	235.3	235.3	235.3
Revenue and other reserves	29,507.9	27,437.6	28,449.7
Shareholders' funds	29,743.2	27,672.9	28,685.0
Non-controlling interests	30.7	52.0	35.4
	29,773.9	27,724.9	28,720.4

**Hongkong Land Holdings Limited**  
**Consolidated Statement of Changes in Equity**

	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
(Unaudited)								
<b>Six months ended 30th June 2016</b>								
At 1st January 2016	235.3	370.0	28,222.7	(9.1)	(133.9)	28,685.0	35.4	28,720.4
Total comprehensive income	-	-	1,255.5	24.6	83.9	1,364.0	(4.4)	1,359.6
Dividends paid by the Company ( <i>note 9</i> )	-	-	(305.8)	-	-	(305.8)	-	(305.8)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	(0.3)	(0.3)
At 30th June 2016	<u>235.3</u>	<u>370.0</u>	<u>29,172.4</u>	<u>15.5</u>	<u>(50.0)</u>	<u>29,743.2</u>	<u>30.7</u>	<u>29,773.9</u>
Six months ended 30th June 2015								
At 1st January 2015	235.3	370.0	26,651.9	17.5	273.4	27,548.1	50.3	27,598.4
Total comprehensive income	-	-	525.2	(15.3)	(79.3)	430.6	3.7	434.3
Dividends paid by the Company ( <i>note 9</i> )	-	-	(305.8)	-	-	(305.8)	-	(305.8)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	(2.0)	(2.0)
At 30th June 2015	<u>235.3</u>	<u>370.0</u>	<u>26,871.3</u>	<u>2.2</u>	<u>194.1</u>	<u>27,672.9</u>	<u>52.0</u>	<u>27,724.9</u>

Total comprehensive income for the six months ended 30th June 2016 included in revenue reserves mainly comprises profit attributable to shareholders of the Company of US\$1,263.4 million (*2015: US\$512.7 million*) and a fair value loss on other investments of US\$7.9 million (*2015: a gain of US\$12.5 million*). The cumulative fair value gain on other investments amounted to US\$15.6 million (*2015: US\$27.7 million*).

(Consolidated Statement of Changes in Equity continued on page 9)



**Hongkong Land Holdings Limited**  
**Consolidated Statement of Changes in Equity** *(continued)*

	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
Year ended 31st December 2015								
At 1st January 2015	235.3	370.0	26,651.9	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 2015	<u>235.3</u>	<u>370.0</u>	<u>28,222.7</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 for the year ended 31st December 2015 included in revenue reserves mainly comprises profit attributable to shareholders of the Company of US\$2,011.7 million and a fair value gain on other investments of US\$8.3 million. The cumulative fair value gain on other investments amounted to US\$23.5 million.

**Hongkong Land Holdings Limited**  
**Consolidated Cash Flow Statement**

	(Unaudited) Six months ended 30th June <b>2016</b> <b>US\$m</b>	2015 US\$m	Year ended 31st December 2015 US\$m
<b>Operating activities</b>			
Operating profit	<b>1,441.7</b>	542.4	2,007.6
Depreciation	<b>1.5</b>	1.4	2.9
Reversal of writedowns on properties for sale	<b>(1.5)</b>	(16.0)	(21.4)
Gain on reclassification of a trading property to investment property	-	-	(63.2)
Change in fair value of investment properties	<b>(986.2)</b>	(72.3)	(999.9)
Asset impairment reversals	-	(13.9)	(13.9)
Decrease/(increase) in properties for sale	<b>17.7</b>	(113.6)	45.2
Increase in debtors	<b>(20.0)</b>	(56.1)	(13.3)
Increase/(decrease) in creditors	<b>70.5</b>	(9.0)	88.0
Interest received	<b>21.2</b>	21.2	41.2
Interest and other financing charges paid	<b>(57.7)</b>	(62.3)	(118.9)
Tax paid	<b>(49.7)</b>	(66.8)	(174.8)
Dividends from associates and joint ventures	<b>29.9</b>	45.6	116.7
Cash flows from operating activities	<b>467.4</b>	200.6	896.2
<b>Investing activities</b>			
Major renovations expenditure	<b>(47.0)</b>	(22.2)	(57.8)
Developments capital expenditure	<b>(62.2)</b>	(56.5)	(152.3)
Investments in and loans to associates and joint ventures	<b>(4.7)</b>	267.3	(255.8)
Advances and repayments from associates and joint ventures	<b>33.3</b>	-	390.9
Payment of deposit for a joint venture	-	-	(70.9)
Cash flows from investing activities	<b>(80.6)</b>	188.6	(145.9)
<b>Financing activities</b>			
Drawdown of borrowings	<b>102.8</b>	137.2	229.1
Repayment of borrowings	<b>(169.6)</b>	(149.7)	(575.7)
Dividends paid by the Company	<b>(302.9)</b>	(304.1)	(444.9)
Dividends paid to non-controlling shareholders	<b>(2.1)</b>	(2.0)	(4.4)
Cash flows from financing activities	<b>(371.8)</b>	(318.6)	(795.9)
Effect of exchange rate changes	<b>(22.4)</b>	(23.0)	(47.1)
Net (decrease)/increase in cash and cash equivalents	<b>(7.4)</b>	47.6	(92.7)
Cash and cash equivalents at beginning of period	<b>1,565.9</b>	1,658.6	1,658.6
Cash and cash equivalents at end of period	<b>1,558.5</b>	1,706.2	1,565.9

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**Hongkong Land Holdings Limited**  
**Notes to Condensed Financial Statements**


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

The condensed financial statements have been prepared in accordance with IAS 34, 'Interim Financial Reporting'. The condensed financial statements have been prepared on a going concern basis. The condensed financial statements have not been audited or reviewed by the Group's auditors pursuant to the UK Auditing Practices Board guidance on the review of interim financial information.

The following amendments which are effective in the current accounting period 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

There have been no changes to the accounting policies described in the 2015 annual financial statements upon the adoption of the above amendments to existing standards. The adoption of these amendments do not have any significant impact on the results or financial position of the Group.

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

**2. REVENUE**

	Six months ended 30th June	
	<b>2016</b>	2015
	<b>US\$m</b>	US\$m
Rental income	<b>427.7</b>	422.0
Service income	<b>64.9</b>	63.2
Sales of properties	<b>290.2</b>	419.9
	<b><u>782.8</u></b>	<u>905.1</u>

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

**3. NET OPERATING COSTS**

	Six months ended 30th June	
	<b>2016</b>	2015
	<b>US\$m</b>	US\$m
Cost of sales	<b>(280.6)</b>	(400.6)
Other income	<b>5.0</b>	4.8
Administrative expenses	<b>(51.7)</b>	(53.1)
	<b><u>(327.3)</u></b>	<u>(448.9)</u>

## 4. OPERATING PROFIT

	Six months ended 30th June	
	<b>2016</b>	2015
	<b>US\$m</b>	US\$m
<i>By business</i>		
Commercial Property	<b>410.4</b>	405.0
Residential Property	<b>74.9</b>	82.3
Corporate	<b>(29.8)</b>	(31.1)
Underlying business performance	<b>455.5</b>	456.2
Change in fair value of investment properties		
- Commercial Property	<b>986.2</b>	66.1
- Residential Property	<b>-</b>	6.2
	<b>986.2</b>	72.3
Asset impairment reversals	<b>-</b>	13.9
	<b>986.2</b>	86.2
	<b>1,441.7</b>	542.4

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

	Six months ended 30th June	
	<b>2016</b>	2015
	<b>US\$m</b>	US\$m
<i>By business</i>		
Commercial Property		
- operating profit	<b>72.0</b>	71.9
- net financing charges	<b>(21.0)</b>	(18.0)
- tax	<b>(7.9)</b>	(8.9)
- net profit	<b>43.1</b>	45.0
Residential Property		
- operating profit	<b>29.9</b>	63.1
- net financing charges	<b>1.6</b>	2.4
- tax	<b>(11.5)</b>	(21.2)
- non-controlling interests	<b>(3.5)</b>	(3.4)
- net profit	<b>16.5</b>	40.9
Underlying business performance	<b>59.6</b>	85.9
Change in fair value of investment properties (net of deferred tax)		
- Commercial Property	<b>(121.1)</b>	12.2
- Residential Property	<b>0.2</b>	0.7
	<b>(120.9)</b>	12.9
	<b>(61.3)</b>	98.8

## 6. TAX

	Six months ended 30th June	
	<b>2016</b>	2015
	<b>US\$m</b>	US\$m
Tax charged to profit and loss is analysed as follows:		
Current tax	<b>(90.3)</b>	(95.9)
Deferred tax		
- changes in fair value of investment properties	<b>1.0</b>	(4.4)
- other temporary differences	<b>1.3</b>	14.2
	<b><u>(88.0)</u></b>	<u>(86.1)</u>

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

Cash flow hedges	<b><u>(5.7)</u></b>	<u>3.2</u>
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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\$8.8 million (2015: US\$32.0 million) is included in share of results of associates and joint ventures.

## 7. EARNINGS PER SHARE

Earnings per share are calculated on profit attributable to shareholders of US\$1,263.4 million (2015: US\$512.7 million) and on the weighted average number of 2,352.8 million (2015: 2,352.8 million) shares in issue during the period.

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

	Six months ended 30th June			
	<b>2016</b>		2015	
	<b>US\$m</b>	<b>Earnings per share US¢</b>	<b>US\$m</b>	<b>Earnings per share US¢</b>
Underlying profit attributable to shareholders	<b>392.8</b>	<b>16.70</b>	419.2	17.82
Non-trading items (note 8)	<b>870.6</b>		93.5	
Profit attributable to shareholders	<b><u>1,263.4</u></b>	<b>53.70</b>	<u>512.7</u>	21.79

## 8. 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 is set out below:

	Six months ended 30th June	
	<b>2016</b>	2015
	<b>US\$m</b>	US\$m
Change in fair value of investment properties	<b>986.2</b>	72.3
Deferred tax on change in fair value of investment properties	<b>1.0</b>	(4.4)
Share of change in fair value of investment properties of associates and joint ventures (net of deferred tax)	<b>(120.9)</b>	12.9
Asset impairment reversals	-	13.9
Non-controlling interests	<b>4.3</b>	(1.2)
	<b>870.6</b>	93.5

## 9. DIVIDENDS

	Six months ended 30th June	
	<b>2016</b>	2015
	<b>US\$m</b>	US\$m
Final dividend in respect of 2015 of US¢13.00 (2014: US¢13.00) per share	<b>305.8</b>	305.8

An interim dividend in respect of 2016 of US¢6.00 (2015: US¢6.00) per share amounting to a total of US\$141.2 million (2015: US\$141.2 million) is declared by the Board and will be accounted for as an appropriation of revenue reserves in the year ending 31st December 2016.

## 10. INVESTMENT PROPERTIES

	Year ended 31st		
	Six months ended 30th June		December
	<b>2016</b>	2015	2015
	<b>US\$m</b>	US\$m	US\$m
Net book value at beginning of period	<b>24,957.3</b>	23,697.3	23,697.3
Exchange differences	<b>(12.4)</b>	0.2	(58.7)
Additions	<b>148.3</b>	101.6	318.8
Increase in fair value	<b>986.2</b>	72.3	999.9
Net book value at end of period	<b>26,079.4</b>	23,871.4	24,957.3

## 11. BORROWINGS

	2016 US\$m	At 30th June 2015 US\$m	At 31st December 2015 US\$m
<i>Current</i>			
Bank overdrafts	1.8	0.9	3.3
Current portion of long-term borrowings			
- bank loans	17.0	0.3	165.6
- 3.65% Singapore dollar notes due 2015	-	278.4	-
	18.8	279.6	168.9
<i>Long-term</i>			
Bank loans	919.8	1,095.9	836.7
Medium term notes			
- due 2017	37.8	38.2	35.8
- due 2019	103.0	103.1	103.1
- due 2020	309.0	309.1	303.7
- due 2021	71.0	69.4	69.8
- due 2022	623.7	600.9	605.0
- due 2023	179.3	179.3	179.4
- due 2024	420.9	406.3	407.7
- due 2025	652.5	653.8	653.2
- due 2026	38.6	38.6	38.6
- due 2027	186.0	186.0	186.2
- due 2028	79.7	79.7	79.7
- due 2029	50.8	50.8	50.9
- due 2030	103.1	103.2	103.2
- due 2031	25.4	25.4	25.4
- due 2032	30.3	30.3	30.3
- due 2040	32.1	32.1	32.1
	2,943.2	2,906.2	2,904.1
	3,863.0	4,002.1	3,740.8
	<u>3,881.8</u>	<u>4,281.7</u>	<u>3,909.7</u>

## 12. FINANCIAL INSTRUMENTS

## Financial instruments by category

The fair values of financial assets and financial liabilities, together with carrying amounts at 30th June 2016 and 31st December 2015 are as follows:

	Loans and receivables US\$m	Derivatives used for hedging US\$m	Available- for-sale US\$m	Other financial instruments at fair value amortised cost US\$m	Other financial instruments at fair value through profit and loss US\$m	Total carrying amount US\$m	Fair value US\$m
<b>30th June 2016</b>							
Assets							
Other investments	-	-	53.3	-	-	53.3	53.3
Debtors	158.5	65.5	-	-	11.6	235.6	235.6
Bank balances	1,560.3	-	-	-	-	1,560.3	1,560.3
	<b>1,718.8</b>	<b>65.5</b>	<b>53.3</b>	<b>-</b>	<b>11.6</b>	<b>1,849.2</b>	<b>1,849.2</b>
Liabilities							
Borrowings	-	-	-	(3,881.8)	-	(3,881.8)	(4,082.2)
Creditors excluding non-financial liabilities	-	(1.4)	-	(572.6)	-	(574.0)	(574.0)
	<b>-</b>	<b>(1.4)</b>	<b>-</b>	<b>(4,454.4)</b>	<b>-</b>	<b>(4,455.8)</b>	<b>(4,656.2)</b>
<b>31st December 2015</b>							
Assets							
Other investments	-	-	61.3	-	-	61.3	61.3
Debtors	151.9	26.7	-	-	11.4	190.0	190.0
Bank balances	1,569.2	-	-	-	-	1,569.2	1,569.2
	<b>1,721.1</b>	<b>26.7</b>	<b>61.3</b>	<b>-</b>	<b>11.4</b>	<b>1,820.5</b>	<b>1,820.5</b>
Liabilities							
Borrowings	-	-	-	(3,909.7)	-	(3,909.7)	(4,019.9)
Creditors excluding non-financial liabilities	-	(24.8)	-	(546.3)	-	(571.1)	(571.1)
	<b>-</b>	<b>(24.8)</b>	<b>-</b>	<b>(4,456.0)</b>	<b>-</b>	<b>(4,480.8)</b>	<b>(4,591.0)</b>

## 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, which are classified as available-for-sale, 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.



12. FINANCIAL INSTRUMENTS *(continued)*

(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 six months ended 30th June 2016 and the year ended 31st December 2015.

The table below analyses financial instruments carried at fair value at 30th June 2016 and 31st December 2015, 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
<b>30th June 2016</b>			
Assets			
Available-for-sale financial assets			
- listed securities	53.3	-	53.3
Derivative designated at fair value			
- through other comprehensive income	-	19.6	19.6
- through profit and loss	-	45.9	45.9
	<u>53.3</u>	<u>65.5</u>	<u>118.8</u>
Liabilities			
Derivative designated at fair value			
- through other comprehensive income	-	(1.4)	(1.4)
<b>31st December 2015</b>			
Assets			
Available-for-sale financial assets			
- listed securities	61.3	-	61.3
Derivative designated at fair value			
- through other comprehensive income	-	4.4	4.4
- through profit and loss	-	22.3	22.3
	<u>61.3</u>	<u>26.7</u>	<u>88.0</u>
Liabilities			
Derivative designated at fair value			
- through other comprehensive income	-	(18.0)	(18.0)
- through profit and loss	-	(6.8)	(6.8)
	<u>-</u>	<u>(24.8)</u>	<u>(24.8)</u>

## 12. FINANCIAL INSTRUMENTS *(continued)*

There were no transfers among the two categories during the six months ended 30th June 2016 and the year ended 31st December 2015.

### (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.

## 13. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Total capital commitments at 30th June 2016 and 31st December 2015 amounted to US\$473.2 million and US\$502.9 million, respectively.

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.

## 14. RELATED PARTY TRANSACTIONS

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

In the normal course of business, the Group has entered into a variety of transactions with the subsidiaries, associates and joint ventures of JMH ('Jardine Matheson group members'). The more significant of these transactions are described below:

### *Management fee*

The management fee payable by the Group, under an agreement entered into in 1995, to Jardine Matheson Limited ('JML') in 2016 was US\$2.0 million (2015: US\$2.0 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 2016 amounted to US\$10.0 million (2015: US\$9.5 million).

The Group provided consultancy services to Jardine Matheson group members in 2016 amounting to US\$0.2 million (2015: US\$0.2 million).

Jardine Matheson group members provided property construction, maintenance and other services to the Group in 2016 in aggregate amounting to US\$21.6 million (2015: US\$22.4 million).

### *Hotel management services*

Jardine Matheson group members provided hotel management services to the Group in 2016 amounted to US\$1.1 million (2015: US\$1.2 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 following have been identified previously as the areas of principal risk and uncertainty facing the Company, and they remain relevant in the second half of the year:

- Economic Risk
- Commercial Risk and Financial Risk
- Regulatory and Political Risk
- Terrorism, Pandemic and Natural Disasters

For greater detail, please refer to page 74 of the Company's Annual Report for 2015, a copy of which is available on the Company's website [www.hkland.com](http://www.hkland.com).

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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 condensed financial statements have been prepared in accordance with IAS 34; and
- (b) the interim management report includes a fair review of all information required to be disclosed by the Disclosure Rules and Transparency Rules 4.2.7 and 4.2.8 issued by the Financial Conduct Authority in the United Kingdom.

For and on behalf of the Board

Y.K. Pang  
Simon Dixon

*Directors*

*The interim dividend of US\$6.00 per share will be payable on 12th October 2016 to shareholders on the register of members at the close of business on 19th August 2016. The shares will be quoted ex-dividend on the Singapore Exchange and the London Stock Exchange on 17th and 18th August 2016, respectively. The share registers will be closed from 22nd to 26th August 2016, 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 interim dividend by notifying the United Kingdom transfer agent in writing by 23rd September 2016. The sterling equivalent of dividends declared in United States dollars will be calculated by reference to a rate prevailing on 28th September 2016.*

*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 19th August 2016, 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 18th August 2016.*

## **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 as its primary listing, with secondary listings in Bermuda and Singapore. The Group's assets and investments are managed from Hong Kong by Hongkong Land Limited. Hongkong Land is a member of the Jardine Matheson Group.

- end -

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As permitted by the Disclosure Rules and Transparency Rules of the Financial Conduct Authority in the United Kingdom, the Company will not be posting a printed version of the Half-Yearly Results announcement to shareholders. The Half-Yearly Results announcement will remain available on the Company's website, [www.hkland.com](http://www.hkland.com), together with other Group announcements.