# Annual Report 2023

Hongkong Land Holdings Limited

## inspire : aspire

We inspire all to dream and to aspire to a better tomorrow

**Front cover:** Hongkong Land's purpose is to inspire, support, and empower the communities of today, so that together we can aspire to a better tomorrow. Across the markets we serve, we are committed to creating vibrant environments through sustainable place-making. We also actively contribute to fostering a more inclusive society, supporting charitable initiatives across Asia through the Hongkong Land HOME FUND.

Jardines
A member of the Jardine Matheson Group

# Contents



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

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

The Group's Central Hong Kong portfolio represents some 450,000 sq. m. of prime property. It has a further 165,000 sq. m. of prestigious office space in Singapore mainly held through joint ventures, five retail centres on the Chinese mainland, including a luxury retail centre at Wangfujing in Beijing, and a 50% interest in a leading office complex in Central Jakarta. The Group also has a number of high-quality residential, commercial and mixed-use projects under development in cities across China and South East Asia, including a 43% interest in a 1.1 million sq. m. mixed-use project in West Bund, Shanghai. Its subsidiary, MCL Land, is a well-established residential developer in Singapore.

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

# Corporate Information

**Directors**

Ben Keswick Chairman

John Witt Managing Director

Robert Wong Chief Executive
*(stepped down on 31st March 2024)*

Michael Smith Chief Executive (Designate)
*(joined the Board on 1st April 2024)*

Craig Beattie Chief Financial Officer

Stuart Grant
*(joined the Board on 3rd March 2023)*

Lily Jencks

Adam Keswick

Lincoln K.K. Leong

Anthony Nightingale
*(stepped down on 31st January 2024)*

Christina Ong

Y.K. Pang
*(stepped down on 31st March 2024)*

Prijono Sugiarto
*(stepped down on 18th May 2023)*

**Company Secretary**

Jonathan Lloyd

**Registered Office**

Jardine House

33-35 Reid Street

Hamilton

Bermuda

## Hongkong Land Limited

**Directors**

John Witt Chairman

Robert Wong Chief Executive
*(stepped down on 31st March 2024)*

Michael Smith Chief Executive (Designate)
*(joined the board on 1st April 2024)*

Craig Beattie Chief Financial Officer

Graham Baker

Matthew Bland

Kenneth Foo

Robert L. Garman
*(stepped down on 29th February 2024)*

Kong Kei Yeuk

Ling Chang Feng

Anne O'Riordan

Y.K. Pang
*(stepped down on 31st March 2024)*

John Simpkins

Yanjun Sun (Steve)

Raymond Wong

Yolice Wu
*(joined the board on 1st April 2023)*

**Corporate Secretary**

Jonathan Lloyd

# Highlights

- Underlying profit down 5% to US$734 million
- Improved results from Investment Properties
- Lower development profits on the Chinese mainland
- Group financial position remains strong
- Dividend maintained, final dividend at US¢16.00 per share

## Results

| | **2023 US$m** | 2022 US$m | Change % |
|---|---|---|---|
| **Underlying profit attributable to shareholders*** | **734** | 776 | (5) |
| **(Loss)/profit attributable to shareholders** | **(582)** | 203 | N/A |
| **Shareholders' funds** | **31,965** | 33,303 | (4) |
| **Net debt** | **5,371** | 5,817 | (8) |
| | **US¢** | US¢ | % |
| **Underlying earnings per share*** | **33.15** | 34.44 | (4) |
| **(Loss)/earnings per share** | **(26.29)** | 8.99 | N/A |
| **Dividends per share** | **22.00** | 22.00 | – |
| | **US$** | US$ | % |
| **Net asset value per share** | **14.49** | 14.95 | (3) |

* The Group uses 'underlying profit attributable to shareholders' in its internal financial reporting to distinguish between ongoing business performance and non-trading items, as more fully described in Note 27 to the financial statements. Management considers this to be a key measure which provides additional information to enhance understanding of the Group's underlying business performance.

# Chairman's Statement

## Overview

The Group's performance during the year was impacted by lower profits from Development Properties, despite improved results from Investment Properties compared to 2022, as trading conditions in its key markets continue to be impacted by economic uncertainties and subdued capital market activity.

The Group remains focussed on addressing changes in customer preferences and behaviours, as well as market conditions, and is continuing to add to its suite of digital services, introduce innovative concepts, deepen collaborations with tenants, and reinvest in its core assets.

## Performance

Underlying profit attributable to shareholders fell by 5% to US$734 million.

Profits from the Group's Investment Properties business increased, mainly due to improved performance from its luxury retail and Singapore office portfolios, offsetting reduced contributions from the Hong Kong office portfolio. Total contributions from Development Properties were impacted by challenging market conditions on the Chinese mainland, which led to lower sales and reduced profit margins. In addition, the decision was taken to impair a small number of residential projects, although this was broadly offset by net gains from the acquisition of two equity stakes in existing joint-venture projects for considerations below development cost.

The loss attributable to shareholders was US$582 million, after including net non-cash losses of US$1,317 million arising primarily from the revaluation of the Group's Investment Properties portfolio. This compares to a profit of US$203 million in 2022, which included net non-cash losses of US$573 million from lower property revaluations. In both years, the net negative revaluation movements principally arose in Hong Kong, where there was a gradual decrease in valuations of the Group's prime office portfolio.

The net asset value per share at 31st December 2023 was US$14.49, compared with US$14.95 at the end of 2022.

The Directors recommend a final dividend of US¢16 per share, resulting in a total dividend for the year of US¢22 per share, unchanged from last year.

### Business Development

The Group has 5.2 million sq. m. of assets under development, which include West Bund and nine luxury and premium retail for lease assets on the Chinese mainland. These retail assets are scheduled to complete in stages, mainly between 2024 and 2028.

The Group continues to be disciplined in evaluating and selecting strategic investment opportunities that are expected to improve capital performance, while maintaining a strong balance sheet position. In 2023, US$1.3 billion was invested in new land and property acquisitions across the Group.

During the year, two new acquisitions were made on the Chinese mainland, in Chongqing and Beijing.

- The Chongqing site is adjacent to existing residential and luxury retail projects that the Group has under development in the Guanyinqiao area. The total developable area of the site is approximately 301,000 sq. m. and will primarily consist of residential for sale.
- In September, the Group secured a 20% interest in the development of a mixed-use site in the western side of Beijing, consisting of commercial and residential components. The total developable area of the site is approximately 199,000 sq. m.

In addition, the Group completed the acquisition of equity stakes in two existing mixed-used projects in Nanjing and Wuhan from joint-venture partners at attractive valuations.

In Singapore, the Group acquired two residential sites in the Outside Central Region of Singapore. These sites will be developed in joint ventures with other developers. The Group's effective interest in these projects equates to a developable area of 584,000 sq. ft.

In Jakarta, two acquisitions were made, increasing the land bank of the Group's 50% held joint-venture residential development business.

### Financing

The Group's financial position remains strong, with net debt of US$5.4 billion at 31st December 2023, down from US$5.8 billion at the end of 2022. Net gearing at the end of the year was 17%, unchanged from the end of 2022. As at 31st December 2023, the Group had committed liquidity of US$4.0 billion, with an average tenor of debt of 6.3 years, compared to 5.8 years at the end of 2022.

## Sustainability

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

As part of the Group's commitment to decarbonise its operations in line with its 2030 near-term targets, which were validated by the Science Based Targets initiative in 2022, several initiatives were delivered during the year. These included:

- To reduce Scope 1 and 2 greenhouse gas emissions, the Group continues to reinvest in and upgrade its existing portfolios across the region, including prioritising the deployment or enhancement of artificial intelligence solutions to drive energy efficiency. This includes the piloting of Integrated Facilities Management Control Tower technology at the Hong Kong Central Portfolio, which uses machine learning to optimise thermal comfort and energy efficiency, as well as to enable predictive operations and maintenance.
- To address Scope 3 emissions from tenants, the Group launched the Tenant Sustainability Partnership Programme for its Central Portfolio, to foster closer collaboration with tenants on sustainability, focussing in particular on providing support to tenants in achieving green fit-outs and operations.
- The Group also took a significant step forward in tackling its embodied carbon footprint from development activities, by being one of the first property companies in the region to build measurement tools bespoke to its major construction supply chains. The Group expects the integration of these tools across the design and planning, procurement, and construction stages of its development projects to drive emissions reductions in the coming years.

The Group's continued commitment and strong performance on sustainability initiatives has been recognised in a number of ESG ratings, especially those involving in-depth assessments requiring active participation. The Group was pleased to receive the highest 5-star ratings from the Global Real Estate Sustainability Benchmark (GRESB) under both the Standing Investments and Development benchmarks for 2023. In addition, the Group was named Global Sector Leader (Diversified Sector) for the first time under GRESB's Development benchmark. Hongkong Land also qualified, for the second consecutive year, as a constituent of the Dow Jones Sustainability Asia Pacific Index, as a result of its strong performance in the 2023 S&P Global Corporate Sustainability Assessment, and was included in the S&P Global Sustainability Yearbook 2024 which recognises the top 15% of sector participants globally.

## People

On behalf of the Board, I would like to express my gratitude to our people, who continue to demonstrate unwavering commitment despite challenging market conditions.

Robert Wong, who has been the Chief Executive of Hongkong Land since 2016, will step down as Chief Executive and as a Director of the Board on 31st March 2024. He will be succeeded by Michael Smith, previously the Regional Chief Executive Officer of Europe and the US at Mapletree Investments. We are grateful to Robert for his leadership and significant contributions to the Group over his close to four decades of service.

Prijono Sugiarto and Anthony Nightingale stepped down from the Board in May 2023 and January 2024, respectively. As previously announced, Yiu Kai Pang will be stepping down from the Board, the Audit Committee and Remuneration Committee in March 2024. We would like to record our gratitude to all of them for the contributions they have made over many years to the Group. We were pleased to welcome Stuart Grant to the Board as an Independent Non-Executive Director in March 2023. Stuart has also become a member of the Audit Committee since June 2023 and, as a result, the Audit Committee now comprises a majority of Independent Non-Executive Directors.

## Outlook

Market conditions in the Group's core markets of Hong Kong and Chinese mainland are expected to remain challenging in 2024. While the resilience of our Investment Properties business provides the Group with a solid base of recurring earnings, trading performance of Hong Kong Central portfolio is expected to be lower, due to negative office rental reversions. An improvement in Development Properties earnings is anticipated, however, based on planned project completions on the Chinese mainland and in South Asia. The Group remains in a strong financial position, with a development pipeline of income producing assets.

**Ben Keswick**
Chairman
7th March 2024

# Chief Executive's Review

Hongkong Land delivered a respectable performance for the year, despite economic uncertainties in a majority of key markets, with underlying profits marginally lower than those achieved in 2022. Contributions from the Group's Investment Properties were higher due to its luxury retail portfolio benefitting from a steady recovery of tenant sales and positive rental reversions for the Singapore office portfolio. The contribution from Development Properties decreased as expected due to less favourable market conditions and the impairment of residential inventory in some projects.

## Strategy

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

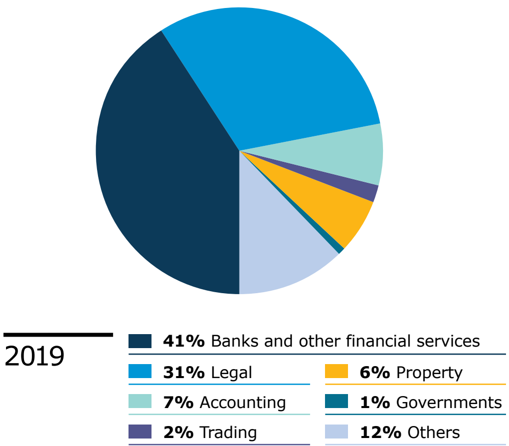
The Group's Investment Properties are predominantly commercial and located in core business districts of key Asian gateway cities, with a concentration in Hong Kong and Singapore. Returns principally arise from rental income and long-term capital appreciation. The Investment Properties segment is the largest contributor to the Group's earnings, given its relative size and maturity. It accounted for 82% of the Group's gross assets at the end of 2023 (2022: 83%) and contributed 78% of the Group's underlying operating profit before corporate expenses in 2023 (2022: 70%).

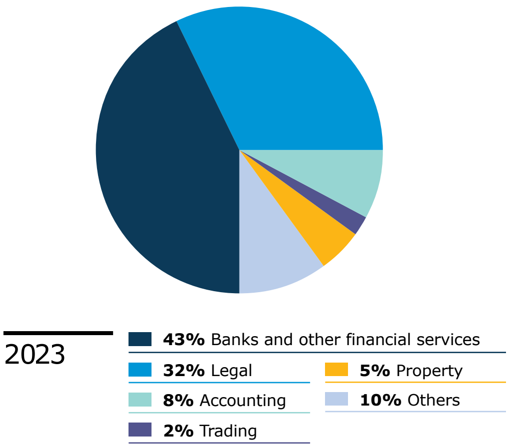
The Group's Development Properties are predominantly premium residential and mixed-use developments located primarily in China, Singapore and Indonesia. Returns principally arise from trading profits from the immediate sale of the residential and office components; and rental and trading profits for certain commercial elements of mixed-use sites that are disposed of, or reclassified as Investment Properties, after rents have stabilised. Development Properties accounted for 18% of the Group's gross assets at the end of 2023 (2022: 17%) and 22% of the Group's underlying operating profit before corporate expenses in 2023 (2022: 30%).

Geographically, China generates the bulk of the Group's earnings. Hong Kong, which predominantly comprises Investment Properties, accounted for 61% of the Group's underlying operating profit before corporate expenses in 2023 (2022: 57%), while the Chinese mainland, which predominantly comprises Development Properties, accounted for 16% (2022: 23%).

The Investment Properties portfolios in Hong Kong and Singapore provide a stable stream of recurring earnings and balance sheet strength that enables the Group to selectively pursue new long-term investment opportunities in key gateway cities across the region. Earnings from the Development Properties business are largely reinvested to replenish the Group's land bank where opportunities arise. The Group's share of capital allocated to new investments totalled US$1.3 billion in 2023 (2022: US$1.0 billion).

This strategy has resulted in a significant development portfolio (summarised below) which will provide the Group with enhanced earnings as construction works complete in the coming few years.




**Central Portfolio office tenant profile by area occupied**

**Central Portfolio top five office tenants (in alphabetical order)**
in 2023

| |
|---|
| JP Morgan |
| KPMG |
| Mayer Brown |
| PricewaterhouseCoopers |
| Stock Exchange of Hong Kong |

**Central Portfolio top five retail tenants (in alphabetical order)**
in 2023

| |
|---|
| Dickson Concepts |
| Hermes |
| Kering |
| LVMH Group |
| Sotheby's |

## Hong Kong Investment Properties

In Hong Kong, the Group's Central Portfolio consists of 12 interconnected prime commercial buildings forming the heart of the financial district in Central, providing over 450,000 sq. m. of Grade A office and luxury retail space. This integrated mixed-use development is positioned as the pre-eminent office, luxury retail, restaurant, and hotel accommodation in Hong Kong. It continues to attract both prime office tenants and luxury retailers, in addition to housing the acclaimed Landmark Mandarin Oriental hotel.

Hong Kong's position as one of Asia's leading financial and business hubs, combined with the scarcity of supply of high-quality, well-managed space in Central and the unique qualities of the Group's portfolio, continue to support relatively low vacancy and strong rents. Despite ongoing challenging conditions, Hong Kong continues to possess unique advantages as a financial centre that are not easily replicated. The Group remains confident that Hong Kong will continue to thrive as the primary gateway for capital flows in and out of the Chinese mainland and will remain an important finance and commercial hub for decades to come.

The Group's 56,000 sq. m. retail portfolio is integrated with its office buildings to create part of its distinctive and successful mixed-use business model. Tenants include numerous global luxury brand flagship stores, as well as a number of leading restaurants. LANDMARK is firmly established as the iconic luxury shopping and fine dining destination in Hong Kong. The Group works continuously to ensure that LANDMARK remains the clear market-leading location in the city in which global luxury brands are represented.

## Other Investment Properties

Outside Hong Kong, the Group has similarly established itself as a leading provider of prime office and retail space. In Singapore, Hongkong Land's attributable interests totalling 165,000 sq. m. – principally concentrated in the Marina Bay Area – include some of the finest Grade A office space in the market. In China, the Group's 43,000 sq. m. WF CENTRAL complex in Beijing is positioned as a premium retail and lifestyle destination, which includes a Mandarin Oriental hotel that has established itself as one of the most exclusive hotels in the city. In Indonesia, the Group has attributable interests of over 100,000 sq. m. of Grade A office space through its 50%-owned joint venture, Jakarta Land.

The Group's performance in these markets depends on the levels of demand for, and supply of, prime office and luxury retail space, both of which are influenced by global and regional macroeconomic conditions. The Group is committed to maintaining excellence in product quality and service to retain and attract tenants and customers, and it will continue to seek new opportunities to develop prime investment properties in key Asian gateway cities. HKL's market leading occupancy levels within its Investment Properties portfolios is testament to the quality and attractiveness of its asset base.

### Development Properties

The Group has established a strong and profitable Development Properties business focussed primarily on the premium residential market segment in China, Singapore and Indonesia. In China, the Group has a presence in seven key markets: Beijing, Chengdu, Chongqing, Hangzhou, Nanjing, Shanghai and Wuhan. These markets are expected to continue to benefit from the growth of the middle class and long-term urbanisation trends on the Chinese mainland. While the capital invested in the Development Properties business is significantly lower than that invested in Investment Properties, the earnings derived from this business enhance the Group's diversification, overall profits and return on capital. The Group's attributable interest in the developable area of its projects at the end of 2023 totalled 11.2 million sq. m., compared to 10.7 million sq. m. at the end of 2022. Of this, construction of approximately 59% had been completed at the end of 2023, compared to 54% at the end of 2022.

Annual returns from Development Properties fluctuate due to the nature of projects and the Group's accounting policy of recognising profits for sold properties on completion in a number of markets, including China. Demand is also dependent on overall economic conditions, which can be significantly affected by government policies and the availability of credit.

## Review of Investment Properties

Profits from Investment Properties in 2023 were 3% higher than the prior year, primarily due to higher contributions from the Group's luxury retail and Singapore office portfolios, which more than offset lower contributions from the Hong Kong office portfolio. The value of the Group's Investment Properties portfolio at 31st December 2023 declined by 5%, mainly from the Hong Kong office portfolio.

### Hong Kong

Overall demand in the office market remained weak in 2023 as a result of subdued capital market activity, with a modest level of new leasing enquiries. However, the Group's Central office portfolio continued to outperform the broader market driven largely by flight to quality demand. Physical vacancy was 7.4% at year-end. On a committed basis, vacancy was 6.8%, compared to 4.7% at the end of 2022. This compares to 9.9% in the wider Central Grade A office market. The Group's average office rent in 2023 was HK$106 per sq. ft., down from last year's average of HK$111 per sq. ft., as rental reversions remained negative during the year. Financial institutions and legal and accounting firms occupy 83% of the Group's total leased office space. The weighted average lease expiry of the office portfolio at the end of 2023 stood at 3.8 years, compared to 4.0 years at the end of 2022.

**Central Portfolio**

at 31st December 2023

| | Office | Retail* |
|---|---|---|
| Capital value (US$m) | 20,911 | 3,847 |
| Gross revenue (US$m) | 708 | 249 |
| Equivalent yield (%) | | |
| – One and Two Exchange Square | 3.15 | |
| – The Landmark Atrium | | 4.50 |
| Average unexpired term of leases (years) | 3.8 | 1.6 |
| Area subject to renewal/review in 2024 (%) | 31 | 60 |

* Includes hotel

The Group's luxury retail portfolio in Hong Kong benefitted from a steady recovery in market sentiment following the lifting of travel restrictions in late 2022. Average retail rent in 2023 increased to HK$203 per sq. ft. from HK$177 per sq. ft. due to mildly positive rental reversions and temporary rent relief provided to support tenants in the prior year. Vacancy, on both a physical and committed basis, remained low at 1.5%.

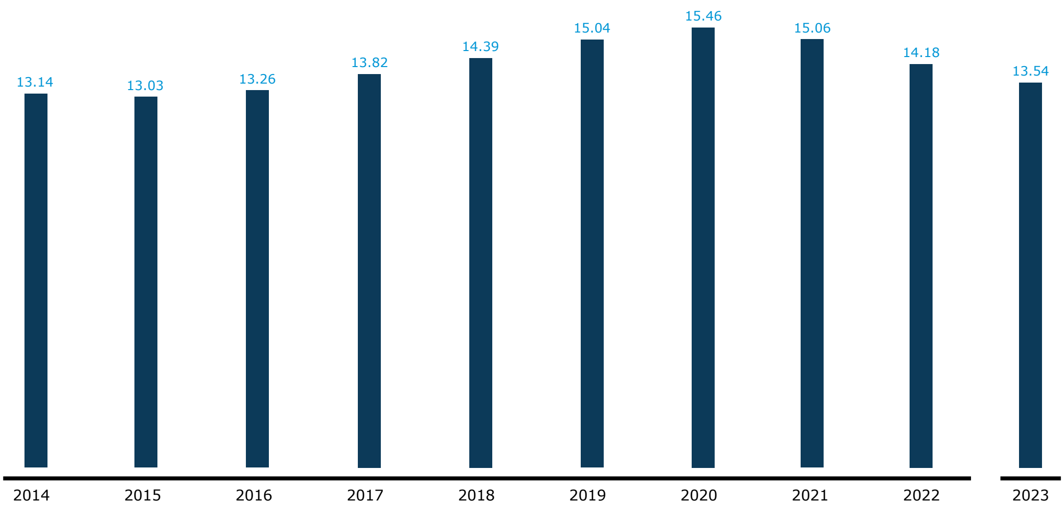
In April 2023, the Group successfully debuted *Forty-Five*, occupying the 44th floor and rooftop of Gloucester Tower. Spanning 20,000 sq. ft., *Forty-Five* houses five restaurants and bars. *Forty-Five* demonstrates the Group's commitment to deliver exceptional experiences to customers and to cement Central's status as an attractive destination for affluent visitors.

In 2023, we were proud to celebrate the 50th anniversary of Jardine House, the first skyscraper in Hong Kong and an iconic part of the city's skyline. Completed in 1973, Jardine House quickly became the hub that attracted influential business leaders and decision-makers as tenants. Today, Jardine House exemplifies the Group's dedication to innovate and reinvest in existing assets, as it remains one of the more sought after premium Grade A office buildings in Hong Kong. In terms of sustainability, Jardine House is amongst the best-in-class in Hong Kong, retaining the highest possible green building ratings: BEAM Plus Certification for Existing Buildings – Platinum and 'Super Low' status in energy performance certification issued via the Zero-Carbon-Ready Building Certification Scheme by the Hong Kong Green Building Council.

The value of the Group's Investment Properties portfolio in Hong Kong at 31st December 2023, based on independent valuations, declined by 5% to US$24.8 billion, primarily as a result of a decline in market rent for Hong Kong office and a mild expansion of capitalisation rates.

## Singapore

Sentiment in the office leasing market in Singapore moderated in 2023, due to global economic uncertainties that have affected overall demand. Overall vacancy across the entire Grade A central business district was 5.5% at the end of 2023, unchanged from the end of 2022. Physical vacancy at the Group's office portfolio was 1.9% at the year end, whilst on a committed basis vacancy was 0.9% at the end of 2023, compared to 2.2% at the end of 2022. Average rent increased to S$10.9 per sq. ft. in 2023, up from S$10.6 per sq. ft. in the previous year, driven by positive rental reversions. Financial institutions and legal and accounting firms occupy 72% of the Group's total leased office space. The weighted average lease expiry of the office portfolio at 2023 year-end stood at 3.1 years (2022: 3.4 years). The valuation of the Investment Properties portfolio in Singapore was stable year over year.




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

## Chinese Mainland

In Beijing, contributions from the Group's luxury retail mall at WF CENTRAL increased in 2023, driven by a good recovery in footfall and tenant sales since anti-pandemic restrictions were lifted.

Good progress has been made on the development of the West Bund Financial Hub, the Group's prime mixed-use development in Shanghai. The first component of this 1.1 million sq. m. landmark development to be offered will be the luxury residential component of the project, which is expected to launch in 2024. Completion of other components is expected to occur in phases from 2024 to 2027.

## Other Investment Properties

Contributions from ONE CENTRAL Macau increased by 62% in the year, driven by strong leasing and positive rental reversions. Physical occupancy was 95%, compared to 84% at the end of the prior year.

In Jakarta, occupancy across the office portfolio was 67% at the end of 2023, a solid performance amidst a backdrop of surplus city-wide office supply. On a committed basis, occupancy was 69% compared to 72% at the end of 2022. The average net rent was US$14.5 per sq. m. in 2023, compared to US$15.0 per sq. m. in the prior year.

In Bangkok, planning of the Group's 49%-owned prime commercial joint-venture development in the central business district, secured in late 2017, is under review in response to the changing market conditions, with a greater amount of retail space to be created in response to increased demand from luxury retail tenants. This development has a gross floor area of approximately 312,000 sq. m.

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

## Review of Development Properties

Earnings from the Group's Development Properties business were lower in 2023 than in 2022, due to challenging market conditions on the Chinese mainland. Following a review of development cost and market sales prices, the decision was taken to recognise an impairment of US$90 million on a small number of residential projects, notably in two projects in Wuhan.

## Chinese Mainland

The Group's development properties on the Chinese mainland comprise 37 projects in seven cities, of which 15 are in Chongqing. As at 31st December 2023, the Group's net investment in development properties on the Chinese mainland was US$6.6 billion, compared to US$6.5 billion at the end of 2022.

While the Development Properties business is predominantly focussed on selling residential properties, the Group is also developing luxury and premium lifestyle retail properties on the Chinese mainland. It currently has four such properties in operation, with a total attributable net leasable area of 175,000 sq. m. In addition, a further ten projects, with an estimated attributable net leasable area of 358,000 sq. m. are expected to be launched from 2024 to 2028. The Group's share of net investment in its luxury retail pipeline amounts to US$1.4 billion, and its share of net investment in its lifestyle retail pipeline amounts to US$1.0 billion. The majority of these commitments had already been funded at the point of land acquisition.

Set out below is a summary of the Group's luxury and premium lifestyle retail properties pipeline on the Chinese mainland, by geographical location.

### Luxury retail properties pipeline

| Project | City | Attributable net leasable area (sq. m.) |
|---|---|---|
| JL CENTRAL | Nanjing | 23,300 |
| Eternal Land | Chongqing | 44,400 |
| West Bund* | Shanghai | 56,600 |
| Suzhou CENTRAL* | Suzhou | 38,100 |

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

### Premium lifestyle retail properties pipeline

| Project | City | Attributable net leasable area (sq. m.) |
|---|---|---|
| Galaxy Midtown | Shanghai | 8,800 |
| WE City | Chengdu | 50,600 |
| Yue City | Nanjing | 23,600 |
| Central Avenue | Chongqing | 38,700 |
| Hangzhou Bay | Hangzhou | 22,800 |
| Dream Land | Wuhan | 53,400 |

The Group maintained its disciplined approach to evaluating new development opportunities during 2023, amidst uncertain market conditions. During the year, the Group secured two new joint venture projects on the Chinese mainland, one in Chongqing and the other in Beijing. Both sites are mixed-used developments.

During the year, the Group acquired additional equity stakes in two existing projects, in Nanjing (Yue City) and Wuhan (Dream Land), at considerations below net asset value. The projects are mixed-used in nature, with residential and commercial components.

Despite uncertainties across the broader China property market, pre-sales performance at the Group's new residential developments remained solid. The Group's share of total contracted sales in 2023 was US$1,530 million, 18% higher than the US$1,300 million achieved in the prior year, due to the resilient demand for high-quality, well-located residential space. The Group's attributable interest in revenue recognised in 2023, including its share of revenue in joint ventures and associates, was US$1,621 million, compared to US$1,873 million in 2022.

At 31st December 2023, the Group's attributable interest in sold but not yet recognised contracted sales amounted to US$2,031 million, compared to US$2,087 million at the end of 2022.

Set out below is a summary of the Group's Development Properties pipeline on the Chinese mainland, by geographical location.

### Development Properties pipeline (Chinese mainland)

| City | Number of projects | Developable area* ('000 sq. m.) | Revenue from property sales* (US$m) 2023 | 2022 | % of construction completed | % of Development Properties exposure# on the Chinese Mainland |
|---|---|---|---|---|---|---|
| Chongqing | 15 | 5,045 | 510 | 1,113 | 80% | 32% |
| Shanghai | 5 | 396 | 144 | 59 | 45% | 20% |
| Nanjing | 4 | 472 | 291 | 100 | 53% | 18% |
| Wuhan | 4 | 888 | 122 | 56 | 57% | 14% |
| Chengdu | 5 | 1,211 | 550 | 27 | 85% | 8% |
| Beijing | 2 | 78 | – | – | – | 7% |
| Hangzhou | 2 | 309 | 4 | 518 | 53% | 1% |
| Total | 37 | 8,399 | 1,621 | 1,873 | 74% | 100 |

* Includes HKL's share in joint ventures and associates
# Exposure represents residual land cost plus committed construction cost, less secured pre-sales proceeds

## Singapore

Residential market sentiment remained healthy in 2023, with solid sales performance at the Group's existing projects, including the 638-unit Leedon Green and 407-unit Piccadilly Grand and Galleria development, which are both effectively sold out. During the year, the Group launched sales for one project – 638-unit Tembusu Grand – in which 59% was sold or reserved as at the end of the year.

The Group's attributable interest in contracted sales was US$587 million in 2023, compared to US$615 million in the prior year. The Group's attributable interest in revenue recognised in 2023 was US$443 million, compared to US$379 million in the prior year.

At 31st December 2023, the Group's attributable interest in sold but not yet recognised contracted sales amounted to US$736 million, compared to US$589 million at the end of 2022.

During the year, the Group secured two residential sites in Singapore, including a 51% interest in a site on Clementi Avenue and a 50% interest in Pine Grove Parcel B, both located in the Outside Central Region of southwestern Singapore. Total developable area of the two sites is approximately 1.1 million sq. ft. and is expected to yield over 1,000 units.

Set out below is a summary of the Group's Development Properties pipeline in Singapore.

### Development Properties pipeline (Singapore)

| Project | Developable area* ('000 sq. m.) | Revenue from property sales* (US$m) 2023 | 2022 | Expected completion | % of Development Properties exposure# in South East Asia |
|---|---|---|---|---|---|
| Leedon Green | 27 | 273 | 190 | Completed | – |
| Piccadilly Grand and Galleria | 20 | 97 | 25 | 2025 | – |
| Copen Grand | 34 | – | – | 2025 | – |
| Tembusu Grand | 29 | 73 | – | 2025 | 9% |
| Clementi Avenue 1 | 26 | – | – | 2027 | 18% |
| Pine Grove Parcel B | 29 | – | – | 2027 | 20% |

* Includes HKL's share in joint ventures and associates
# Exposure represents residual land cost plus committed construction cost, less secured pre-sales proceeds

### Indonesia and other Development Properties

In Indonesia, construction of the Group's residential projects is progressing well. Nava Park is the Group's 49% joint venture comprising a mix of landed houses, villas, mid-rise apartments and low-rise commercial components. Of the 949 units which have been launched for sale, 92% had been pre-sold as at the end of 2023.

In the rest of South East Asia, construction activities continue to progress well, with pre-sales performance in line with expectations.

Set out below is a summary of the Group's Development Properties pipeline in South East Asia, other than Singapore.

**Development Properties pipeline (South East Asia ex. Singapore)**

| Country | Number of projects | Developable area* ('000 sq. m.) | Revenue from property sales* (US$m) 2023 | 2022 | % of construction completed | % of Development Properties exposure# in South East Asia |
|---|---|---|---|---|---|---|
| Indonesia | 8 | 951 | 84 | 67 | 25% | 33% |
| Thailand | 3 | 215 | 29 | 22 | 16% | 13% |
| Philippines | 3 | 713 | 55 | 20 | 12% | 6% |
| Vietnam | 1 | 40 | 12 | 90 | Completed | 1% |

* Includes HKL's share in joint ventures and associates
# Exposure represents residual land cost plus committed construction cost, less secured pre-sales proceeds

## The Year Ahead

Operating conditions across the Group's key markets are likely to remain uncertain in 2024, due to geopolitical and macroeconomic headwinds. The Group's Investment Properties portfolio is expected to continue generating stable returns, although contributions from Hong Kong Central portfolio are expected to be lower due to negative office rental reversions. In the Development Properties business, higher contributions are expected, due to more planned sales completions in the coming year.

We pride ourselves on delivering world-class services and offerings to our tenants and customers, as well as on maintaining a disciplined approach to evaluating new opportunities. These values are fundamental to our long-term success, as they enable us to withstand the test of challenging market conditions and competition, thus maintaining and strengthening our market positions.

I will retire from the position of Chief Executive on 31st March 2024 and I would like to thank colleagues, partners, and investors for their support during my close to 40 years' service to Hongkong Land. While current market conditions are challenging, the quality of the Hongkong Land brand, its prime asset base and dedicated people will ensure that the Group will continue to grow and prosper.

**Robert Wong**
Chief Executive
7th March 2024

# Financial Review

## Results

### Underlying business performance

| | 2023 US$m | 2022 US$m |
|---|---|---|
| Investment Properties | **984** | 951 |
| Development Properties | **273** | 404 |
| Corporate costs | **(94)** | (89) |
| Underlying operating profit | **1,163** | 1,266 |
| Net financing charges | **(269)** | (228) |
| Tax | **(157)** | (261) |
| Non-controlling interests | **(3)** | (1) |
| Underlying profit attributable to shareholders | **734** | 776 |
| Non-trading items | **(1,316)** | (573) |
| (Loss)/profit attributable to shareholders | **(582)** | 203 |

| | US¢ | US¢ |
|---|---|---|
| Underlying earnings per share | **33.15** | 34.44 |

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

The Group's operating profit from Investment Properties was US$984 million, 3% higher than the previous year, primarily due to higher contributions from the Greater China luxury retail portfolio and Singapore office, partially offset by a decline in rental income in Hong Kong office. The two largest operating profit contributors within Investment Properties are the Hong Kong Central portfolio (78%) and Singapore (13%).

In Hong Kong, Investment Properties operating profit was US$770 million, 2% lower than 2022. Office average net rent was down 5% compared to 2022 due to negative rental reversions, at HK$106 psf per month. The impact of this was partially offset by higher contributions from the luxury retail portfolio at the LANDMARK where there was a strong recovery in tenant sales following the removal of government mandated Covid restrictions that had impacted 2022 results.

In Singapore, there was a 11% increase in Investment Properties operating profit in 2023, primarily due to an increase in average rent. The portfolio also benefitted from very low vacancy levels.

On the Chinese mainland and Macau, Investment Properties operating profit more than doubled to US$61 million, benefitting from a good recovery in tenant sales in 2023 and ongoing efforts to improve tenant quality.

Operating profits from Development Properties decreased by 32% from the previous year to US$273 million, due to a combination of fewer number of project completions and lower profit margins. An impairment of US$90 million (net of tax) was recognised on some residential assets on the Chinese mainland, although this was broadly offset by net gains on the acquisition of equity stakes in two existing joint-venture projects for considerations below development cost. The split of operating profits between countries was 63% from the Chinese mainland, 17% from Singapore, 12% from Indonesia and 8% from Others.

In respect of revenue recognised on the Chinese mainland, there was a 6% reduction in the number of units handed over to buyers in 2023 compared to the prior year. The split by city was as follows:

| City | Number of units handed over | | | |
|---|---|---|---|---|
| | **2023** | | 2022 | |
| Chengdu | **1,542** | **26%** | 118 | 2% |
| Chongqing | **2,920** | **49%** | 4,240 | 67% |
| Hangzhou | **16** | **0%** | 1,599 | 25% |
| Nanjing | **433** | **7%** | 65 | 1% |
| Shanghai | **223** | **4%** | 136 | 2% |
| Wuhan | **827** | **14%** | 207 | 3% |
| **Total** | **5,961** | **100%** | 6,365 | 100% |

In Singapore, the Group's attributable interest in revenue recognised was US$443 million, compared to US$379 million in 2022, with the increase reflecting the different construction progress of projects year-on-year. In other parts of South East Asia, operating profits from Development Properties was relatively unchanged.

Net financing charges of US$269 million were US$41 million higher than the prior year primarily due to higher interest rates. Weighted average borrowing costs were 3.9%, compared to 3.3% in the prior year with the impact of rising interest rates mitigated by having 62% of gross debt at fixed rates.

The Group's tax charge decreased to US$157 million, with an effective tax rate of 18%, lower than the prior year 25% effective tax rate due to a smaller share of profits coming from the Chinese mainland where tax rates are higher than in Hong Kong.

## Non-Trading Items

In 2023, the Group had net non-cash, non-trading losses of US$1,316 million compared to US$573 million of losses in 2022. These arose principally on revaluations of the Group's investment properties by independent valuers (including its share of joint ventures) at 31st December each year. The decrease in valuations in 2023 came primarily from the Group's Central portfolio in Hong Kong due to a modest increase in capitalisation rates and lower open market rents for office buildings. The Central portfolio decreased in value by 5% in 2023. At 31st December 2023, the value of the Central portfolio was US$24.8 billion.

## Cash Flows

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

| | **2023 US$m** | 2022 US$m |
|---|---|---|
| **Operating activities** | | |
| Operating profit, excluding non-trading items | **794** | 846 |
| Net interest | **(205)** | (183) |
| Tax paid | **(287)** | (125) |
| Payments for Development Properties sites | **(1)** | (364) |
| Expenditure on Development Properties projects | **(465)** | (401) |
| Sales proceeds from Development Properties | **990** | 1,071 |
| Dividends received from joint ventures | **135** | 222 |
| Others | **(259)** | (208) |
| | **702** | 858 |
| **Investing activities** | | |
| Major renovations capex | **(85)** | (95) |
| Repayments from associates and joint ventures | **1,183** | 435 |
| Investments in and advances to associates and joint ventures | **(836)** | (1,053) |
| Disposal/(acquisition) of subsidiaries and joint ventures | **7** | (14) |
| | **269** | (727) |
| **Financing activities** | | |
| Dividends paid by the Company | **(486)** | (504) |
| Net (repayment)/drawdown of borrowings | **(448)** | 445 |
| Shares repurchase | **(83)** | (352) |
| Others | **(4)** | (4) |
| | **(1,021)** | (415) |
| Net decrease in cash and cash equivalents | **(50)** | (284) |
| Cash and cash equivalents at 1st January | **1,172** | 1,476 |
| Effect of exchange rate changes | **(10)** | (20) |
| Cash and cash equivalents at 31st December | **1,112** | 1,172 |

The Group's Development Properties business comprises a mixture of subsidiary projects (recorded within operating activities) and joint-venture projects (recorded within investing activities).

The net cash inflows from operating activities for the year were US$702 million, compared with net cash inflows of US$858 million in the prior year. The decrease of US$156 million was principally due to less sales proceeds from subsidiary-owned projects due to a lower number of planned sales launches, less dividends received from joint-ventures, as well as higher taxes paid, partially offset by no land payments for new subsidiary-owned Development Properties sites during 2023. Net outflows in others relates primarily to net working capital changes.

Net cash inflows from investing activities were US$269 million in 2023, compared to net cash outflows of US$727 million in the prior year. Repayments in the Group's joint venture projects totalled US$1,183 million, compared to US$435 million in the prior year. This increase was primarily due to repayment of shareholder loans from the Group's joint-venture Investment Properties assets in Singapore and Development Properties in Chinese mainland. In 2023, the Group invested US$836 million in land acquisitions with joint venture partners, compared to US$1,053 million in the prior year. Capital expenditure of US$85 million for major renovations principally relates to the Group's Central portfolio in Hong Kong.

Under financing activities, the Company paid dividends of US$486 million, being the 2022 final dividend of US¢16.00 per share and the 2023 interim dividend of US¢6.00 per share, unchanged compared to the prior year. The Group also spent US$83 million in the purchase of its own shares in 2023 and had a net repayment of borrowings of US$448 million during the year.

Cash and cash equivalents were US$50 million lower at the end of 2023. Taken together with a decrease in borrowings, the Group's net debt at 31st December 2023 decreased to US$5,371 million, from US$5,817 million at the beginning of the year.

### Year-end debt summary*

| | **2023 US$m** | 2022 US$m |
|---|---|---|
| US$ notes | **2,493** | 2,091 |
| HK$ notes | **1,371** | 1,515 |
| HK$ bank loans | **685** | 1,427 |
| S$ notes | **225** | 220 |
| S$ bank loans | **–** | 391 |
| CNY notes# | **187** | – |
| RMB bank loans | **1,271** | 1,009 |
| THB bank loans | **335** | 337 |
| Gross debt | **6,567** | 6,990 |
| Cash | **1,196** | 1,173 |
| Net debt | **5,371** | 5,817 |

* Before currency swaps
# Chinese Yuan (Offshore)

## Capital Management

The Group actively reviews and manages its capital structure to ensure optimal shareholder returns through a combination of profitability, cash flows, investing activities and balance sheet strength. The Group's capital management policies are set out on page 72.

## New Investments

During 2023, the Group committed to invest, based on its equity contribution, and share of project level debt, US$1.3 billion in new projects (2022: US$1.0 billion). The Group continues to assess new investment opportunities on a disciplined basis, which are expected to be funded by a combination of internal resources and external financing from banks and the debt capital markets.

## Capital Commitments

Outstanding capital commitments as of 31st December 2023 was US$814 million (2022: US$1,017 million), including the Group's contributions to associates and joint venture companies of US$745 million (2022: US$942 million). The largest commitments relate to the Group's 49% share of a joint-venture mixed use project in Bangkok and various renovations and planned upgrade works relating to the Group's Central portfolio in Hong Kong. During 2023, final land payments were made for several residential projects on the Chinese mainland committed in 2021 and 2022, resulting in lower capital commitments at the end of 2023.

## Share Buy-back

The Group concluded its share buyback program at the end of 2023. The total amount invested in the buyback program since it was first announced in September 2021 is US$627 million, reducing the number of total shares outstanding by approximately 5.5%.

## Dividends

The Board is recommending a final dividend of US¢16.00 per share for 2023, providing a total annual dividend of US¢22.00 per share, the same as last year. The final dividend will be payable on 15th May 2024, subject to approval at the Annual General Meeting to be held on 8th May 2024, to shareholders on the register of members at the close of business on 22nd March 2024. No scrip alternative is being offered in respect of the dividend.

## Treasury Policy

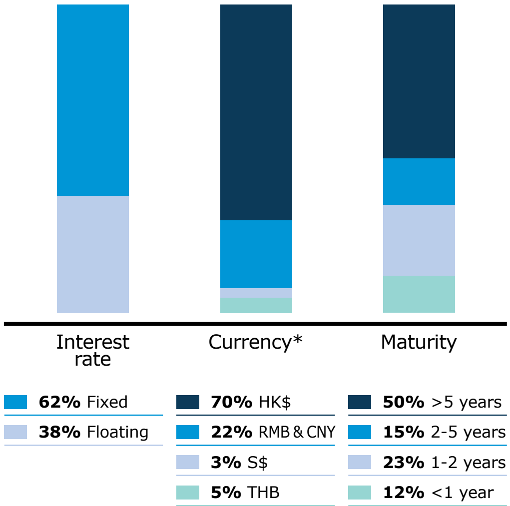
The Group manages its treasury activities within established risk management objectives and policies using a variety of techniques and instruments. The main objectives are to manage exchange, interest rate and liquidity risks and to provide a degree of certainty in respect of costs. The investment of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

When economically sensible to do so, borrowings are taken in local currencies to hedge foreign currency exposures on investments. A portion of borrowings is denominated in fixed rates. Adequate committed facilities headroom is maintained to facilitate the Group's capacity to pursue new investment opportunities and to provide some protection against market uncertainties. Overall, the Group's funding arrangements are designed to strike an appropriate balance between equity and debt from banks and capital markets, both short and long term, to give flexibility to develop the business.

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

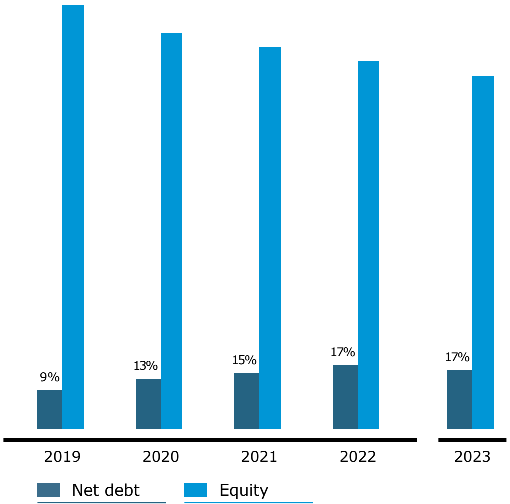
## Funding

The Group is well financed with strong liquidity.  Net debt at the end of the year decreased to US$5.4 billion from US$5.8 billion in 2022.  Net gearing was 17%, unchanged from the end of 2022.  Interest cover, calculated as the underlying operating profits, including the Group's share of associates and joint ventures' operating profits, divided by net financing charges including the Group's share of associates and joint ventures' net financing charges, was 4.3 times, compared to 5.5 times in 2022.  The decrease was mainly due to an increase in net financing costs due to higher interest rate and a slight reduction in underlying operating profit.




**Debt profile at 31st December 2023**

* After currency swaps

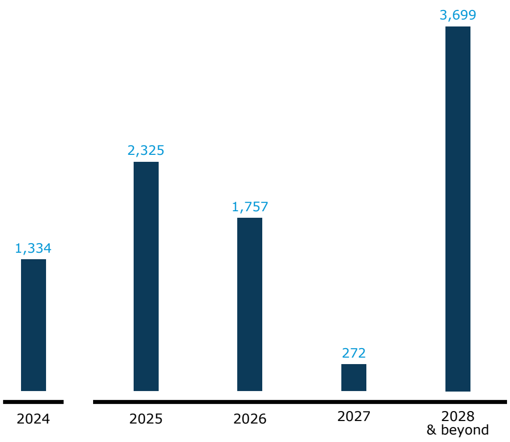



**Net debt as a percentage of equity**

At 31st December 2023, the Group had total committed lines of approximately US$9.4 billion with a diversified range of maturity dates.  Of these lines, 54% were sourced from banks with the remaining 46% from the capital markets.  At the end of 2023, the Group had drawn US$6.6 billion of these lines leaving US$2.8 billion of committed, but unused, facilities.  Adding the Group's year end cash balances, the Group had overall liquidity at 31st December 2023 of US$4.0 billion, up from US$3.1 billion at the end of 2022.

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

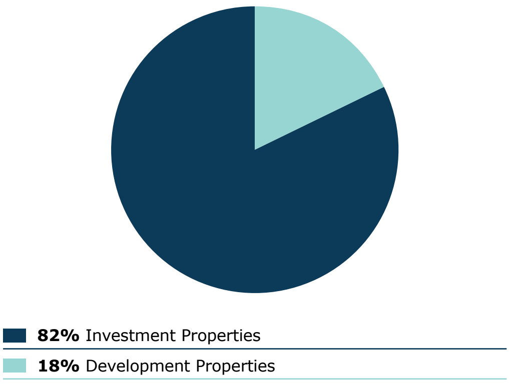
At 31 December 2023, the average tenor of the Group's debt was 6.3 years, up from 5.8 years at the end of 2022.  On average, approximately 62% of the Group's borrowings were either fixed rate borrowings or covered by interest rate hedges with major credit worthy financial institutions and the remaining 38% were at floating rates.  The majority of the Group's debt is denominated in Hong Kong dollars, of which 81% was at fixed rate.  The majority of the Group's facilities due to mature in the next 12 months have been refinanced in 2023 and early 2024.



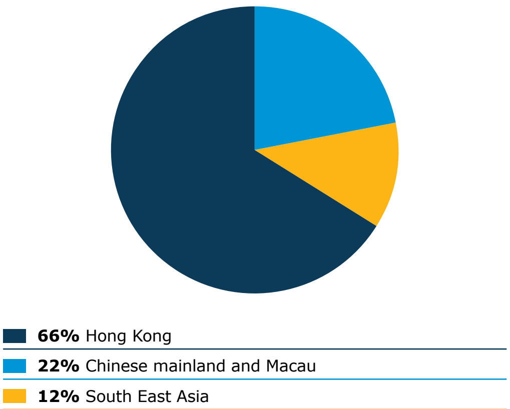

**Committed facility maturity at 31st December 2023 (US$m)**

## Gross Assets

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




**Gross assets by activity**




**Gross assets by location**

## Principal Risks and Uncertainties

A review of the principal risks and uncertainties facing the Group is set out on pages 105 to 109.

## Accounting Policies

The Directors continue to review the appropriateness of accounting policies adopted by the Group, including the latest developments in International Financial Reporting Standards ('IFRS Accounting Standards'). In 2023, the Group applied several amendments of IFRS Accounting Standards. There are no material impacts to the financial statements upon adoption.

**Craig Beattie**
Chief Financial Officer
7th March 2024

# Sustainability

## Overview

Since its founding in 1889, Hongkong Land's business has been built on the principles of excellence, integrity and partnership. As the global calls for climate action and improvement of environmental, social and governance ('ESG') performance become increasingly urgent, Hongkong Land recognises that the real estate and construction sectors have significant roles to play in a global transition to a low carbon economy and is committed to continue engaging and collaborating with our stakeholders to advance sustainability agendas in the communities it serves.

The Group's continued growth and progress on delivering positive outcomes for our business and stakeholders is underpinned by its Sustainability Framework 2030 which highlight key focus areas that are linked to measurable targets. Putting this framework into practice requires the Group to strive for continuous improvement and further integration of ESG considerations into our operations across the region.

## ESG Disclosure

In line with the Task Force on Climate-related Financial Disclosures ('TCFD') reporting requirements for standard listed companies in the United Kingdom, the Group's climate-related disclosures in its Sustainability Report – Framework 2030 & Climate Action are made available on the same date as its Annual Report 2023.

To facilitate the holistic evaluation of its climate-related activities, the Group publishes its TCFD disclosures separately from its Annual Report but alongside other information relevant to climate action including sustainability governance, decarbonisation targets and pathway, as well as results of climate risk assessments and mitigation measures.

The climate-related disclosures are consistent with the TCFD recommendations:

- governance – all recommended disclosures;
- strategy – all recommended disclosures;
- risk management – all recommended disclosures; and
- metrics and targets – disclosure (c).

Requirements under metrics and targets – disclosures (a) and (b) will be addressed in the Sustainability Performance Report 2023, which will be published on the Group's website in the second quarter of 2024. The report will present relevant environmental and social-related performance data covering the financial year ended 31st December 2023.

Further details on the Group's approach to sustainability and related policies can also be found on the Group's website at www.hkland.com/en/sustainability.

## Highlights in 2023

### Decarbonisation

As part of Hongkong Land's commitment to accelerate its contributions on climate action, the Group announced in February 2022 its pledge to setting Science-Based Targets that are aligned with the 1.5°C pathway. We are leading the net zero transition by setting ambitious emission reduction targets. The targets, which were validated by the Science-Based Target initiative in June 2022, has resulted in the Group committing to a 46.2% reduction of Scope 1 and 2 greenhouse gas ('GHG') emissions by 2030 from 2019 levels and a 22% reduction in carbon intensity for Scope 3 emissions over the same period.

To reduce Scope 1 and 2 GHG emissions, the Group continues to reinvest in and upgrade its operating portfolios across the region by prioritising fixed asset replacements, as well as the deployment or enhancement of artificial intelligence solutions to drive energy efficiency.  This includes the piloting of Integrated Facilities Management Control Tower technology at the Hong Kong Central Portfolio which uses machine learning to optimise thermal comfort and energy efficiency, as well as to enable predictive operations and maintenance.

To address Scope 3 emissions from tenants, the Group launched the Tenant Sustainability Partnership Programme at its Central Portfolio to foster closer collaboration with tenants, focussing in particular on providing support to our tenants in achieving green fit-outs and operations. In addition to recognising efforts made by participating tenants, those who meet all relevant requirements across environmental and social initiatives would also receive modest contributions from the Group towards their sustainability journeys – obtaining BEAM Plus Interiors or equivalent certifications for their green fit-outs and a matching gift programme for charitable causes.

During the year, Hongkong Land also took a significant step forward in tackling its embodied carbon footprint (emissions arising from building materials and construction) from development activities.  The Group built and began trialling embodied carbon measurement tools bespoke to its key construction supply chains across the region. These tools adopt a supplier-based approach in estimating emissions based on the types of building materials and relevant amounts procured for a specific project.  In addition to providing more granular estimates compared to the commonly adopted spend-based approach to Scope 3 emissions, this approach also holds significant potential in helping the Group identify opportunities in the coming years to decarbonise the key stages of its development value chain, such as design and planning, procurement, and construction.

## Green Buildings

Hongkong Land has a long history of reinvesting in existing assets and undertaking a robust green building certification programme.  At the end of 2023, 94% of our leasing portfolio by floor area, including those held in joint ventures, achieved green building certification, up from 88% at the end of the prior year.  All of our buildings in Hong Kong and Singapore, comprising over half of our leasing portfolio, retained the highest possible ratings of BEAM Plus Platinum and Green Mark Platinum certifications respectively.

During the year, the Group became one of the pilot participants to the Zero-Carbon Ready Building Certification Scheme, which assesses a building’s energy use intensity, launched by the Hong Kong Green Building Council.  All 12 buildings of the Hong Kong Central Portfolio achieved energy performance certification, with half of these buildings achieving the coveted ‘Super Low Energy’ as the second highest rating.

In recognition of our efforts to adhere to the highest standards for property management, the Group received the Environmental Stewardship Award at the International Facility Management Association Asia Pacific Awards of Excellence.  The Group’s Exchange Square complex in Hong Kong also received a number of accodlates from The Hong Kong Institution of Engineers, including the Excellence Building Award (Existing Building), the Excellent Leadership Award, the Artificial Intelligence Application Award (Existing Building), and the Innovation Award (Existing Building).

## Corporate Social Responsibility

The Hongkong Land HOME FUND, which was established to focus on creating initiatives benefitting younger generations and our aspiration to foster a more inclusive society, celebrated its third anniversary in November 2023.  Since its inception, the fund has committed close to US$14 million which benefitted over 319,000 people across the region.

Key milestones achieved during the past year include committing US$2.2 million in new projects focussed on youth; increasing the number of NGO partnerships by over 100 across the region; the continued growth of the HERE2HELP volunteering team which contributed over 17,000 hours to serve more than 73,000 people; 107 tenants supported HOME FUND's initiatives in 2023; and collaborating with Hongkong Land Central Portfolio tenants and business partners to launch the first Christmas Trees of Hope initiative which raised over US$180,000 for charities in Hong Kong.

During the year, the Group also received a number of prestigious awards in recognition of its efforts in making positive impact on the community. For its collaboration with social enterprises, the Group received a number of accolades including the Inclusive Enterprise Gold Award from the Dreams Come True Foundation and the Social Enterprise Supporter Award from the Fullness Social Enterprises Society Limited. The Group was also proud to receive the Top 10 Highest Volunteer Hours Award (employee size 101-999) and Corporate Bronze Award at the Hong Kong Volunteer Award 2023.

## Green Finance

In July 2023, the Group published its latest green finance report to provide stakeholders updates on its green financing transactions in accordance with its Green Financing Framework. The report outlined the use of proceeds for the Group's green bonds, as well as green elements of the relevant projects financed.

The Group had sustainability-linked loans with an aggregate facility amount of US$2.2 billion at the end of 2023, unchanged from the prior year. The facilities index against ESG targets for continuous improvements in energy efficiency, reducing food waste, and renewable energy generation, while maintaining green building certifications for the Group's Central Portfolio.

## ESG Ratings

Over the past year, the Group continued delivering improvements on ESG ratings, especially on in-depth assessments which require active participation by companies.

The Group's latest ESG ratings as at 31st December 2023 are listed below.

- Global Real Estate Sustainability Benchmarks ('GRESB') – the highest 5-star ratings for Standing Investments and Development which recognises entities placed in the top 20% of the two benchmarks; the Group was also proud to be named Global Sector Leader (Diversified Sector) for the first time under the Development benchmark.
- Dow Jones Sustainability Indices ('DJSI') – a score of 71/100 and qualified, for the second consecutive year, as a constituent of the Dow Jones Sustainability Asia Pacific Index and was included in the S&P Global Sustainability Yearbook which recognises the top 15% of sector participants globally.
- Sustainalytics – a Company ESG Rating of 17.6, Low Risk (on a scale of severity 0-40+), improving from 20.4, Medium Risk in the prior year.
- Climate Disclosure Project ('CDP') – a Climate Change score of 'B'.

# Directors' Profiles

## Ben Keswick Chairman

Ben Keswick joined the Board as Managing Director in April 2012 and held the position until June 2020. He has been Chairman since 2013. He was also managing director of Jardine Matheson from 2012 to 2020. He has held a number of executive positions since joining the Jardine Matheson group in 1998, including finance director and then chief executive officer of Jardine Pacific between 2003 and 2007, and group managing director of Jardine Cycle & Carriage until March 2012. He is executive chairman of Jardine Matheson and chairman of DFI Retail Group and Mandarin Oriental. He is also chairman of Jardine Cycle & Carriage and a commissioner of Astra. He has an MBA from INSEAD.

## John Witt* Managing Director

John Witt rejoined the Board as Managing Director in June 2020, having previously served as the Chief Financial Officer between 2010 and 2016. He has been with the Jardine Matheson group since 1993 and has held a number of senior positions, including group finance director of Jardine Matheson from 2016 to 2020 and the chief financial officer of Mandarin Oriental Hotel Group. John is chairman of Jardine Matheson Limited, group managing director of Jardine Matheson and managing director of DFI Retail Group and Mandarin Oriental. He is also a director of Jardine Pacific, as well as a commissioner and chairman of the executive committee of Astra. John is a Chartered Accountant and has an MBA from INSEAD.

## Robert Wong* Chief Executive

Robert Wong joined the Board as Chief Executive in 2016. He joined the Group in 1985 and has extensive experience in property management and development. As a director of Hongkong Land Limited since 1996, he had prime responsibility for the Group's residential property business. He is a member of both The Royal Institution of Chartered Surveyors and The Hong Kong Institute of Surveyors. Robert will be retiring from the Board on 31st March 2024.

## Craig Beattie* Chief Financial Officer

Craig Beattie joined the Board as Chief Financial Officer in 2021. He has previously held a number of senior finance positions in the Jardine Matheson group since joining from EY in the UK in 2006, including the chief financial officer of Mandarin Oriental from 2018 to 2021 and group treasurer of Jardine Matheson from 2016 to 2018. He is a Chartered Accountant.

## Stuart Grant

Stuart Grant joined the Board in March 2023. He is a member of the Audit Committee of the Company. He is the CEO of ARC Group, a co-founder of CoreLife Investors and an adviser to Brookfield's Real Estate Group, and has more than 25 years of real estate experience. Stuart started his real estate investment career at Blackstone in London in 2000 and held a variety of senior executive positions, including as a senior managing director and a member of the global investment committee. He played a key role in building Blackstone's real estate business in the Asia-Pacific region. Stuart returned to the United Kingdom in 2018 as a managing director of Stanhope Plc, one of London's leading property developers. Stuart holds a Master of Real Estate Finance and Investment from the New York University and a Bachelor of Science Degree from the University of St Andrews.

* Executive Director

## Lily Jencks

Lily Jencks joined the Board in July 2022. She is an architectural and landscape designer, with a master's degree from the University of Pennsylvania. She ran the design company JencksSquared and architectural and landscape practice Lily Jencks Studio. She is currently the founder and director of the Jencks Foundation.

## Adam Keswick

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

## Lincoln K.K. Leong

Lincoln K.K. Leong joined the Board in March 2022. He is the Chairman of the Audit Committee of the Company. Lincoln is an independent non-executive director of SUNeVision Holdings Ltd., Standard Chartered Bank (Hong Kong) Limited and China Resources Land Limited. He was previously the chief executive officer of MTR Corporation Limited, a non-executive director of Jardine Strategic Holdings Limited and Mandarin Oriental International Limited, and an independent non-executive director of Link Asset Management Limited, as Manager of Link Real Estate Investment Trust. Lincoln is a Chartered Accountant and has extensive experience in the accountancy and investment banking industries.

## Christina Ong

Christina Ong joined the Board in 2018. She is chairman and senior partner of Allen & Gledhill as well as co-head of its financial services department. She is a director of Oversea-Chinese Banking Corporation and Singapore Telecommunications. She is also an independent non-executive director of Philanthropy Asia Alliance, a member of the Catalist Advisory Panel, Civil Aviation Authority of Singapore and the corporate governance advisory committee of the Monetary Authority of Singapore, and a trustee of The Stephen A. Schwarzman Scholars Trust.

## Y.K. Pang

Y.K. Pang has been a Director of the Company since 2007. He is a member of the Audit Committee of the Company. He was Chief Executive of the Group from 2007 to 2016. He is deputy managing director and chairman of Hong Kong of Jardine Matheson, and chairman of Jardine Pacific. He has held a number of senior executive positions in the Jardine Matheson group, which he joined in 1984. Y.K. is also deputy chairman of Jardine Matheson Limited, and a director of Gammon, Jardine Matheson (China) and Mandarin Oriental.
He is chairman of the Hong Kong Tourism Board and the Hong Kong Management Association, and a member of the Council and General Committee of the Hong Kong General Chamber of Commerce and the Employers' Federation of Hong Kong. Y.K. will be retiring from the Board and Audit Committee of the Company on 31st March 2024.

# Consolidated Profit and Loss Account

for the year ended 31st December 2023

| | Note | 2023<br>Underlying business performance<br>US$m | Non-trading items<br>US$m | Total<br>US$m | 2022<br>Underlying business performance<br>US$m | Non-trading items<br>US$m | Total<br>US$m |
|---|---|---|---|---|---|---|---|
| Revenue | *3* | **1,844.3** | **–** | **1,844.3** | 2,244.4 | – | 2,244.4 |
| Net operating costs | *4* | **(1,050.0)** | **16.6** | **(1,033.4)** | (1,398.4) | – | (1,398.4) |
| Change in fair value of investment properties | *9* | **–** | **(1,323.5)** | **(1,323.5)** | – | (559.3) | (559.3) |
| Operating (loss)/profit | | **794.3** | **(1,306.9)** | **(512.6)** | 846.0 | (559.3) | 286.7 |
| Net financing charges | *5* | | | | | | |
| – financing charges | | **(265.9)** | **–** | **(265.9)** | (234.9) | – | (234.9) |
| – financing income | | **81.5** | **–** | **81.5** | 66.8 | – | 66.8 |
| | | **(184.4)** | **–** | **(184.4)** | (168.1) | – | (168.1) |
| Share of results of associates and joint ventures | *6* | | | | | | |
| – before change in fair value of investment properties | | **234.7** | **–** | **234.7** | 229.3 | – | 229.3 |
| – change in fair value of investment properties | *9* | **–** | **18.0** | **18.0** | – | (24.5) | (24.5) |
| | | **234.7** | **18.0** | **252.7** | 229.3 | (24.5) | 204.8 |
| (Loss)/profit before tax | | **844.6** | **(1,288.9)** | **(444.3)** | 907.2 | (583.8) | 323.4 |
| Tax | *7* | **(107.2)** | **(25.6)** | **(132.8)** | (131.7) | 7.9 | (123.8) |
| (Loss)/profit after tax | | **737.4** | **(1,314.5)** | **(577.1)** | 775.5 | (575.9) | 199.6 |
| Attributable to: | | | | | | | |
| Shareholders of the Company | | **734.2** | **(1,316.5)** | **(582.3)** | 776.1 | (573.4) | 202.7 |
| Non-controlling interests | | **3.2** | **2.0** | **5.2** | (0.6) | (2.5) | (3.1) |
| | | **737.4** | **(1,314.5)** | **(577.1)** | 775.5 | (575.9) | 199.6 |

| | Note | US¢ | | US¢ | US¢ | | US¢ |
|---|---|---|---|---|---|---|---|
| (Loss)/earnings per share (basic and diluted) | *8* | **33.15** | | **(26.29)** | 34.44 | | 8.99 |

# Consolidated Statement of Comprehensive Income

for the year ended 31st December 2023

| | Note | 2023 US$m | 2022 US$m |
|---|---|---|---|
| (Loss)/profit for the year | | **(577.1)** | 199.6 |
| Other comprehensive income/(expense) | | | |
| Items that will not be reclassified to profit or loss: | | | |
| Remeasurements of defined benefit plans | | **0.7** | (1.6) |
| Tax on items that will not be reclassified | *7* | **(0.1)** | 0.3 |
| | | **0.6** | (1.3) |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Net exchange translation differences | | | |
| – net loss arising during the year | | **(82.2)** | (116.8) |
| – transfer to profit and loss | | **0.6** | – |
| | | **(81.6)** | (116.8) |
| Cash flow hedges | | | |
| – net (loss)/gain arising during the year | | **(53.1)** | 2.4 |
| – transfer to profit and loss | | **(2.2)** | (2.4) |
| | | **(55.3)** | – |
| Tax relating to items that may be reclassified | *7* | **9.1** | – |
| Share of other comprehensive expense of associates and joint ventures | *11* | **(59.1)** | (523.6) |
| | | **(186.9)** | (640.4) |
| Other comprehensive expense for the year, net of tax | | **(186.3)** | (641.7) |
| Total comprehensive expense for the year | | **(763.4)** | (442.1) |
| Attributable to: | | | |
| Shareholders of the Company | | **(767.4)** | (431.9) |
| Non-controlling interests | | **4.0** | (10.2) |
| | | **(763.4)** | (442.1) |

# Consolidated Balance Sheet

at 31st December 2023

| | Note | 2023 US$m | 2022 US$m |
|---|---|---|---|
| **Net operating assets** | | | |
| Fixed assets | | **99.7** | 111.8 |
| Right-of-use assets | | **12.1** | 13.0 |
| Investment properties | *10* | **26,687.2** | 28,054.1 |
| Associates and joint ventures | *11* | **9,284.2** | 9,616.0 |
| Non-current debtors | *12* | **14.2** | 16.8 |
| Deferred tax assets | *13* | **113.3** | 98.2 |
| Pension assets | | **1.0** | 0.9 |
| Non-current assets | | **36,211.7** | 37,910.8 |
| Properties for sale | *14* | **2,926.1** | 2,910.7 |
| Current debtors | *12* | **374.1** | 539.4 |
| Current tax assets | | **60.4** | 62.5 |
| Bank balances | *15* | **1,195.6** | 1,173.4 |
| Current assets | | **4,556.2** | 4,686.0 |
| Current creditors | *16* | **(1,705.9)** | (1,667.0) |
| Current borrowings | *17* | **(781.6)** | (419.1) |
| Current tax liabilities | | **(189.8)** | (328.9) |
| Current liabilities | | **(2,677.3)** | (2,415.0) |
| Net current assets | | **1,878.9** | 2,271.0 |
| Long-term borrowings | *17* | **(5,785.3)** | (6,571.4) |
| Deferred tax liabilities | *13* | **(249.1)** | (257.1) |
| Pension liabilities | | **(0.1)** | (1.8) |
| Non-current creditors | *16* | **(68.8)** | (24.4) |
| | | **31,987.3** | 33,327.1 |
| **Total equity** | | | |
| Share capital | *18* | **220.7** | 222.7 |
| Revenue and other reserves | | **31,744.7** | 33,080.7 |
| Shareholders' funds | | **31,965.4** | 33,303.4 |
| Non-controlling interests | | **21.9** | 23.7 |
| | | **31,987.3** | 33,327.1 |

Approved by the Board of Directors

**Robert Wong**
**Craig Beattie**
Directors
7th March 2024

# Consolidated Statement of Changes in Equity

for the year ended 31st December 2023

| | Note | Share capital US$m | Share premium US$m | Revenue reserves US$m | Hedging reserves US$m | Exchange reserves US$m | Attributable to shareholders of the Company US$m | Attributable to non-controlling interests US$m | Total equity US$m |
|---|---|---|---|---|---|---|---|---|---|
| **2023** | | | | | | | | | |
| At 1st January | | **222.7** | **–** | **33,449.8** | **(3.0)** | **(366.1)** | **33,303.4** | **23.7** | **33,327.1** |
| Total comprehensive expense | | **–** | **–** | **(581.7)** | **(54.7)** | **(131.0)** | **(767.4)** | **4.0** | **(763.4)** |
| Dividends paid by the Company | *19* | **–** | **–** | **(488.7)** | **–** | **–** | **(488.7)** | **–** | **(488.7)** |
| Dividends paid to non-controlling shareholders | | **–** | **–** | **–** | **–** | **–** | **–** | **(0.6)** | **(0.6)** |
| Unclaimed dividends forfeited | | **–** | **–** | **1.3** | **–** | **–** | **1.3** | **–** | **1.3** |
| Repurchase of shares | | **(2.0)** | **–** | **(81.2)** | **–** | **–** | **(83.2)** | **–** | **(83.2)** |
| Disposal of subsidiaries | | **–** | **–** | **–** | **–** | **–** | **–** | **(5.2)** | **(5.2)** |
| At 31st December | | **220.7** | **–** | **32,299.5** | **(57.7)** | **(497.1)** | **31,965.4** | **21.9** | **31,987.3** |
| 2022 | | | | | | | | | |
| At 1st January | | 229.8 | 67.4 | 34,022.4 | (20.2) | 284.4 | 34,583.8 | 34.4 | 34,618.2 |
| Total comprehensive expense | | – | – | 201.4 | 17.2 | (650.5) | (431.9) | (10.2) | (442.1) |
| Dividends paid by the Company | *19* | – | – | (498.8) | – | – | (498.8) | – | (498.8) |
| Dividends paid to non-controlling shareholders | | – | – | – | – | – | – | (0.5) | (0.5) |
| Unclaimed dividends forfeited | | – | – | 1.0 | – | – | 1.0 | – | 1.0 |
| Repurchase of shares | | (7.1) | (67.4) | (276.2) | – | – | (350.7) | – | (350.7) |
| At 31st December | | 222.7 | – | 33,449.8 | (3.0) | (366.1) | 33,303.4 | 23.7 | 33,327.1 |

# Consolidated Cash Flow Statement

for the year ended 31st December 2023

| | Note | **2023 US$m** | 2022 US$m |
|---|---|---|---|
| **Operating activities** | | | |
| Operating (loss)/profit | | **(512.6)** | 286.7 |
| Depreciation | *4* | **16.5** | 17.5 |
| Change in fair value of investment properties | *10* | **1,323.5** | 559.3 |
| Loss on disposal of fixed assets | *4* | **–** | 2.8 |
| Gain on acquisition of subsidiaries | *4* | **(31.6)** | (1.3) |
| Net gain on disposal of subsidiaries and joint ventures | *4* | **(15.9)** | – |
| Decrease in properties for sale | | **187.5** | 88.9 |
| Decrease in debtors | | **83.0** | 487.4 |
| Increase/(decrease) in creditors | | **8.2** | (498.0) |
| Interest received | | **46.4** | 45.6 |
| Interest and other financing charges paid | | **(251.2)** | (228.2) |
| Tax paid | | **(287.3)** | (124.7) |
| Dividends from associates and joint ventures | | **135.1** | 222.3 |
| Cash flows from operating activities | | **701.6** | 858.3 |
| **Investing activities** | | | |
| Major renovations expenditure | | **(85.3)** | (94.6) |
| Repayments from associates and joint ventures | *20 (a)* | **1,183.3** | 435.3 |
| Investments in associates and joint ventures | *20 (a)* | **(401.4)** | (254.3) |
| Advances to associates and joint ventures | *20 (a)* | **(434.3)** | (798.6) |
| Disposal of subsidiaries | | **29.3** | – |
| Disposal of joint ventures | | **8.5** | – |
| Acquisition of subsidiaries | | **(30.9)** | (14.5) |
| Cash flows from investing activities | | **269.2** | (726.7) |
| **Financing activities** | | | |
| Drawdown of borrowings | *17* | **2,121.9** | 2,399.6 |
| Repayment of borrowings | *17* | **(2,569.5)** | (1,954.7) |
| Principal elements of lease payments | | **(3.4)** | (4.1) |
| Repurchase of shares | | **(83.2)** | (352.3) |
| Dividends paid by the Company | | **(486.2)** | (503.7) |
| Dividends paid to non-controlling shareholders | | **(0.6)** | (0.5) |
| Cash flows from financing activities | | **(1,021.0)** | (415.7) |
| Net cash outflow | | **(50.2)** | (284.1) |
| Cash and cash equivalents at 1st January | | **1,171.5** | 1,476.1 |
| Effect of exchange rate changes | | **(9.1)** | (20.5) |
| Cash and cash equivalents at 31st December | *20 (b)* | **1,112.2** | 1,171.5 |

# Notes to the Financial Statements

## General Information

Hongkong Land Holdings Limited (the 'Company') is incorporated in Bermuda and has a primary listing in the standard segment of the London Stock Exchange, with secondary listings in Bermuda and Singapore.

## 1 Basis of Preparation

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

Details of the Group's material accounting policies are included in Note 27.

The Group has adopted the following amendments for the annual reporting period commencing 1st January 2023.

***Amendment to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies (effective from 1st January 2023)***

The amendments require entities to disclose material rather than significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. Material accounting policy information is information that, when considered together with other information included in an entity's financial statements, can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. IASB further clarifies that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The material accounting policies following the adoption of IAS 1 are included in Note 27.

***Amendment to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective from 1st January 2023)***

The amendment requires deferred tax to be recognised on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They typically apply to transactions such as leases of lessees and decommissioning obligations and require the recognition of additional deferred tax assets and liabilities. The Group applied the amendment from 1st January 2023 and there is no material impact on the Group's consolidated financial statements.

***Amendment to IAS 12 – International Tax Reform – Pillar Two Model Rules (effective for annual reporting period commencing on or after 1st January 2023)***

The amendment provides a temporary mandatory exception from deferred tax accounting in respect of Pillar Two income taxes and certain additional disclosure requirements. The Group is within the scope of the OECD Pillar Two model rules, and has applied the amendment from 1st January 2023.

Pillar Two legislation has been enacted or substantially enacted in certain jurisdictions in which the Group operates. The legislation will be effective for the Group's annual reporting period commencing 1st January 2024. Since the Pillar Two legislation was not effective at 31st December 2023, the Group has no related current tax exposure.

The Group is in scope of the enacted or substantively enacted legislation and has performed an assessment of the Group's potential exposure to Pillar Two income taxes when the legislation comes into effect. The assessment of the potential exposure to Pillar Two income taxes is based on the latest financial information for the year ended 31st December 2023 of the constituent entities in the Group. Based on the assessment, the effective tax rates in most of the jurisdictions in which the Group operates are above 15%. However, there are a limited number of jurisdictions where the effective tax rate is slightly below or close to 15%. The Group does not expect a material exposure to Pillar Two income taxes in those jurisdictions.

Apart from the above, there are no other amendments which are effective in 2023 and relevant to the Group's operations that have a significant impact on the Group's results, financial position and accounting policies.

The Group has not early adopted any standard, interpretation or amendment that has been issued but not yet effective (refer Note 28).

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

The Group's reportable segments are set out in Note 2 and are described on pages 30 to 32.

## 2 Segmental Information

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

| | Investment properties US$m | Development properties US$m | Corporate US$m | Total US$m |
|---|---|---|---|---|
| **2023** | | | | |
| Revenue | **1,082.5** | **761.8** | **–** | **1,844.3** |
| Net operating costs | **(248.8)** | **(707.5)** | **(93.7)** | **(1,050.0)** |
| Share of operating profit of associates and joint ventures | **150.4** | **218.2** | **–** | **368.6** |
| Underlying operating profit | **984.1** | **272.5** | **(93.7)** | **1,162.9** |
| Net financing charges | | | | |
| – subsidiaries | | | | **(184.4)** |
| – share of associates and joint ventures | | | | **(84.1)** |
| | | | | **(268.5)** |
| Tax | | | | |
| – subsidiaries | | | | **(107.2)** |
| – share of associates and joint ventures | | | | **(49.8)** |
| | | | | **(157.0)** |
| Non-controlling interests | | | | |
| – subsidiaries | | | | **(3.2)** |
| Underlying profit attributable to shareholders | | | | **734.2** |
| Non-trading items | | | | |
| – change in fair value of investment properties, net of tax | | | | **(1,333.1)** |
| – gain on disposal of subsidiaries | | | | **16.6** |
| Loss attributable to shareholders | | | | **(582.3)** |

## 2 Segmental Information continued

| | Investment properties US$m | Development properties US$m | Corporate US$m | Total US$m |
|---|---|---|---|---|
| 2022 | | | | |
| Revenue | 1,065.7 | 1,178.7 | – | 2,244.4 |
| Net operating costs | (245.0) | (1,064.6) | (88.8) | (1,398.4) |
| Share of operating profit of associates and joint ventures | 130.7 | 289.5 | – | 420.2 |
| Underlying operating profit | 951.4 | 403.6 | (88.8) | 1,266.2 |
| Net financing charges | | | | |
| – subsidiaries | | | | (168.1) |
| – share of associates and joint ventures | | | | (60.2) |
| | | | | (228.3) |
| Tax | | | | |
| – subsidiaries | | | | (131.7) |
| – share of associates and joint ventures | | | | (128.9) |
| | | | | (260.6) |
| Non-controlling interests | | | | |
| – subsidiaries | | | | 0.6 |
| – share of associates and joint ventures | | | | (1.8) |
| | | | | (1.2) |
| Underlying profit attributable to shareholders | | | | 776.1 |
| Non-trading items | | | | |
| – change in fair value of investment properties, net of tax | | | | (573.4) |
| Profit attributable to shareholders | | | | 202.7 |

| | **Revenue** | | **Underlying operating profit** | | **Underlying profit attributable to shareholders** | |
|---|---|---|---|---|---|---|
| | **2023 US$m** | 2022 US$m | **2023 US$m** | 2022 US$m | **2023 US$m** | 2022 US$m |
| **By geographical location** | | | | | | |
| Hong Kong and Macau | **960.1** | 964.8 | **788.1** | 793.1 | **788.1** | 793.1 |
| Chinese mainland | **806.6** | 1,058.5 | **206.8** | 310.5 | **201.1** | 305.6 |
| South East Asia and others | **77.6** | 221.1 | **261.7** | 251.4 | **260.8** | 250.6 |
| Corporate, net financing charges and tax | **–** | – | **(93.7)** | (88.8) | **(515.8)** | (573.2) |
| | **1,844.3** | 2,244.4 | **1,162.9** | 1,266.2 | **734.2** | 776.1 |

## 2 Segmental Information continued

| | Segment assets | | | | | |
|---|---|---|---|---|---|---|
| | Investment properties US$m | Development properties for sale US$m | Others US$m | Segment liabilities US$m | Unallocated assets and liabilities US$m | Total assets and liabilities US$m |
| **By business** | | | | | | |
| **2023** | | | | | | |
| Investment Properties | **32,566.6** | **–** | **470.4** | **(707.1)** | **–** | **32,329.9** |
| Development Properties | **–** | **9,940.9** | **587.6** | **(2,877.4)** | **–** | **7,651.1** |
| Unallocated assets and liabilities | **–** | **–** | **–** | **–** | **(7,993.7)** | **(7,993.7)** |
| | **32,566.6** | **9,940.9** | **1,058.0** | **(3,584.5)** | **(7,993.7)** | **31,987.3** |
| 2022 | | | | | | |
| Investment Properties | 33,776.0 | – | 444.7 | (712.6) | – | 33,508.1 |
| Development Properties | – | 9,931.9 | 655.7 | (2,768.1) | – | 7,819.5 |
| Unallocated assets and liabilities | – | – | – | – | (8,000.5) | (8,000.5) |
| | 33,776.0 | 9,931.9 | 1,100.4 | (3,480.7) | (8,000.5) | 33,327.1 |
| **By geographical location** | | | | | | |
| **2023** | | | | | | |
| Hong Kong and Macau | **25,520.3** | **210.1** | **159.8** | **(463.6)** | **–** | **25,426.6** |
| Chinese mainland | **2,382.5** | **8,138.6** | **495.3** | **(2,721.4)** | **–** | **8,295.0** |
| South East Asia and others | **4,663.8** | **1,592.2** | **402.9** | **(399.5)** | **–** | **6,259.4** |
| Unallocated assets and liabilities | **–** | **–** | **–** | **–** | **(7,993.7)** | **(7,993.7)** |
| | **32,566.6** | **9,940.9** | **1,058.0** | **(3,584.5)** | **(7,993.7)** | **31,987.3** |
| 2022 | | | | | | |
| Hong Kong and Macau | 26,905.5 | 209.6 | 165.6 | (518.7) | – | 26,762.0 |
| Chinese mainland | 2,299.4 | 8,076.6 | 453.7 | (2,612.0) | – | 8,217.7 |
| South East Asia and others | 4,571.1 | 1,645.7 | 481.1 | (350.0) | – | 6,347.9 |
| Unallocated assets and liabilities | – | – | – | – | (8,000.5) | (8,000.5) |
| | 33,776.0 | 9,931.9 | 1,100.4 | (3,480.7) | (8,000.5) | 33,327.1 |

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

## 3 Revenue

| | 2023 US$m | 2022 US$m |
|---|---|---|
| Rental income | **934.7** | 927.5 |
| Service income and others | | |
| – recognised at a point in time | **33.7** | 28.0 |
| – recognised over time | **175.5** | 162.9 |
| | **209.2** | 190.9 |
| Sales of properties | | |
| – recognised at a point in time | **671.7** | 953.4 |
| – recognised over time | **28.7** | 172.6 |
| | **700.4** | 1,126.0 |
| | **1,844.3** | 2,244.4 |

Total variable rents included in rental income amounted to US$41.0 million (2022: US$30.9 million).

The maturity analysis of lease payments, showing the undiscounted lease payments to be received over the remainder of the contractual lease term after the balance sheet date including the estimated impact on lease payments from contractual rent reviews are as follows:

| | 2023 US$m | 2022 US$m |
|---|---|---|
| Within one year | **768.0** | 774.8 |
| Between one and two years | **584.8** | 638.9 |
| Between two and three years | **440.3** | 473.9 |
| Between three and four years | **315.4** | 361.1 |
| Between four and five years | **176.5** | 273.8 |
| Beyond five years | **321.4** | 383.8 |
| | **2,606.4** | 2,906.3 |

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

**Contract balances**

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

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

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

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

| | 2023 US$m | 2022 US$m |
|---|---|---|
| Contract assets (see Note 12) | **10.4** | 4.8 |
| Contract liabilities (see Note 16) | **(550.2)** | (513.2) |

## 3 Revenue continued

At 31st December 2023, costs to fulfil contracts and costs to obtain contracts amounted to US$4.4 million (2022: US$4.6 million) and US$14.6 million (2022: US$7.0 million), and US$22.4 million (2022: US$130.5 million) and US$0.8 million (2022: US$5.0 million) have been recognised in profit and loss during the year respectively.

**Revenue recognised in relation to contract liabilities**

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

| | 2023 US$m | 2022 US$m |
|---|---|---|
| Properties for sale | **384.0** | 610.6 |

**Revenue expected to be recognised on unsatisfied contracts with customers**

The timing of revenue to be recognised on unsatisfied performance obligations relating to properties for sale at 31st December 2023:

| | 2023 US$m | 2022 US$m |
|---|---|---|
| Within one year | **701.4** | 552.9 |
| Between one and two years | **60.0** | 212.6 |
| | **761.4** | 765.5 |

## 4 Net Operating Costs

| | 2023 US$m | 2022 US$m |
|---|---|---|
| Cost of sales | **(913.6)** | (1,223.7) |
| Other income | **54.3** | 40.8 |
| Administrative expenses | **(221.6)** | (214.0) |
| Loss on disposal of fixed assets | **–** | (2.8) |
| Gain on acquisition of subsidiaries | **31.6** | 1.3 |
| Net gain on disposal of subsidiaries and joint ventures | **15.9** | – |
| | **(1,033.4)** | (1,398.4) |

The following charges are included in net operating costs:

| | 2023 US$m | 2022 US$m |
|---|---|---|
| Cost of properties for sale recognised as expense | **(657.0)** | (965.7) |
| Operating expenses arising from investment properties | **(212.7)** | (212.5) |
| Depreciation of fixed assets | **(13.1)** | (13.1) |
| Depreciation of right-of-use assets | **(3.4)** | (4.4) |
| Employee benefit expense | | |
| – salaries and benefits in kind | **(221.2)** | (197.5) |
| – defined contribution pension plans | **(5.5)** | (5.8) |
| – defined benefit pension plans | **(1.2)** | (1.5) |
| | **(227.9)** | (204.8) |
| Auditors' remuneration | | |
| – audit | **(2.7)** | (2.5) |
| – non-audit services | **(0.5)** | (1.1) |
| | **(3.2)** | (3.6) |

The number of employees at 31st December 2023 was 2,991 (2022: 2,932).

## 5 Net Financing Charges

| | 2023 US$m | 2022 US$m |
|---|---|---|
| Interest expense | | |
| – bank loans and overdrafts | **(109.9)** | (76.4) |
| – other borrowings | **(145.7)** | (142.9) |
| Total interest expense | **(255.6)** | (219.3) |
| Interest capitalised | **12.3** | 3.3 |
| | **(243.3)** | (216.0) |
| Commitment and other fees and exchange differences | **(22.6)** | (18.9) |
| Financing charges | **(265.9)** | (234.9) |
| Financing income | **81.5** | 66.8 |
| | **(184.4)** | (168.1) |

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

## 6 Share of Results of Associates and Joint Ventures

| | 2023 US$m | 2022 US$m |
|---|---|---|
| **By business** | | |
| Investment Properties | **82.5** | 72.3 |
| Development Properties | **152.2** | 157.0 |
| Underlying business performance | **234.7** | 229.3 |
| Non-trading items: | | |
| Change in fair value of investment properties | **18.0** | (24.5) |
| | **252.7** | 204.8 |

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

The Group’s share of revenue of associates and joint ventures was US$1,747.7 million (2022: US$1,502.9 million).

## 7 Tax

Tax charged to profit and loss is analysed as follows:

| | **2023 US$m** | 2022 US$m |
|---|---|---|
| Current tax | **(155.1)** | (128.3) |
| Deferred tax | | |
| – changes in fair value of investment properties | **(15.2)** | 7.9 |
| – other temporary differences | **37.5** | (3.4) |
| | **22.3** | 4.5 |
| | **(132.8)** | (123.8) |

Reconciliation between tax expense and tax at applicable tax rate:

| | **2023 US$m** | 2022 US$m |
|---|---|---|
| Tax at applicable tax rate | **102.4** | (38.9) |
| Change in fair value of investment properties not deductible in determining taxable profit | **(236.8)** | (86.3) |
| Income not subject to tax | **24.4** | 22.7 |
| Expenses not deductible in determining taxable profit | **(25.1)** | (13.0) |
| Withholding tax | **(0.8)** | (3.5) |
| Land appreciation tax in Chinese mainland | **3.1** | (11.4) |
| Tax losses arising in the year not recognised | **(3.8)** | (4.4) |
| Over provision in prior years | **3.6** | 6.4 |
| Others | **0.2** | 4.6 |
| | **(132.8)** | (123.8) |

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

| | **2023 US$m** | 2022 US$m |
|---|---|---|
| Remeasurements of defined benefit plans | **(0.1)** | 0.3 |
| Cash flow hedges | **9.1** | – |
| | **9.0** | 0.3 |

The applicable tax rate for the year of 14.7% (2022: 32.9%) represents the weighted average of the rates of taxation prevailing in the territories in which the Group operates.

Share of tax charge of associates and joint ventures of US$51.7 million (2022: US$127.0 million) is included in share of results of associates and joint ventures.

## 8 Earnings per Share

Earnings per share are calculated on loss attributable to shareholders of US$582.3 million (2022: profit of US$202.7 million) and on the weighted average number of 2,215.1 million (2022: 2,253.7 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:

| | **2023** | | 2022 | |
|---|---|---|---|---|
| | | **Earnings per share** | | Earnings per share |
| | **US$m** | **US¢** | US$m | US¢ |
| Underlying profit attributable to shareholders | **734.2** | **33.15** | 776.1 | 34.44 |
| Non-trading items (see Note 9) | **(1,316.5)** | | (573.4) | |
| (Loss)/profit attributable to shareholders | **(582.3)** | **(26.29)** | 202.7 | 8.99 |

## 9 Non-trading Items

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

| | **2023 US$m** | 2022 US$m |
|---|---|---|
| Change in fair value of investment properties | **(1,323.5)** | (559.3) |
| Tax on change in fair value of investment properties | **(25.6)** | 7.9 |
| Gain on disposal of subsidiaries | **16.6** | – |
| Share of results of associates and joint ventures | | |
| – change in fair value of investment properties | **19.9** | (26.4) |
| – tax on change in fair value of investment properties | **(1.9)** | 1.9 |
| | **18.0** | (24.5) |
| Non-controlling interests | **(2.0)** | 2.5 |
| | **(1,316.5)** | (573.4) |

## 10 Investment Properties

| | Completed commercial properties US$m | Under development commercial properties US$m | Completed residential properties US$m | Total US$m |
|---|---|---|---|---|
| **2023** | | | | |
| At 1st January | **27,760.4** | **43.4** | **250.3** | **28,054.1** |
| Exchange differences | **(68.7)** | **–** | **(1.0)** | **(69.7)** |
| Additions | **49.6** | **–** | **–** | **49.6** |
| Disposal of subsidiaries | **(23.3)** | **–** | **–** | **(23.3)** |
| (Decrease)/increase in fair value | **(1,329.9)** | **1.0** | **5.4** | **(1,323.5)** |
| At 31st December | **26,388.1** | **44.4** | **254.7** | **26,687.2** |
| Freehold properties | | | | **138.5** |
| Leasehold properties | | | | **26,548.7** |
| | | | | **26,687.2** |
| 2022 | | | | |
| At 1st January | 28,282.7 | 41.8 | 275.7 | 28,600.2 |
| Exchange differences | (76.7) | – | (0.6) | (77.3) |
| Additions | 93.3 | – | 2.1 | 95.4 |
| Transfer to fixed assets | – | – | (4.9) | (4.9) |
| (Decrease)/increase in fair value | (538.9) | 1.6 | (22.0) | (559.3) |
| At 31st December | 27,760.4 | 43.4 | 250.3 | 28,054.1 |
| Freehold properties | | | | 138.6 |
| Leasehold properties | | | | 27,915.5 |
| | | | | 28,054.1 |

The Group measures its investment properties at fair value. The fair values of the Group's investment properties at 31st December 2023 and 2022 have been determined on the basis of valuations carried out by independent valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. The Group engaged Jones Lang LaSalle to value its commercial investment properties in Hong Kong, Chinese mainland, Singapore, Vietnam and Cambodia which are either freehold or held under leases with unexpired lease terms of more than 20 years. The valuations, which conform to the International Valuation Standards issued by the International Valuation Standards Council and the HKIS Valuation Standards issued by the Hong Kong Institute of Surveyors, were arrived at by reference to the net income, allowing for reversionary potential, of each property. The Report of the Valuers is set out on page 113. The valuations are comprehensively reviewed by the Group.

At 31st December 2023, investment properties of US$951.8 million (2022: US$935.6 million) were pledged as security for borrowings (see Note 17).

**Fair value measurements of residential properties using no significant unobservable inputs**

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

## 10 Investment Properties continued

**Fair value measurements of commercial properties using significant unobservable inputs**

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

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

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

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

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

| Location of properties | Fair value US$m | Valuation method | Range of significant unobservable inputs: Prevailing market rent per month US$ | Range of significant unobservable inputs: Capitalisation/ discount rate % |
|---|---|---|---|---|
| **2023** | | | | |
| Hong Kong | **24,757.3** | Income capitalisation | 5.9 to 28.2 per square foot | 2.90 to 5.00 |
| Chinese mainland | **951.8** | Income capitalisation | 104.4 per square metre | 3.75 |
| Singapore | **596.8** | Income capitalisation | 7.7 per square foot | 3.35 to 4.80 |
| Cambodia | **82.2** | Discounted cash flow | 21.0 to 30.0 per square metre | 12.50 to 13.50 |
| Total | **26,388.1** | | | |
| 2022 | | | | |
| Hong Kong | 26,130.9 | Income capitalisation | 5.8 to 28.2 per square foot | 2.80 to 5.00 |
| Chinese mainland | 935.6 | Income capitalisation | 106.1 per square metre | 3.75 |
| Singapore | 589.3 | Income capitalisation | 7.4 to 7.7 per square foot | 3.35 to 4.80 |
| Vietnam and Cambodia | 104.6 | Discounted cash flow | 21.0 to 42.8 per square metre | 12.50 to 15.00 |
| Total | 27,760.4 | | | |

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

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

An increase/decrease to prevailing market rent will increase/decrease valuations, while an increase/decrease to capitalisation/ discount rate will decrease/increase valuations. Sensitivity analyses have been performed to assess the impact on the valuations of changes in the two significant unobservable inputs for prevailing market rents and capitalisation rates on the completed commercial properties in Hong Kong, which contributed 93% of the total investment properties balance at 31st December 2023. The impact of any reasonably possible change in the assumptions for other investment properties would not be material. The Group believes this captures the range of variations in these key valuation assumptions. The results are shown in the table below:

| | Change in assumption % | Increase/(decrease) in valuation: Increase in assumption US$m | Increase/(decrease) in valuation: Decrease in assumption US$m |
|---|---|---|---|
| Prevailing market rent per month | 5.0 | 1,158.7 | (1,149.7) |
| Capitalisation rate | 0.1 | (709.8) | 755.4 |

## 11 Associates and Joint Ventures

| | 2023 US$m | 2022 US$m |
|---|---|---|
| Unlisted associates | | |
| – share of attributable net assets | 157.1 | 12.8 |
| – amounts due from associates | 407.1 | 422.8 |
| | 564.2 | 435.6 |
| Unlisted joint ventures | | |
| – share of attributable net assets | 6,857.4 | 6,729.4 |
| – amounts due from joint ventures | 1,862.6 | 2,451.0 |
| | 8,720.0 | 9,180.4 |
| | 9,284.2 | 9,616.0 |
| **By business** | | |
| Investment Properties | 4,590.8 | 4,960.4 |
| Development Properties | 4,693.4 | 4,655.6 |
| | 9,284.2 | 9,616.0 |

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

Amounts due from joint ventures bear interests at rates up to 11% per annum and are repayable within one to twelve years.

Movements of associates and joint ventures during the year:

| | Associates 2023 US$m | Associates 2022 US$m | Joint ventures 2023 US$m | Joint ventures 2022 US$m |
|---|---|---|---|---|
| At 1st January | 435.6 | 536.8 | 9,180.4 | 8,978.5 |
| Exchange differences | 5.9 | 24.4 | 40.5 | 38.5 |
| Share of results after tax and non-controlling interests | 16.2 | 19.6 | 236.5 | 185.2 |
| Share of other comprehensive expense after tax and non-controlling interests | (6.7) | (59.7) | (52.4) | (463.9) |
| Dividends received and receivable | (1.1) | (0.8) | (129.1) | (228.1) |
| Investments in and advances to/(repayments from) associates and joint ventures | 114.3 | (84.7) | (438.4) | 726.5 |
| Disposal | – | – | (15.8) | – |
| Transfer to subsidiaries on acquisition of additional interest | – | – | (101.7) | (56.3) |
| At 31st December | 564.2 | 435.6 | 8,720.0 | 9,180.4 |

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

Nature of investments in material joint ventures in 2023 and 2022:

| Name of entity | Nature of business | Country of incorporation/ principal place of business | % of ownership interest 2023 | % of ownership interest 2022 |
|---|---|---|---|---|
| Shanghai Yibin Property Co. Ltd. | Property investment | Shanghai | 43 | 43 |
| Properties Sub F, Ltd | Property investment | Macau | 49 | 49 |
| BFC Development LLP | Property investment | Singapore | 33 | 33 |
| Central Boulevard Development Pte Ltd | Property investment | Singapore | 33 | 33 |
| One Raffles Quay Pte Ltd | Property investment | Singapore | 33 | 33 |

## 11 Associates and Joint Ventures *continued*

**Summarised financial information for material joint ventures**

Summarised balance sheet at 31st December:

| | Shanghai Yibin Property Co. Ltd. US$m | Properties Sub F, Ltd US$m | BFC Development LLP US$m | Central Boulevard Development Pte Ltd US$m | One Raffles Quay Pte Ltd US$m |
|---|---|---|---|---|---|
| **2023** | | | | | |
| Non-current assets | **3,410.5** | **1,136.8** | **3,883.3** | **2,990.2** | **2,986.9** |
| Current assets | | | | | |
| Cash and cash equivalents | **65.7** | **97.9** | **29.4** | **29.1** | **12.1** |
| Other current assets | **1,304.7** | **43.4** | **3.6** | **2.8** | **1.8** |
| Total current assets | **1,370.4** | **141.3** | **33.0** | **31.9** | **13.9** |
| Non-current liabilities | | | | | |
| Financial liabilities (excluding trade payables) | **(325.4)** | **–** | **(1,302.3)** | **(1,223.0)** | **(801.9)** |
| Other non-current liabilities (including trade payables) | **(30.8)** | **(125.5)** | **–** | **(21.2)** | **(218.0)** |
| Total non-current liabilities | **(356.2)** | **(125.5)** | **(1,302.3)** | **(1,244.2)** | **(1,019.9)** |
| Current liabilities | | | | | |
| Financial liabilities (excluding trade payables) | **–** | **–** | **(0.7)** | **(7.9)** | **(2.2)** |
| Other current liabilities (including trade payables) | **(147.9)** | **(40.9)** | **(77.3)** | **(46.0)** | **(48.5)** |
| Total current liabilities | **(147.9)** | **(40.9)** | **(78.0)** | **(53.9)** | **(50.7)** |
| Net assets | **4,276.8** | **1,111.7** | **2,536.0** | **1,724.0** | **1,930.2** |
| 2022 | | | | | |
| Non-current assets | 3,301.4 | 1,165.6 | 3,752.4 | 2,900.8 | 2,915.6 |
| Current assets | | | | | |
| Cash and cash equivalents | 13.3 | 55.4 | 18.9 | 27.3 | 10.5 |
| Other current assets | 1,239.4 | 45.8 | 4.1 | 3.1 | 3.2 |
| Total current assets | 1,252.7 | 101.2 | 23.0 | 30.4 | 13.7 |
| Non-current liabilities | | | | | |
| Financial liabilities (excluding trade payables) | (97.4) | – | (1,272.2) | (1,181.5) | (764.3) |
| Other non-current liabilities (including trade payables) | (27.7) | (126.8) | – | (20.9) | (214.9) |
| Total non-current liabilities | (125.1) | (126.8) | (1,272.2) | (1,202.4) | (979.2) |
| Current liabilities | | | | | |
| Financial liabilities (excluding trade payables) | – | – | (1.3) | (9.7) | (2.2) |
| Other current liabilities (including trade payables) | (74.0) | (46.1) | (58.4) | (42.7) | (46.9) |
| Total current liabilities | (74.0) | (46.1) | (59.7) | (52.4) | (49.1) |
| Net assets | 4,355.0 | 1,093.9 | 2,443.5 | 1,676.4 | 1,901.0 |

## 11 Associates and Joint Ventures continued

**Summarised financial information for material joint ventures** continued

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

| | Shanghai Yibin Property Co. Ltd. US$m | Properties Sub F, Ltd US$m | BFC Development LLP US$m | Central Boulevard Development Pte Ltd US$m | One Raffles Quay Pte Ltd US$m |
|---|---|---|---|---|---|
| **2023** | | | | | |
| Revenue | **–** | **81.3** | **171.4** | **132.5** | **130.8** |
| Depreciation and amortisation | **–** | **(3.5)** | **–** | **–** | **–** |
| Interest income | **0.7** | **1.4** | **–** | **–** | **–** |
| Interest expense | **–** | **(0.2)** | **(53.8)** | **(43.8)** | **(28.6)** |
| Profit/(loss) from underlying business performance | **(3.0)** | **31.3** | **73.9** | **56.7** | **70.0** |
| Tax | **0.5** | **(3.7)** | **(11.7)** | **(9.6)** | **(11.9)** |
| Profit/(loss) after tax from underlying business performance | **(2.5)** | **27.6** | **62.2** | **47.1** | **58.1** |
| Profit/(loss) after tax from non-trading items | **9.1** | **(7.3)** | **54.4** | **22.1** | **(0.2)** |
| Profit after tax | **6.6** | **20.3** | **116.6** | **69.2** | **57.9** |
| Other comprehensive income/(expense) | **(84.8)** | **(2.5)** | **38.2** | **25.7** | **29.6** |
| Total comprehensive income/(expense) | **(78.2)** | **17.8** | **154.8** | **94.9** | **87.5** |
| Group's share of dividends received and receivable from joint ventures | **–** | **–** | **20.7** | **15.8** | **19.4** |
| 2022 | | | | | |
| Revenue | – | 65.5 | 157.7 | 117.9 | 119.2 |
| Depreciation and amortisation | – | (4.5) | – | – | – |
| Interest income | 0.1 | 0.3 | – | – | – |
| Interest expense | – | (0.1) | (48.1) | (31.1) | (19.0) |
| Profit/(loss) from underlying business performance | (2.7) | 27.3 | 67.1 | 55.8 | 67.2 |
| Tax | 0.7 | (3.2) | (11.5) | (9.4) | (11.4) |
| Profit/(loss) after tax from underlying business performance | (2.0) | 24.1 | 55.6 | 46.4 | 55.8 |
| Profit/(loss) after tax from non-trading items | 7.9 | (29.2) | (0.5) | (0.9) | (1.1) |
| Profit/(loss) after tax | 5.9 | (5.1) | 55.1 | 45.5 | 54.7 |
| Other comprehensive income/(expense) | (393.6) | 0.2 | 12.6 | 43.9 | 28.3 |
| Total comprehensive income/(expense) | (387.7) | (4.9) | 67.7 | 89.4 | 83.0 |
| Group's share of dividends received and receivable from joint ventures | – | – | 16.8 | 15.4 | 18.5 |

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

## 11 Associates and Joint Ventures continued

**Reconciliation of summarised financial information**

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

| | Shanghai Yibin Property Co. Ltd. US$m | Properties Sub F, Ltd US$m | BFC Development LLP US$m | Central Boulevard Development Pte Ltd US$m | One Raffles Quay Pte Ltd US$m |
|---|---|---|---|---|---|
| **2023** | | | | | |
| Net assets | **4,276.8** | **1,111.7** | **2,536.0** | **1,724.0** | **1,930.2** |
| Interest in joint ventures (%) | **43** | **49** | **33** | **33** | **33** |
| Group's share of net assets in joint ventures | **1,839.0** | **544.7** | **845.3** | **574.7** | **643.4** |
| Amounts due from joint ventures | **–** | **–** | **–** | **–** | **38.9** |
| Carrying value | **1,839.0** | **544.7** | **845.3** | **574.7** | **682.3** |
| 2022 | | | | | |
| Net assets | 4,355.0 | 1,093.9 | 2,443.5 | 1,676.4 | 1,901.0 |
| Interest in joint ventures (%) | 43 | 49 | 33 | 33 | 33 |
| Group's share of net assets in joint ventures | 1,872.7 | 536.0 | 814.5 | 558.8 | 633.6 |
| Amounts due from joint ventures | – | – | 424.0 | – | 38.2 |
| Carrying value | 1,872.7 | 536.0 | 1,238.5 | 558.8 | 671.8 |

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

| | **2023** **US$m** | 2022 US$m |
|---|---|---|
| Share of profit | **142.5** | 133.4 |
| Share of other comprehensive income | **(45.8)** | (323.0) |
| Share of total comprehensive income/(expense) | **96.7** | (189.6) |
| Carrying amount of interests in these joint ventures | **4,234.0** | 4,302.6 |

At 31st December 2023, the Group's commitments to provide funding to its joint ventures, if called, amounted to US$744.5 million (2022: US$942.4 million).

There were no contingent liabilities relating to the Group's interests in the joint ventures at 31st December 2023 and 2022.

## 12 Debtors

| | 2023 US$m | 2022 US$m |
|---|---|---|
| Trade debtors | **31.2** | 228.5 |
| Contract assets (see Note 3) | **10.4** | 4.8 |
| Other debtors | | |
| – third parties | **266.1** | 244.9 |
| – associates and joint ventures | **80.6** | 78.0 |
| | **388.3** | 556.2 |
| Non-current | | |
| – other debtors | **14.2** | 16.8 |
| Current | | |
| – trade debtors | **31.2** | 228.5 |
| – contract assets | **10.4** | 4.8 |
| – other debtors | **332.5** | 306.1 |
| | **374.1** | 539.4 |
| | **388.3** | 556.2 |
| **By geographical area of operation** | | |
| Hong Kong and Macau | **123.7** | 124.1 |
| Chinese mainland | **160.1** | 131.5 |
| South East Asia and others | **104.5** | 300.6 |
| | **388.3** | 556.2 |

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

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

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

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

## 12 Debtors continued

The loss allowance as at 31st December:

| | Below 30 days US$m | Between 31 and 60 days US$m | Between 61 and 120 days US$m | More than 120 days US$m | Total US$m |
|---|---|---|---|---|---|
| **2023** | | | | | |
| Expected loss rate (%) | **–** | **–** | **5** | **3** | **1** |
| Gross carrying amount – trade debtors | **22.9** | **2.9** | **2.1** | **3.6** | **31.5** |
| Gross carrying amount – contract assets | **10.4** | **–** | **–** | **–** | **10.4** |
| Loss allowance | **(0.1)** | **–** | **(0.1)** | **(0.1)** | **(0.3)** |
| 2022 | | | | | |
| Expected loss rate (%) | – | 7 | 25 | 30 | 1 |
| Gross carrying amount – trade debtors | 223.2 | 2.9 | 1.2 | 2.7 | 230.0 |
| Gross carrying amount – contract assets | 4.8 | – | – | – | 4.8 |
| Loss allowance | (0.2) | (0.2) | (0.3) | (0.8) | (1.5) |

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

Other debtors are further analysed as follows:

| | **2023 US$m** | 2022 US$m |
|---|---|---|
| Costs to fulfil contracts (see Note 3) | **4.4** | 4.6 |
| Costs to obtain contracts (see Note 3) | **14.6** | 7.0 |
| Prepayments | **109.8** | 116.8 |
| Derivative financial instruments | **4.0** | 5.0 |
| Amounts due from associates and joint ventures | **80.6** | 78.0 |
| Others | **133.3** | 111.5 |
| | **346.7** | 322.9 |

## 13 Deferred Tax Assets and Liabilities

| | Tax losses US$m | Accelerated capital allowances US$m | Revaluation surpluses of investment properties US$m | Other temporary differences US$m | Total US$m |
|---|---|---|---|---|---|
| **2023** | | | | | |
| At 1st January | **42.2** | **(81.3)** | **(30.2)** | **(89.6)** | **(158.9)** |
| Exchange differences | **(0.8)** | **0.2** | **0.5** | **0.9** | **0.8** |
| Credited/(charged) to profit and loss | **13.2** | **(58.3)** | **(15.2)** | **82.6** | **22.3** |
| Credited to other comprehensive income | **–** | **–** | **–** | **9.0** | **9.0** |
| Acquisition of subsidiaries | **–** | **–** | **–** | **(12.9)** | **(12.9)** |
| Disposal of subsidiaries | **–** | **3.9** | **–** | **–** | **3.9** |
| At 31st December | **54.6** | **(135.5)** | **(44.9)** | **(10.0)** | **(135.8)** |
| Deferred tax assets | | | | | **113.3** |
| Deferred tax liabilities | | | | | **(249.1)** |
| | | | | | **(135.8)** |
| 2022 | | | | | |
| At 1st January | 9.5 | (90.5) | (40.6) | (38.6) | (160.2) |
| Exchange differences | (0.5) | – | 2.5 | (0.4) | 1.6 |
| Credited/(charged) to profit and loss | 33.2 | 9.2 | 7.9 | (45.8) | 4.5 |
| Credited to other comprehensive income | – | – | – | 0.3 | 0.3 |
| Acquisition of subsidiaries | – | – | – | (5.1) | (5.1) |
| At 31st December | 42.2 | (81.3) | (30.2) | (89.6) | (158.9) |
| Deferred tax assets | | | | | 98.2 |
| Deferred tax liabilities | | | | | (257.1) |
| | | | | | (158.9) |

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

Deferred tax assets of US$15.8 million (2022: US$28.8 million) arising from unused tax losses of US$72.9 million (2022: US$117.8 million) have not been recognised in the financial statements. Included in the unused tax losses, US$23.1 million (2022: US$11.6 million) have no expiry date and the balance will expire at various dates up to and including 2028.

## 14 Properties for Sale

| | 2023 US$m | 2022 US$m |
|---|---|---|
| Properties under development | **1,464.2** | 2,230.0 |
| Completed properties | **1,543.6** | 729.3 |
| | **3,007.8** | 2,959.3 |
| Provision for impairment | **(81.7)** | (48.6) |
| | **2,926.1** | 2,910.7 |

At 31st December 2023, properties under development which were not scheduled for completion within the next 12 months amounted to US$406.7 million (2022: US$1,477.7 million). Properties for sale of US$848.5 million (2022: US$1,292.9 million) were pledged as security for borrowings (see Note 17).

## 15 Bank Balances

| | 2023 US$m | 2022 US$m |
|---|---|---|
| Deposits with banks and financial institutions | **1,133.4** | 1,090.6 |
| Bank balances | **62.2** | 82.8 |
| | **1,195.6** | 1,173.4 |
| **By currency** | | |
| Chinese renminbi | **497.6** | 418.5 |
| Hong Kong dollar | **78.8** | 44.1 |
| Malaysian ringgit | **22.0** | 25.1 |
| Singapore dollar | **209.7** | 490.3 |
| United States dollar | **385.5** | 191.6 |
| Others | **2.0** | 3.8 |
| | **1,195.6** | 1,173.4 |

The weighted average interest rate on deposits with banks and financial institutions is 4.8% (2022: 3.9%) per annum.

At 31st December 2023, deposits and bank balances amounting to US$82.2 million represent property sale proceeds placed with banks in accordance with the requirements of property development on the Chinese mainland and are restricted for use until certain conditions are fulfilled.

## 16 Creditors

| | 2023 US$m | 2022 US$m |
|---|---|---|
| Trade creditors | **661.0** | 717.3 |
| Other creditors | **219.1** | 157.7 |
| Tenants' deposits | **258.7** | 266.1 |
| Derivative financial instruments | **62.0** | 16.2 |
| Rent received in advance | **17.1** | 13.9 |
| Contract liabilities – properties for sale (see Note 3) | **550.2** | 513.2 |
| Lease liabilities | **6.6** | 7.0 |
| | **1,774.7** | 1,691.4 |
| Non-current | **68.8** | 24.4 |
| Current | **1,705.9** | 1,667.0 |
| | **1,774.7** | 1,691.4 |
| **By geographical area of operation** | | |
| Hong Kong and Macau | **603.5** | 608.5 |
| Chinese mainland | **1,121.0** | 1,021.6 |
| South East Asia and others | **50.2** | 61.3 |
| | **1,774.7** | 1,691.4 |

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

## 17 Borrowings

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | Carrying amount US$m | Fair value US$m | Carrying amount US$m | Fair value US$m |
| Current | | | | |
| Bank overdrafts | **1.2** | **1.2** | 1.9 | 1.9 |
| Bank loans | **74.2** | **74.2** | 87.4 | 87.4 |
| Current portion of long-term borrowings | | | | |
| – bank loans | **306.5** | **306.5** | 150.4 | 150.4 |
| – notes | **399.7** | **400.9** | 179.4 | 177.8 |
| | **781.6** | **782.8** | 419.1 | 417.5 |
| Long-term | | | | |
| Bank loans | **1,909.7** | **1,909.7** | 2,924.9 | 2,924.9 |
| Notes | **3,875.6** | **3,634.0** | 3,646.5 | 3,274.3 |
| | **5,785.3** | **5,543.7** | 6,571.4 | 6,199.2 |
| | **6,566.9** | **6,326.5** | 6,990.5 | 6,616.7 |
| Secured | **942.6** | | 873.2 | |
| Unsecured | **5,624.3** | | 6,117.3 | |
| | **6,566.9** | | 6,990.5 | |

## 17 Borrowings continued

The fair values are based on market prices or are estimated using the expected future payments discounted at market interest rates ranging from 2.8% to 6.0% (2022: 2.4% to 5.1%) per annum. This is in line with the definition of 'observable current market transactions' under the fair value measurement hierarchy. The fair value of current borrowings approximates their carrying amounts, as the impact of discounting is not significant.

Secured borrowings at 31st December 2023 and 2022 were certain subsidiaries' bank borrowings which were secured against their investment properties and properties for sale.

The movements in borrowings are as follow:

| | Bank overdrafts US$m | Long-term borrowings US$m | Short-term borrowings US$m | Total US$m |
|---|---|---|---|---|
| **2023** | | | | |
| At 1st January | **1.9** | **6,571.4** | **417.2** | **6,990.5** |
| Exchange differences | **–** | **(8.6)** | **2.1** | **(6.5)** |
| Transfer | **–** | **(585.7)** | **585.7** | **–** |
| Subsidiaries acquired | **–** | **–** | **25.9** | **25.9** |
| Change in fair value | **–** | **5.2** | **0.1** | **5.3** |
| Change in bank overdrafts | **(0.7)** | **–** | **–** | **(0.7)** |
| Drawdown of borrowings | **–** | **1,775.5** | **346.4** | **2,121.9** |
| Repayment of borrowings | **–** | **(1,972.5)** | **(597.0)** | **(2,569.5)** |
| At 31st December | **1.2** | **5,785.3** | **780.4** | **6,566.9** |
| 2022 | | | | |
| At 1st January | 3.4 | 5,717.9 | 861.9 | 6,583.2 |
| Exchange differences | – | (66.1) | (22.9) | (89.0) |
| Transfer | – | (284.5) | 284.5 | – |
| Subsidiaries acquired | – | 65.8 | 1.4 | 67.2 |
| Change in fair value | – | (11.3) | (3.0) | (14.3) |
| Change in bank overdrafts | (1.5) | – | – | (1.5) |
| Drawdown of borrowings | – | 2,256.4 | 143.2 | 2,399.6 |
| Repayment of borrowings | – | (1,106.8) | (847.9) | (1,954.7) |
| At 31st December | 1.9 | 6,571.4 | 417.2 | 6,990.5 |

## 17 Borrowings continued

The borrowings after currency swaps at 31st December are further summarised as follows:

| | Fixed rate borrowings | | | | |
|---|---|---|---|---|---|
| | Weighted average interest rates % | Weighted average period outstanding Years | US$m | Floating rate borrowings US$m | Total US$m |
| **By currency** | | | | | |
| **2023** | | | | | |
| Hong Kong dollar | **4.2** | **6.2** | **3,664.1** | **885.2** | **4,549.3** |
| Singapore dollar | **3.8** | **15.4** | **224.7** | **–** | **224.7** |
| Chinese renminbi | **3.5** | **3.0** | **186.8** | **1,271.2** | **1,458.0** |
| Thai baht | **3.6** | **–** | **–** | **334.9** | **334.9** |
| | | | **4,075.6** | **2,491.3** | **6,566.9** |
| 2022 | | | | | |
| Hong Kong dollar | 4.2 | 6.4 | 3,410.4 | 1,622.9 | 5,033.3 |
| Singapore dollar | 3.7 | 12.7 | 286.8 | 324.6 | 611.4 |
| Chinese renminbi | 4.3 | – | – | 1,009.1 | 1,009.1 |
| Thai baht | 2.3 | – | – | 336.7 | 336.7 |
| | | | 3,697.2 | 3,293.3 | 6,990.5 |

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

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

| | **2023 US$m** | 2022 US$m |
|---|---|---|
| Floating rate borrowings | **2,491.3** | 3,293.3 |
| Fixed rate borrowings | | |
| – within one year | **200.0** | 246.0 |
| – between one and two years | **641.3** | 199.7 |
| – between two and three years | **225.3** | 642.9 |
| – between three and four years | **185.9** | 38.6 |
| – between four and five years | **182.4** | 186.2 |
| – beyond five years | **2,640.7** | 2,383.8 |
| | **4,075.6** | 3,697.2 |
| | **6,566.9** | 6,990.5 |

## 17 Borrowings *continued*

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

| | | **2023** | | 2022 | |
|---|---|---|---|---|---|
| | **Maturity** | **Current US$m** | **Non-current US$m** | Current US$m | Non-current US$m |
| Medium term notes | | | | | |
| HK$1,100m 10-year notes at 3.95% | 2023 | **–** | **–** | 141.0 | – |
| HK$300m 10-year notes at 3.95% | 2023 | **–** | **–** | 38.4 | – |
| US$400m 10-year notes at 4.625%* | 2024 | **399.7** | **–** | – | 394.9 |
| HK$300m 15-year notes at 4.10% | 2025 | **–** | **38.4** | – | 38.4 |
| US$600m 15-year notes at 4.50%* | 2025 | **–** | **602.9** | – | 604.5 |
| HK$302m 15-year notes at 3.75% | 2026 | **–** | **38.5** | – | 38.6 |
| CNY330m 3-year notes at 3.50%# | 2026 | **–** | **46.4** | – | – |
| CNY1,000m 3-year notes at 3.50%# | 2026 | **–** | **140.4** | – | – |
| HK$785m 15-year notes at 4.00% | 2027 | **–** | **99.9** | – | 100.0 |
| HK$473m 15-year notes at 4.04% | 2027 | **–** | **60.5** | – | 60.6 |
| HK$200m 15-year notes at 3.95% | 2027 | **–** | **25.6** | – | 25.6 |
| HK$300m 15-year notes at 3.15% | 2028 | **–** | **38.1** | – | 38.2 |
| HK$325m 15-year notes at 4.22% | 2028 | **–** | **41.4** | – | 41.5 |
| HK$450m 10-year notes at 3.83% | 2028 | **–** | **57.5** | – | 57.6 |
| HK$355m 10-year notes at 3.75% | 2028 | **–** | **45.3** | – | 45.4 |
| HK$400m 15-year notes at 4.40% | 2029 | **–** | **50.8** | – | 50.9 |
| HK$550m 10-year notes at 2.93% | 2029 | **–** | **70.3** | – | 70.4 |
| US$600m 10-year notes at 2.875%* | 2030 | **–** | **596.2** | – | 595.7 |
| HK$800m 20-year notes at 4.11% | 2030 | **–** | **102.4** | – | 102.6 |
| US$500m 10-year notes at 2.25%* | 2031 | **–** | **496.2** | – | 495.8 |
| HK$375m 10-year notes at 1.957% | 2031 | **–** | **47.9** | – | 48.0 |
| HK$200m 20-year notes at 4.125% | 2031 | **–** | **25.4** | – | 25.4 |
| HK$240m 20-year notes at 4.00% | 2032 | **–** | **30.3** | – | 30.4 |
| HK$863m 12-year notes at 2.83% | 2032 | **–** | **109.6** | – | 109.8 |
| US$400m 10-year notes at 5.25%* | 2033 | **–** | **397.5** | – | – |
| HK$700m 15-year notes at 4.12% | 2033 | **–** | **89.0** | – | 89.2 |
| HK$300m 10-year notes at 4.85% | 2033 | **–** | **38.2** | – | – |
| HK$604m 15-year notes at 3.67% | 2034 | **–** | **77.0** | – | 77.1 |
| HK$400m 15-year notes at 2.72% | 2035 | **–** | **50.8** | – | 50.9 |
| HK$400m 15-year notes at 2.90% | 2035 | **–** | **50.6** | – | 50.7 |
| HK$400m 15-year notes at 2.90% | 2035 | **–** | **50.6** | – | 50.7 |
| HK$800m 15-year notes at 2.65% | 2035 | **–** | **101.3** | – | 101.5 |
| S$150m 20-year notes at 3.95% | 2038 | **–** | **111.9** | – | 109.6 |
| S$150m 20-year notes at 3.45% | 2039 | **–** | **112.8** | – | 110.6 |
| HK$250m 30-year notes at 5.25% | 2040 | **–** | **31.9** | – | 31.9 |
| | | **399.7** | **3,875.6** | 179.4 | 3,646.5 |

* Listed on the Singapore Exchange.
# Chinese yuan (offshore)

## 18 Share Capital

| | Ordinary shares in millions 2023 | 2022 | 2023 US$m | 2022 US$m |
|---|---|---|---|---|
| **Authorised** | | | | |
| Shares of US$0.10 each | **4,000.0** | 4,000.0 | **400.0** | 400.0 |
| **Issued and fully paid** | | | | |
| At 1st January | **2,227.0** | 2,297.5 | **222.7** | 229.8 |
| Repurchased and cancelled | **(20.4)** | (70.5) | **(2.0)** | (7.1) |
| At 31st December | **2,206.6** | 2,227.0 | **220.7** | 222.7 |

During the year, the Company repurchased 20.4 million (2022: 70.5 million) ordinary shares from the stock market at a cost of US$83.2 million (2022: US$350.7 million), which resulted in a charge of US$2.0 million (2022: US$7.1 million) to share capital, nil (2022: US$67.4 million) to share premium, and US$81.2 million (2022: US$276.2 million) to revenue reserve.

## 19 Dividends

| | 2023 US$m | 2022 US$m |
|---|---|---|
| Final dividend in respect of 2022 of US¢16.00 (2021: US¢16.00) per share | **355.9** | 364.5 |
| Interim dividend in respect of 2023 of US¢6.00 (2022: US¢6.00) per share | **132.8** | 134.3 |
| | **488.7** | 498.8 |

A final dividend in respect of 2023 of US¢16.00 (2022: US¢16.00) per share amounting to a total of US$353.1 million (2022: US$356.3 million) is proposed by the Board. The dividend proposed will not be accounted for until it has been approved at the 2024 Annual General Meeting. The amount will be accounted for as an appropriation of revenue reserves in the year ending 31st December 2024.

## 20 Notes to Consolidated Cash Flow Statement

a) Repayments from/(investments in and advances to) associates and joint ventures
The comparative figures have been restated to conform with the current period presentation, which is now presented on a gross basis for investments in and advances to/repayments from associates and joint ventures. Set out below is an analysis by reportable segment on a net basis:

| | 2023 US$m | 2022 US$m |
|---|---|---|
| **By business** | | |
| Investment Properties | **429.1** | (44.2) |
| Development Properties | **(81.5)** | (573.4) |
| | **347.6** | (617.6) |
| **By geographical location** | | |
| Chinese mainland | **135.2** | (508.6) |
| South East Asia and others | **212.4** | (109.0) |
| | **347.6** | (617.6) |

## 20 Notes to Consolidated Cash Flow Statement continued

b) Cash and cash equivalents

| | 2023 US$m | 2022 US$m |
|---|---|---|
| Bank balances* (see Note 15) | **1,113.4** | 1,173.4 |
| Bank overdrafts (see Note 17) | **(1.2)** | (1.9) |
| | **1,112.2** | 1,171.5 |

* Excluding deposits and bank balances of US$82.2 million not available for use within three months from 31st December 2023 (2022: Nil).

## 21 Derivative Financial Instruments

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

| | **2023** | | 2022 | |
|---|---|---|---|---|
| | **Positive fair value US$m** | **Negative fair value US$m** | Positive fair value US$m | Negative fair value US$m |
| Designated as cash flow hedges | | | | |
| – interest rate swaps | **–** | **–** | 0.5 | – |
| – cross currency swaps | **2.7** | **62.0** | 4.5 | 12.8 |
| Designated as fair value hedges | | | | |
| – cross currency swaps | **1.3** | **–** | – | 3.4 |

**Interest rate swaps**

The Group has no interest rate swap contracts outstanding at 31st December 2023. The notional principal amounts of the outstanding interest rate swap contracts designated as cash flow hedges at 31st December 2022 was US$66.9 million. The fair values of interest rate swaps at 31st December 2022 were based on the estimated cash flows discounted at market rates ranging from 2.5% to 3.7% per annum.

**Cross currency swaps**

The contract amounts of the outstanding cross currency swap contracts at 31st December 2023 were US$2,500.0 million (2022: US$2,100.0 million).

## 22 Capital Commitments

| | 2023 US$m | 2022 US$m |
|---|---|---|
| Authorised not contracted | **2.7** | 1.1 |
| Contracted not provided | | |
| – contributions to joint ventures | **744.5** | 942.4 |
| – others | **66.6** | 73.4 |
| | **811.1** | 1,015.8 |
| | **813.8** | 1,016.9 |

## 23 Contingent Liabilities

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

## 24 Related Party Transactions

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

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

**Management fee**
The management fee payable by the Group, under an agreement entered into in 1995, to Jardine Matheson Limited ('JML') in 2023 was US$3.7 million (2022: US$3.8 million), being 0.5% per annum of the Group's underlying profit in consideration for management consultancy services provided by JML, a wholly-owned subsidiary of JMH.

**Property and other services**
The Group rented properties to Jardine Matheson group members. Gross rents on such properties in 2023 amounted to US$19.8 million (2022: US$16.9 million).

The Group provided project management services and property management services to Jardine Matheson group members in 2023 amounting to US$3.9 million (2022: US$:4.7 million).

Jardine Matheson group members provided property maintenance and other services to the Group in 2023 in aggregate amounting to US$58.8 million (2022: US$65.3 million).

**Hotel management services**
Jardine Matheson group members provided hotel management services to the Group in 2023 amounting to US$3.6 million (2022: US$2.2 million).

**Outstanding balances with associates and joint ventures**
Amounts of outstanding balances with associates and joint ventures are included in associates and joint ventures and debtors as appropriate (see Notes 11 and 12).

**Directors' emoluments**
Details of Directors' emoluments (being the key management personnel compensation) are shown on page 100 under the heading of 'Remuneration Outcomes in 2023'.

## 25 Summarised Balance Sheet of the Company

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

| | 2023 US$m | 2022 US$m |
|---|---|---|
| **Net operating assets** | | |
| Investments at cost | | |
| Unlisted shares in subsidiaries | **4,481.7** | 4,481.7 |
| Amounts due from subsidiaries | **2,615.6** | 2,462.2 |
| | **7,097.3** | 6,943.9 |
| Creditors and other accruals | **(32.5)** | (31.1) |
| | **7,064.8** | 6,912.8 |
| **Total equity** | | |
| Share capital (see Note 18) | **220.7** | 222.7 |
| Revenue and other reserves | | |
| Contributed surplus | **1,892.1** | 1,973.3 |
| Revenue reserves | **4,952.0** | 4,716.8 |
| | **6,844.1** | 6,690.1 |
| Shareholders' funds | **7,064.8** | 6,912.8 |

Subsidiaries are shown at cost less amounts provided.

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

## 26 Principal Subsidiaries, Associates and Joint Ventures

The principal subsidiaries, associates and joint ventures of the Group at 31st December 2023 are set out below.

| | Attributable interest 2023 % | Attributable interest 2022 % | Issued share capital | | Main activities | Place of incorporation |
|---|---|---|---|---|---|---|
| **Subsidiaries** | | | | | | |
| Hongkong Land China Holdings Limited* | **100** | 100 | USD | 200,000,000 | Investment holding | Bermuda |
| Hongkong Land International Holdings Ltd* | **100** | 100 | USD | 200,000,000 | Investment holding | Bermuda |
| Hongkong Land Limited* | **100** | 100 | USD | 12,000 | Group management | Bermuda |
| Blossom Noble (HK) Limited | **100** | 100 | HKD | 156,000,001 | Property investment | Hong Kong |
| Grateful Point (HK) Limited | **100** | 100 | HKD | 171,000,001 | Property investment | Hong Kong |
| The Hongkong Land Company, Limited | **100** | 100 | HKD | 2,147,317,117 | Investment holding | Hong Kong |
| The Hongkong Land Property Company, Limited | **100** | 100 | HKD | 200 | Property investment | Hong Kong |
| HKL (Alexandra House) Limited | **100** | – | HKD | 12,348,000,001 | Property investment | Hong Kong |
| HKL (Chater House) Limited | **100** | 100 | HKD | 1,500,000 | Property investment | Hong Kong |
| HKL (Jardine House) Limited | **100** | 100 | HKD | 21,401,000,001 | Property investment | Hong Kong |
| HKL (Landmark Hotel) Limited | **100** | 100 | HKD | 2 | Hotel investment | Hong Kong |
| HKL (One EXSQ) Limited | **100** | 100 | HKD | 24,035,000,001 | Property investment | Hong Kong |
| HKL (Podium) Limited | **100** | 100 | HKD | 826,000,001 | Property investment | Hong Kong |
| HKL (Prince's Building) Limited | **100** | 100 | HKD | 200 | Property investment | Hong Kong |
| HKL (The Forum) Limited | **100** | 100 | HKD | 2,543,592,818 | Property investment | Hong Kong |
| HKL (Three EXSQ) Limited | **100** | 100 | HKD | 16,502,250,316 | Property investment | Hong Kong |
| HKL (Two EXSQ) Limited | **100** | 100 | HKD | 21,570,000,001 | Property investment | Hong Kong |
| Hongkong Land (HK) Investments Limited | **100** | 100 | HKD | 4,033,804,249 | Investment holding | Hong Kong |
| Hongkong Land (West Bund) Development Limited | **100** | 100 | HKD | 11,216,548,649 | Investment holding | Hong Kong |
| Violet Castle (HK) Limited | **100** | 100 | HKD | 55,200,001 | Property investment | Hong Kong |
| Chengdu Premium Property Development Company Limited | **100** | 100 | USD | 699,980,000 | Property development | Chinese mainland |
| Hongkong Land (Chengdu) Ruilong Development Co. Ltd. | **100** | 100 | RMB | 500,000,000 | Property development | Chinese mainland |
| Hongkong Land (Chengdu) Xinchang Development Co. Ltd. | **100** | 100 | RMB | 650,000,000 | Property development | Chinese mainland |
| Hongkong Land (Chongqing) Development Co Ltd | **100** | 100 | RMB | 5,669,110,000 | Property development | Chinese mainland |

* Owned directly

## 26 Principal Subsidiaries, Associates and Joint Ventures continued

| | Attributable interest 2023 % | Attributable interest 2022 % | Issued share capital | | Main activities | Place of incorporation |
|---|---|---|---|---|---|---|
| **Subsidiaries** continued | | | | | | |
| Hongkong Land (Chongqing) Investment and Holding Co Ltd | **100** | 100 | USD | 2,200,000,000 | Investment holding | Chinese mainland |
| Hongkong Land (Chongqing) Xinchen Development Co Ltd | **100** | 100 | RMB | 900,000,000 | Property development | Chinese mainland |
| Hongkong Land (Chongqing North) Development Co Ltd | **100** | 100 | HKD | 3,980,000,000 | Property development | Chinese mainland |
| Hongkong Land (Chongqing North) Management Co. Ltd. | **100** | 100 | RMB | 124,830,400 | Property management | Chinese mainland |
| Hongkong Land (Chongqing) Xingmao Development Co. Ltd. | **100** | 100 | RMB | 1,610,000,000 | Property development | Chinese mainland |
| Hongkong Land (Chongqing) Xingyi Development Co Ltd | **100** | 100 | RMB | 480,000,000 | Property development | Chinese mainland |
| Hongkong Land (Hangzhou) Heyue Investment and Development Co Ltd | **100** | 100 | RMB | 706,000,000 | Property development | Chinese mainland |
| Hongkong Land (Nanjing) Xuanzhi Development Co. Ltd. | **100** | 100 | RMB | 479,222,000 | Property development | Chinese mainland |
| Hongkong Land (Shanghai) Asset Management Co. Ltd. | **100** | 100 | RMB | 50,000,000 | Investment holding | Chinese mainland |
| Hongkong Land (Shanghai) Zhibin Management Co. Ltd. | **100** | 100 | RMB | 10,000,000 | Investment holding | Chinese mainland |
| Hongkong Land (Wuhan) Xinghui Development Co. Ltd. | **100** | 100 | RMB | 1,500,000,000 | Property development | Chinese mainland |
| Wangfu Central Real Estate Development Company Limited | **84** | 84 | RMB | 3,500,000,000 | Property investment | Chinese mainland |
| Wuhan Dream Land Investment and Development Co. Ltd. | **100** | 50 | RMB | 1,200,000,000 | Property development | Chinese mainland |
| HKL (Esplanade) Pte Limited | **100** | 100 | SGD | 150,000,000 | Property investment | Singapore |
| HKL Treasury (Singapore) Pte. Ltd. | **100** | 100 | SGD<br>SGD | 2<br>66,555,263# | Finance | Singapore |
| Hongkong Land (Singapore) Pte. Ltd. | **100** | 100 | SGD<br>SGD | 100,000<br>519,525,895# | Project management | Singapore |
| The Hongkong Land Treasury Services (Singapore) Pte. Ltd. | **100** | 100 | SGD | 2 | Finance | Singapore |
| MCL Land Limited | **100** | 100 | SGD | 511,736,041 | Investment holding | Singapore |
| Hongkong Land (Premium Developments) Limited | **100** | 100 | Riels | 61,400,000,000 | Property investment | Cambodia |

# Preference shares

## 26 Principal Subsidiaries, Associates and Joint Ventures continued

| | Attributable interest 2023 % | 2022 % | Issued share capital | | Main activities | Place of incorporation |
|---|---|---|---|---|---|---|
| **Subsidiaries** continued | | | | | | |
| MCL Land (Century Gardens) Sdn. Bhd. | **100** | 100 | MYR | 29,117,145 | Investment holding | Malaysia |
| MCL Land (Malaysia) Sdn. Bhd. | **100** | 100 | MYR<br>MYR | 1,000,000<br>3,010,000# | Property development | Malaysia |
| MCL Land (Pantai View) Sdn. Bhd. | **100** | 100 | MYR<br>MYR | 2,000,000<br>27,000,000# | Property investment | Malaysia |
| MCL Land (Quinn) Sdn. Bhd. | **100** | 100 | MYR | 2,764,210 | Property development | Malaysia |
| HKL (Thai Developments) Limited | **100** | 100 | Baht | 2,592,000,000 | Investment holding | Thailand |
| HKL (Treasury Services) Limited | **100** | 100 | USD | 1 | Finance | British Virgin Islands |
| The Hongkong Land Notes Company Limited | **100** | 100 | USD | 2 | Intra-group financing | British Virgin Islands |
| The Hongkong Land Finance (Cayman Islands) Company Limited | **100** | 100 | USD | 2 | Intra-group financing | Cayman Islands |
| **Associates and joint ventures** | | | | | | |
| Normelle Estates Limited | **50** | 50 | HKD | 10,000 | Property investment | Hong Kong |
| Properties Sub F, Limited | **49** | 49 | MOP | 1,000,000 | Property investment | Macau |
| Beijing Landmark Trinity Real Estate Development Co Ltd | **30** | 30 | RMB | 2,800,000,000 | Property development | Chinese mainland |
| Beijing Shouyi Kexin Property Co. Ltd. | **20** | – | RMB | 5,500,000,000 | Property development | Chinese mainland |
| Chengdu Ruipeng Property Co. Ltd. | **50** | 50 | RMB | 980,000,000 | Property development | Chinese mainland |
| Chongqing Central Park Co Ltd | **50** | 50 | HKD | 4,640,000,000 | Property development | Chinese mainland |
| Chongqing Lijia Development Co Ltd | **50** | 50 | RMB | 533,596,100 | Property development | Chinese mainland |
| Chongqing Runyi Fenghe Property Development Co. Ltd. | **40** | – | RMB | 2,120,000,000 | Property development | Chinese mainland |
| Chongqing Shunyun Development Co. Ltd. | **50** | 50 | RMB | 3,100,000,000 | Property development | Chinese mainland |
| Chongqing Yirun Huacheng Development Co. Ltd. | **50** | 50 | RMB | 1,070,000,000 | Property development | Chinese mainland |
| China West Premier Housing Development Co Ltd | **50** | 50 | USD | 569,960,000 | Property development | Chinese mainland |
| Hangzhou Kesheng Property Development Co Ltd | **30** | 30 | RMB | 100,000,000 | Property development | Chinese mainland |
| Hangzhou Keyi Property Development Co Ltd | **30** | 30 | RMB | 150,000,000 | Property development | Chinese mainland |
| Hongkong Land (Chengdu) Xingyi Development Co. Ltd. | **33** | 33 | RMB | 50,000,000 | Property development | Chinese mainland |
| Hongkong Land (Wuhan) Xingyao Development Co. Ltd. | **50** | 50 | RMB | 430,000,000 | Property development | Chinese mainland |

# Preference shares

## 26 Principal Subsidiaries, Associates and Joint Ventures continued

| | Attributable interest 2023 % | 2022 % | Issued share capital | | Main activities | Place of incorporation |
|---|---|---|---|---|---|---|
| **Associates and joint ventures** continued | | | | | | |
| Hongkong Land Longfor (Chongqing) Hongmao Development Co Ltd | **50** | 50 | RMB | 100,000,000 | Property development | Chinese mainland |
| Longfor Hongkong Land (Chongqing) Development Co Ltd | **50** | 50 | RMB | 10,000,000 | Property development | Chinese mainland |
| Longfor Hongkong Land (Chongqing) Real Estate Management Co Ltd | **50** | 50 | RMB | 155,000,000 | Property management | Chinese mainland |
| Nanjing Shengxiangyuan Property Development Co Ltd | **48** | 33 | RMB | 4,227,500,000 | Property development | Chinese mainland |
| Nanjing Xinyeezhi Property Development Co Ltd | **50** | 50 | USD | 750,000,000 | Property development | Chinese mainland |
| Nanjing Yeezhi Jiangbei Property Development Co Ltd | **50** | 50 | RMB | 100,000,000 | Property development | Chinese mainland |
| Shanghai Puchen Property Co. Ltd. | **43** | 43 | RMB | 850,000,000 | Property development | Chinese mainland |
| Shanghai Xinqiaogao Development Co Ltd | **27** | 27 | RMB | 4,000,000,000 | Property development | Chinese mainland |
| Shanghai Xujing Property Co Ltd | **50** | 50 | RMB | 4,200,000,000 | Property development | Chinese mainland |
| Shanghai Yibin Property Co. Ltd. | **43** | 43 | RMB | 30,200,000,000 | Property investment | Chinese mainland |
| Shanghai Yihui Development Co Ltd | **50** | 50 | RMB | 830,000,000 | Property development | Chinese mainland |
| Shanghai Zhibin Huizhao Property Co. Ltd. | **34** | 34 | RMB | 1,600,000,000 | Property development | Chinese mainland |
| Suzhou Rongzhi Property Development Co. Ltd. | **40** | 40 | RMB | 400,000,000 | Property investment | Chinese mainland |
| Suzhou Yuanzhi Property Development Co. Ltd. | **53** | 53 | RMB | 1,200,000,000 | Property investment | Chinese mainland |
| Wuhan Yeezhi Minghong Development Co. Ltd. | **66** | 66 | RMB | 600,000,000 | Property development | Chinese mainland |
| Yeezhi Yuexiang (Chongqing) Development Co Ltd | **50** | 50 | RMB | 17,736,869 | Property development | Chinese mainland |
| Asia Radiant Pte. Ltd. | **50** | 50 | SGD | 4,000,000 | Property development | Singapore |
| BFC Development LLP | **33** | 33 | SGD | N/A | Property investment | Singapore |
| Central Boulevard Development Pte Ltd | **33** | 33 | SGD | 6 | Property investment | Singapore |
| HC Land (Clementi) Pte. Ltd. | **51** | – | SGD | 100 | Property development | Singapore |
| Golden Ray Edge 3 Pte. Ltd. | **50** | – | SGD | 2 | Property development | Singapore |
| Maximus Commercial SG Pte. Ltd. | **50** | 50 | SGD | 4,000,000 | Property development | Singapore |
| Maximus Residential SG Pte. Ltd. | **50** | 50 | SGD | 4,000,000 | Property development | Singapore |
| One Raffles Quay Pte Ltd | **33** | 33 | SGD | 6 | Property investment | Singapore |

## 26 Principal Subsidiaries, Associates and Joint Ventures continued

| | Attributable interest 2023 % | Attributable interest 2022 % | Issued share capital | | Main activities | Place of incorporation |
|---|---|---|---|---|---|---|
| **Associates and joint ventures** continued | | | | | | |
| Taurus Properties SG Pte. Ltd. | **50** | 50 | SGD | 4,000,000 | Property development | Singapore |
| Tembusu Residential Pte. Ltd. | **49** | 49 | SGD | 4,000,100 | Property development | Singapore |
| PT Asya Mandira Land | **50** | 50 | IDR | 3,870,000,000,000 | Property development | Indonesia |
| PT Award Global Infinity | **50** | 50 | IDR | 400,982,000,000 | Property development | Indonesia |
| PT Brahmayasa Bahtera | **40** | 40 | IDR | 166,000,000,000 | Property development | Indonesia |
| PT Bhumi Prama Arjasa | **49** | – | IDR | 258,216,250,000 | Hotelier | Indonesia |
| PT Bumi Parama Wisesa | **49** | 49 | IDR | 1,150,000,000,000 | Property development | Indonesia |
| PT Jakarta Land | **50** | 50 | IDR | 3,320,000,000 | Property investment | Indonesia |
| PT Lazuli Karya Sarana | **50** | 50 | IDR | 1,510,000,000,000 | Property development | Indonesia |
| PT Ruby Karya Sejahtera | **38** | – | IDR | 2,485,000,000,000 | Property development | Indonesia |
| Sunrise MCL Land Sdn Bhd | **50** | 50 | MYR | 2,000,000 | Property development | Malaysia |
| Roxas Land Corporation | **40** | 40 | Peso | 3,133,000,000 | Property development | The Philippines |
| Central and Hongkong Land Company Limited | **49** | 49 | THB | 4,836,750,000 | Property development | Thailand |
| CPN and HKL Company Limited | **49** | 49 | THB | 4,000,000 | Property development | Thailand |
| Gaysorn Land Co Ltd | **49** | 49 | THB | 61,250,000 | Property investment | Thailand |
| PFHKL 1 Co., Ltd. | **49** | 49 | THB | 5,000,000 | Property development | Thailand |
| PFHKL 2 Co., Ltd. | **49** | 49 | THB | 5,000,000 | Property development | Thailand |
| PFHKL 3 Co., Ltd. | **49** | 49 | THB | 5,000,000 | Property development | Thailand |
| PFHKL 4 Co., Ltd. | **49** | 49 | THB | 5,000,000 | Property development | Thailand |
| PFHKL 6 Co., Ltd. | **49** | 49 | THB | 5,000,000 | Property development | Thailand |
| Jardine Gibbons Properties Limited | **40** | 40 | BD | 600,000 'A'<br>400,000 'B' | Property investment | Bermuda |

## 27 Material Accounting Policies

### Basis of consolidation

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

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

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

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

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

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

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

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

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

### Foreign currencies

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

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

Exchange differences arising from the retranslation of the net investment in foreign subsidiaries, associates and joint ventures, and of financial instruments which are designated as hedges of such investments, are recognised in other comprehensive income and accumulated in equity under exchange reserves. On the disposal of these investments, such exchange differences are recognised in profit and loss. All other exchange differences are recognised in profit and loss.

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

## 27 Material Accounting Policies continued

### Impairment of non-financial assets

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

### Goodwill

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

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

### Fixed assets and depreciation

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

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

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

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

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

## 27 Material Accounting Policies continued

### Leases

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

#### i) As a lessee

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

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

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

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

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

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

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

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

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

## 27 Material Accounting Policies continued

### Leases continued

ii) As a lessor

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

### Investment properties

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

Owner-occupied portions of multi-purpose properties are accounted for as tangible fixed assets unless the portion is considered insignificant, in which case this portion is treated as part of investment properties.

### Properties for sale

Properties for sale, which comprise land and buildings held for resale, are stated at the lower of cost and net realisable value. The cost of properties for sale comprises land cost, construction and other development costs, and borrowing costs. A portion of the properties for sale is leased out prior to sales to enhance shareholder profitability. These leased properties are classified and accounted for as properties held for sale.

### Debtors

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

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

### Cash and cash bank balances

Cash and deposits with banks, which are restricted in use (‘Restricted cash and bank balances'), are classified as cash and bank balances. If such balances are restricted in use for a period exceeding one year, they are classified as part of other debtors.

For the purposes of the cash flow statement, cash and cash equivalents comprise deposits with banks and financial institutions, bank and cash balances, and other liquid investments, net of bank overdrafts. In the balance sheet, bank overdrafts are included in current borrowings. Restricted cash and bank balances that are not available for use within three months from the balance sheet date are excluded from cash and cash equivalents.

## 27 Material Accounting Policies continued

### Provisions

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

### Borrowings and borrowing costs

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

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

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

### Current and deferred tax

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

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

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

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

### Pension obligations

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

Pension accounting costs for defined benefit plans are assessed using the projected unit credit method. Under this method, the costs of providing pensions are charged to profit and loss spreading the regular cost over the service lives of employees in accordance with the advice of qualified actuaries, who carry out a full valuation of major plans every year. Plan assets are measured at fair value.

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

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

## 27 Material Accounting Policies continued

### Derivative financial instruments

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

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

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

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

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

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

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

### Offsetting financial instruments

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

## 27 Material Accounting Policies continued

### Non-trading items

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

### Earnings per share

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

### Dividends

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

### Revenue recognition

i) Properties for sale

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

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

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

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

ii) Investment properties

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

iii) Service income and others

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

## 28 Standards and Amendments Issued but Not Yet Effective

A number of new standard and amendments effective for accounting periods beginning after 2023 have been published and will be adopted by the Group from their effective dates. The Group is currently assessing the potential impact of these standard and amendments but expects their adoption will not have a significant impact on the Group's consolidated financial statements.

## 29 Financial Risk Management

### Financial risk factors

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

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

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

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

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

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

Hedge ineffectiveness for interest rate swaps is assessed using the same principles as for hedges of foreign currency purchases. It may occur due to:

i) The credit value/debit value adjustment on the interest rate swaps which is not matched by the loan; and

ii) Differences in critical terms between the interest rate swaps and loans.

The ineffectiveness during 2023 and 2022 in relation to interest rate swaps was not material.

## 29 Financial Risk Management continued

### Financial risk factors continued

i) Market risk

*Foreign exchange risk*

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

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

Currency risks as defined by IFRS 7 arise on account of monetary assets and liabilities being denominated in a currency that is not the functional currency. At 31st December 2023, there are no significant monetary balances held by group companies that are denominated in a non-functional currency other than the cross-currency swap contracts with contract amounts of US$2,500 million (2022: US$2,100 million). Differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration.

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

*Interest rate risk*

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed partly by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities, and partly through fixed rate borrowings and the use of derivative financial instruments such as interest rate swaps. The Group monitors interest rate exposure on a monthly basis by currency and business unit, taking into consideration proposed financing and hedging arrangements. The Group's guideline is to maintain 40% to 60% of its gross borrowings in fixed rate instruments. At 31st December 2023, the Group's interest rate hedge was 62% (2022: 53%) with an average tenor of seven years (2022: seven years). The interest rate profile of the Group's borrowings after taking into account hedging transactions are set out in Note 17.

Cash flow interest rate risk is the risk that changes in market interest rates will impact cash flows arising from variable rate financial instruments. Borrowings at floating rates therefore expose the Group to cash flow interest rate risk. The Group manages this risk by using forward rate agreements to a maturity of one year, and by entering into interest rate swaps for a maturity of up to five years. Forward rate agreements and interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Details of interest rate swaps and cross-currency swaps are set out in Note 21.

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

## 29 Financial Risk Management continued

### Financial risk factors continued

#### i) Market risk continued

*Interest rate risk* continued

At 31st December 2023, if interest rates had been 100 basis points higher/lower with all other variables held constant, the Group's profit after tax would have been US$2 million (2022: US$8 million) lower/higher, and hedging reserve would have been US$104 million (2022: US$78 million) higher/lower, as a result of fair value changes to cash flow hedges. The sensitivity analysis has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in those interest rates which have the most impact on the Group, specifically the United States, Hong Kong, Chinese mainland and Singapore rates, over the period until the next annual balance sheet date. In the case of effective fair value hedges, changes in fair value of the hedged item caused by interest rate movements balance out in profit and loss account against changes in the fair value of the hedging instruments. Changes in market interest rates affect the interest income or expense of non-derivative variable-interest financial instruments, the interest payments of which are not designated as hedged items of cash flow hedges against interest rate risks. As a consequence, they are included in the calculation of profit after tax sensitivities. Changes in the market interest rate of financial instruments that were designated as hedging instruments in a cash flow hedge to hedge payment fluctuations resulting from interest rate movements affect the hedging reserves and are therefore taken into consideration in the equity-related sensitivity calculations.

#### ii) Credit risk

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

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

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

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

## 29 Financial Risk Management continued

### Financial risk factors continued

iii) Liquidity risk

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

At 31st December 2023, total committed and uncommitted borrowing facilities amounted to US$9,672 million (2022: US$9,168 million) of which US$6,567 million (2022: US$6,990 million) was drawn down. Undrawn committed facilities, in the form of revolving credit and term loan facilities, totalled US$2,895 million (2022: US$2,028 million). Undrawn uncommitted facilities in the form of revolving credit loan facilities, amounted to US$210 million (2022: US$150 million).

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

| | Within one year US$m | Between one and two years US$m | Between two and three years US$m | Between three and four years US$m | Between four and five years US$m | Beyond five years US$m | Total undiscounted cash flows US$m |
|---|---|---|---|---|---|---|---|
| **2023** | | | | | | | |
| Borrowings | **1,012.6** | **1,666.9** | **651.6** | **372.1** | **359.0** | **3,805.6** | **7,867.8** |
| Creditors | **966.2** | **62.1** | **33.4** | **22.3** | **15.7** | **45.7** | **1,145.4** |
| Gross settled derivative financial instruments | | | | | | | |
| – inflow | **477.3** | **670.4** | **49.5** | **49.5** | **49.5** | **1,648.2** | **2,944.4** |
| – outflow | **(472.4)** | **(665.1)** | **(49.8)** | **(49.8)** | **(49.8)** | **(1,638.7)** | **(2,925.6)** |
| 2022 | | | | | | | |
| Borrowings | 698.0 | 914.5 | 2,139.5 | 960.7 | 345.3 | 3,286.8 | 8,344.8 |
| Creditors | 954.8 | 66.4 | 40.2 | 15.6 | 20.7 | 50.4 | 1,148.1 |
| Gross settled derivative financial instruments | | | | | | | |
| – inflow | 74.0 | 456.3 | 650.3 | 28.5 | 28.5 | 1,184.6 | 2,422.2 |
| – outflow | (77.0) | (453.3) | (646.6) | (29.9) | (29.9) | (1,179.7) | (2,416.4) |

## 29 Financial Risk Management continued

### Capital management

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

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

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

The ratios at 31st December 2023 and 2022 are as follows:

| | **2023** | 2022 |
|---|---|---|
| Gearing ratio (%) | **17** | 17 |
| Interest cover (times) | **4.3** | 5.5 |

### Fair value estimation

i) Financial instruments that are measured at fair value in the balance sheet based on 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 are calculated by reference to market interest rates.

| | **Observable current market transactions** | |
|---|---|---|
| | **2023 US$m** | 2022 US$m |
| Assets | | |
| Derivative designated at fair value | | |
| – through other comprehensive income | **2.7** | 5.0 |
| – through profit and loss | **1.3** | – |
| | **4.0** | 5.0 |
| Liabilities | | |
| Derivative designated at fair value | | |
| – through other comprehensive income | **(62.0)** | (12.8) |
| – through profit and loss | **–** | (3.4) |
| | **(62.0)** | (16.2) |

There were no changes in valuation techniques during the year.

## 29 Financial Risk Management continued

### Fair value estimation continued

ii) Financial instruments that are not measured at fair value

The fair values of current debtors, bank balances, current creditors, current borrowings and current lease liabilities 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. The fair values of non-current lease liabilities are estimated using the expected future payments discounted at market interest rates.

**Financial instruments by category**

The fair values of financial assets and financial liabilities, together with carrying amounts at 31st December 2023 and 2022 are as follows:

| | Fair value of hedging instruments US$m | Financial assets at amortised costs US$m | Other financial liabilities US$m | Total carrying amount US$m | Fair value US$m |
|---|---|---|---|---|---|
| **2023** | | | | | |
| Financial assets measured at fair value | | | | | |
| Derivative financial instruments | **4.0** | **–** | **–** | **4.0** | **4.0** |
| Financial assets not measured at fair value | | | | | |
| Amounts due from associates and joint ventures | **–** | **2,269.7** | **–** | **2,269.7** | **2,269.7** |
| Debtors | **–** | **245.1** | **–** | **245.1** | **245.1** |
| Bank balances | **–** | **1,195.6** | **–** | **1,195.6** | **1,195.6** |
| | **–** | **3,710.4** | **–** | **3,710.4** | **3,710.4** |
| Financial liabilities measured at fair value | | | | | |
| Derivative financial instruments | **(62.0)** | **–** | **–** | **(62.0)** | **(62.0)** |
| Financial liabilities not measured at fair value | | | | | |
| Borrowings | **–** | **–** | **(6,566.9)** | **(6,566.9)** | **(6,326.5)** |
| Creditors | **–** | **–** | **(1,145.4)** | **(1,145.4)** | **(1,145.4)** |
| | **–** | **–** | **(7,712.3)** | **(7,712.3)** | **(7,471.9)** |
| 2022 | | | | | |
| Financial assets measured at fair value | | | | | |
| Derivative financial instruments | 5.0 | – | – | 5.0 | 5.0 |
| Financial assets not measured at fair value | | | | | |
| Amounts due from associates and joint ventures | – | 2,873.8 | – | 2,873.8 | 2,873.8 |
| Debtors | – | 418.0 | – | 418.0 | 418.0 |
| Bank balances | – | 1,173.4 | – | 1,173.4 | 1,173.4 |
| | – | 4,465.2 | – | 4,465.2 | 4,465.2 |
| Financial liabilities measured at fair value | | | | | |
| Derivative financial instruments | (16.2) | – | – | (16.2) | (16.2) |
| Financial liabilities not measured at fair value | | | | | |
| Borrowings | – | – | (6,990.5) | (6,990.5) | (6,616.7) |
| Creditors | – | – | (1,148.1) | (1,148.1) | (1,148.1) |
| | – | – | (8,138.6) | (8,138.6) | (7,764.8) |

## 30 Critical Accounting Estimates and Judgements

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable according to circumstances and conditions available. The existing and potential impacts arising from climate change have been considered when applying estimates and assumptions in the preparation of the financial statements, including the Group's assessment of impairment of assets and the independent valuers' valuation of the Group's investment properties.

The estimates and assumptions that have a significant effect on the reported amounts of assets and liabilities, and income and expenses are discussed below.

### Significant areas of estimation uncertainty

#### Acquisition of subsidiaries, associates and joint ventures

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

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

#### Investment properties

The fair values of investment properties are determined by independent valuers on an open market for existing use basis calculated on the discounted net income allowing for reversionary potential. For investment properties in Hong Kong, Chinese mainland and Singapore, capitalisation rates in the range of 2.90% to 3.50% for office (2022: 2.80% to 3.40%) and 3.75% to 5.00% for retail (2022: 3.75% to 5.00%) are used in the fair value determination.

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

The independent valuers have considered climate change, sustainability, resilience and environmental, social and governance ('ESG') within their valuations. Properties held by the Group are considered to currently display ESG characteristics that would be expected in the market, and therefore there were no direct and tangible pricing adjustments required to the valuation of investment properties. The Group will monitor these considerations for each reporting period.

An insignificant portion of the Group's completed commercial investment properties in Hong Kong are being used for its own purposes including as offices, hotel and retail outlets. These represented approximately 3% (2022: 3%) of the total fair value of the Group's investment properties at 31st December 2023.

#### Impairment of assets

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

## 30 Critical Accounting Estimates and Judgements continued

### Significant areas of judgement

#### Impairment of financial assets

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

#### Income taxes

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

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

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

#### Revenue recognition

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

#### Non-trading items

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

# Independent Auditor's Report

## To the Members of Hongkong Land Holdings Limited

(incorporated in Bermuda with limited liability)

## Report on the Audit of the Consolidated Financial Statements

### Opinion

*What we have audited*

The consolidated financial statements of Hongkong Land Holdings Limited (the 'Company') and its subsidiaries (the 'Group'), included within the Annual Report, which comprise:

- the Consolidated Balance Sheet at 31st December 2023;
- the Consolidated Profit and Loss Account for the year then ended;
- the Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated Statement of Changes in Equity for the year then ended;
- the Consolidated Cash Flow Statement for the year then ended; and
- the Notes to the Financial Statements, comprising material accounting policy information and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the consolidated financial statements. These disclosures are cross-referenced from the consolidated financial statements and are identified as audited.

*Our opinion*

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31st December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ('IASB').

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs'). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence*

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

### Our Audit Approach

*Overview*

Materiality

- Overall Group materiality: US$319 million, based on 1% of the net assets.
- Specific Group materiality, applied to balances and transactions not related to investment properties: US$42 million, based on 5% of consolidated underlying profit before tax of the Group.

Audit scope

- Full scope audits were performed on fifteen subsidiaries. These subsidiaries, together with procedures performed on centralised functions and at the Group level, accounted for 83% of the Group's revenue, 77% of the Group's loss before tax, 73% of the Group's underlying profit before tax and 80% of the Group's net assets.
- Full scope audits of nine joint ventures were also performed, which accounted for a further 7% of the Group's loss before tax, 9% of the Group's underlying profit before tax and 10% of the Group's net assets.

## Our Audit Approach continued

*Overview* continued

Key audit matter identified in our audit is summarised as follows:

- Valuation of investment properties

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

## Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the consolidated financial statements as a whole.

| | |
|---|---|
| Overall group materiality | US$319 million |
| How we determined it | 1% of net assets of the Group |
| Rationale for the materiality benchmark applied | Net assets is a primary measure used by the shareholders in assessing the performance of the Group, together with consolidated underlying profit before tax, which we have used as the basis for our specific materiality as detailed below. |

We set a specific materiality level of US$42 million, which was applied to balances and transactions not related to investment properties. This was based upon 5% of the Group's consolidated underlying profit before tax for the year ended 31st December 2023. In arriving at this judgement, we had regard to the fact that underlying profit is one of the primary financial indicators of the Group.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit in respect of the investment property related items above US$12 million as well as misstatements below this amount that in our view, warranted reporting for qualitative reasons. For all other account balances and transaction, we agreed with the Audit Committee that we would report to them misstatements identified during our audit above US$2.1 million as well as misstatements below this amount that in our view, warranted reporting for qualitative reasons.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key Audit Matter | How our audit addressed the Key Audit Matter |
|---|---|
| *Valuation of investment properties*<br>Refer to Note 30 (Critical Accounting Estimates and Judgements) and Note 10 (Investment Properties) to the consolidated financial statements.<br><br>The fair value of the Group's investment properties amounted to US$26,687.2 million at 31st December 2023, with a revaluation loss of US$1,323.5 million recognised as a non-trading item in the Consolidated Profit and Loss Account for the year. The Group's property portfolio principally consists of commercial properties.<br><br>The valuation of the Group's investment property portfolio is inherently subjective due to, among other factors, the individual nature of each property, its location, prevailing market rents and the expected future rentals for that particular property.<br><br>The valuations were carried out by third party valuers (the 'valuers'). Valuations of the commercial properties were principally derived using the income capitalisation method. There is inherent estimation uncertainty in determining a property's valuation as, the valuers make assumptions in key areas, in particular in respect of capitalisation rates and prevailing market rents.<br><br>We focussed on the valuation of investment properties due to the significant judgements and estimates involved in determining the valuations. | We understood management's controls and processes for determining the valuation of investment properties and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgement involved in determining assumptions to be applied.<br><br>We assessed the valuers' qualifications and their expertise, considering whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work. We found no evidence to suggest that the objectivity of the valuers in their performance of the valuations was compromised.<br><br>Our work focussed on the highest value properties in the portfolio, in particular the commercial properties located in Hong Kong.<br><br>We read a sample of the valuation reports covering the majority of the Group's investment property portfolio to consider whether the valuation methodology used was appropriate in determining the fair value. We performed testing, on a sample basis, of the input data used in the valuations to satisfy ourselves of the accuracy of the property information supplied to the valuers by management, for example agreeing lease data to tenancy agreements and other supporting documents.<br><br>We evaluated the key controls over the valuation of the investment property portfolio, including the data used in the valuations.<br><br>The audit team, including our valuation experts, attended meetings with the valuers at which the valuations, methodology and key assumptions used, and climate change risk considerations were discussed. We compared the capitalisation rates used by the valuers with an estimated range of expected rates, determined via reference to published benchmarks and market information. We evaluated the year-on-year movements in fair value with reference to publicly available information and rentals with reference to prevailing market conditions. We evaluated whether the capitalisation rates and prevailing market rents used were appropriate in light of the evidence provided by relevant recent transactions.<br><br>With the support of our valuation experts, we also questioned the external valuers as to the extent to which recent market transactions and expected rental values, which they made use of in deriving their valuations took into account the impact of climate change and related ESG considerations.<br><br>Based on the procedures performed, we found the key assumptions used in the valuations were appropriate.<br><br>We also assessed the adequacy of the disclosures related to investment properties and related fair value measurements in the context of IFRS Accounting Standards. We are satisfied that appropriate disclosure has been made. |

## How We Tailored Our Group Audit Scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industries in which the Group operates.

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

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed by members of the Group engagement team or by component auditors from member firms within the PwC Network and other auditors operating under our instruction. Where the work was performed by component auditors, we determined the level of involvement necessary for us to have in the audit work at those components to be able to conclude whether sufficient, appropriate audit evidence had been obtained as a basis for our opinion on the financial statements as a whole. The Group engagement team was involved in the significant reporting entities in scope for Group reporting during the audit cycle through a combination of meetings, visits and conference calls. The engagement partner and other senior team members undertook a number of visits to Shanghai and Chongqing during the year to direct and oversee the audit, along with regular communication through conference calls and on site review of the work of component teams in those locations.

Full scope audits of the complete financial information was performed for fifteen subsidiaries. These subsidiaries, together with procedures performed on centralised functions and at the Group level (on the consolidation and other areas of significant judgement), accounted for 83% of the Group's revenue, 77% of the Group's loss before tax, 73% of the Group's underlying profit before tax and 80% of the Group's net assets. Full scope audits of the complete financial information were also performed for nine joint ventures, which accounted for a further 7% of the Group's loss before tax, 9% of the Group's underlying profit before tax and 10% of the Group's net assets.

This gave us the evidence we needed for our opinion on the consolidated financial statements as a whole.

## Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Directors and the Audit Committee for the Consolidated Financial Statements

As explained more fully in the Responsibility Statements and the Corporate Governance section in the Annual Report, the directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Audit Committee assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Use of this Report

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 90 of the Companies Act 1981 (Bermuda) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, including without limitation under any contractual obligations of the Company, save where expressly agreed by our prior consent in writing.

The engagement partner on the audit resulting in this independent auditor's report is Ng Ka Ho.

## Other Matter

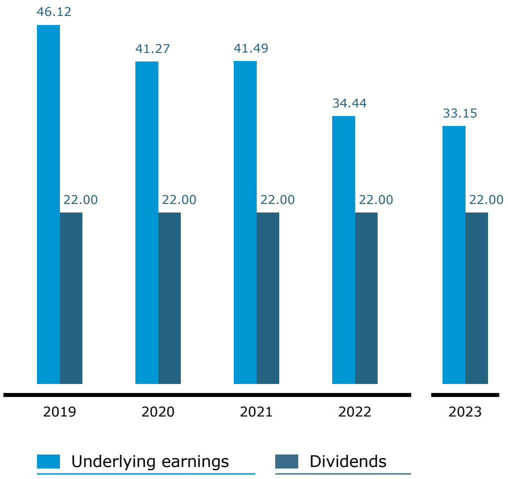
In due course, as required by the United Kingdom Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these consolidated financial statements will form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditor's report provides no assurance over whether the annual financial report will be prepared using the single electronic format specified in the ESEF RTS.

**PricewaterhouseCoopers**
Certified Public Accountants
Hong Kong
7th March 2024

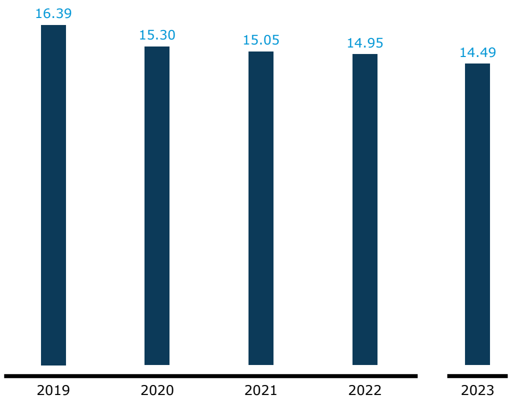
# Five Year Summary

| | 2019 US$m | 2020 US$m | 2021 US$m | 2022 US$m | **2023 US$m** |
|---|---|---|---|---|---|
| Profit/(loss) attributable to shareholders | 198 | (2,647) | (349) | 203 | **(582)** |
| Underlying profit attributable to shareholders | 1,076 | 963 | 966 | 776 | **734** |
| Investment properties | 33,191 | 30,083 | 28,600 | 28,054 | **26,687** |
| Net debt | 3,591 | 4,568 | 5,104 | 5,817 | **5,371** |
| Shareholders' funds | 38,247 | 35,709 | 34,584 | 33,303 | **31,965** |

| | US$ | US$ | US$ | US$ | **US$** |
|---|---|---|---|---|---|
| Net asset value per share | 16.39 | 15.30 | 15.05 | 14.95 | **14.49** |




**Underlying earnings/dividends per share (US¢)**




**Net asset value per share (US$)**

# Responsibility Statements

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

a. the consolidated financial statements prepared in accordance with International Financial Reporting Standards, including International Accounting Standards and Interpretations as issued by the International Accounting Standards Board, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group; and

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

For and on behalf of the Board

**Robert Wong**
**Craig Beattie**
Directors
7th March 2024

# Corporate Governance

## Overview of the Group's Governance Approach

The Hongkong Land Group (Hongkong Land Holdings Limited (the 'Company') and its subsidiaries together known as the 'Group') understands the value of good corporate governance in driving the long-term sustainable success of business. It attaches importance to the corporate stability that strong governance brings, and the opportunities that result from it being part of the Jardine Matheson Holdings Limited ('Jardine Matheson') group.

The Group is committed to high standards of governance. The system of governance it has adopted has been developed, over many years, by the members of the Jardine Matheson group, and both the Group and its stakeholders regard it as appropriate to the nature of its business and the long-term strategy it pursues in its markets, primarily China and South East Asia. The Group's governance framework is tailored to its size, ownership structure, complexity and breadth of business. It enables the Group to benefit from Jardine Matheson's strategic guidance and professional expertise while at the same time ensuring that the independence of the Board is respected and clear operational accountability rests with the Company's executive management teams.

The Company also ensures that the Group retains and promotes those characteristics and values of a family-owned business that have enabled the Group to prosper over the long-term:

- **A long-term perspective** – the Group takes a long-term view in its decision-making and investments and draws on the many years' experience of our Directors, as opposed to focussing on short-term profitability. This leads to long-term, sustainable growth generations for our shareholders and benefits the communities where we operate.
- **Credibility, stability and trust** – the credibility, stability and trust that family ownership brings to the business are highly valued by our partners and other stakeholders, especially in developing markets.
- **Deep knowledge of the business and our markets** – the involvement of many generations of the family in the running of the Group has led to a deep understanding of how to drive successful growth by the business across its markets, giving the Group a competitive advantage.

The Group believes that its stakeholders gain significant value from the long-standing governance approach the Group has taken as a family-owned business and that it is therefore important to retain the key elements of this approach. It is also important, without losing these benefits, to adapt to changing circumstances in our markets and, where appropriate, to the developing expectations of stakeholders and changes in best practice.

Accordingly, the Company continues to focus on enhancing the Group's approach to corporate governance more generally, focussing on changes that benefit the Group.

Independent Non-Executive Directors with a broad and diverse range of backgrounds are a valuable source of external perspectives and are a key element of good governance and decision-making. The Company has taken steps to increase the independence and diversity of its Board and the Company and the Group can benefit from the expertise and experience they bring.

During the year, the Company underwent several changes in its governance. Michael Smith was appointed as the new Chief Executive, succeeding Robert Wong, effective from 1st April 2024. Prijono Sugiarto and Anthony Nightingale retired from the Board on 18th May 2023 and 31st January 2024, respectively. Y.K. Pang retired from the Board, the Audit Committee and the Remuneration Committee on 31st March 2024. Accordingly, from 1st April 2024, the Board comprised nine Directors of whom 33% are considered Independent Non-Executive Directors, taking into account the independence considerations under the UK Corporate Governance Code (the 'Code'), and 22% are female. Following the appointment of Stuart Grant to the Audit Committee on 1st June 2023 and the retirement of Y.K. Pang from the Audit Committee on 31st March 2024, the Company's Audit Committee comprised a majority of independent members.

Having an effective corporate governance framework supports the Board in delivering the Group's strategy and supports long-term sustainable growth, and ensuring it operates transparently and in accordance with the best practice.

## Group Structure

Jardine Matheson is the ultimate holding company of the Group. The structural relationship between the Jardine Matheson group and the Group is considered a key element of the Group's success. By coordinating objectives, establishing common values and standards, and sharing experience, contacts and business relationships, the Jardine Matheson group companies, including the Group, aim to optimise their opportunities across the Asian countries in which they operate.

## Governance and Legal Framework

The Company is incorporated in Bermuda. The Company's property interests are held almost entirely in Asia. The primary listing of the Company's equity shares is a standard listing on the Main Market of the London Stock Exchange (the 'LSE'). The Company also has secondary listings in Singapore and Bermuda. As the Company has only secondary listings on these exchanges, many of the listing rules of such exchanges are not applicable. Instead, the Company must release the same information in Singapore and Bermuda as it is required to release under the rules which apply to it as a standard-listed company on the LSE.

As a company incorporated in Bermuda, the Company is governed by:

- The Bermuda Companies Act 1981 (the 'Bermuda Companies Act');
- The Bermuda Hongkong Land Holdings Limited Consolidation and Amendment Act 1988 (as amended), pursuant to which the Company was incorporated and the Bermuda Hongkong Land Holdings Limited Regulations 1993 (as amended) were implemented; and
- The Company's Memorandum of Association and Bye-laws.

The shareholders can amend the Company's Bye-laws by way of a special resolution at a general meeting of the Company.

The Company's standard listing on the LSE means that it is bound by many, but not all, of the same rules as premium-listed companies under the UK Listing Rules, the Disclosure Guidance and Transparency Rules (the 'DTRs') issued by the Financial Conduct Authority in the United Kingdom (the 'FCA'), the UK Market Abuse Regulation (the 'MAR') and the Prospectus Regulation Rules, including in relation to continuous disclosure, periodic financial reporting, disclosure of interests in shares, market abuse and the publication and content of prospectuses in connection with admission to trading or the offering of securities to the public. The Company is also subject to regulatory oversight from the FCA, as the Company's principal securities regulator, and is required to comply with the Admission and Disclosure Standards of the Main Market of the LSE. In addition, the Company and its Directors are subject to legislation and regulations in Singapore relating, among other things, to insider dealing.

Although some of the rules applicable to premium-listed companies do not apply to the Company, when the shareholders approved the Company's move to a standard listing from a premium listing in 2014, the Company stated that it intended to maintain certain governance principles which were then-applicable to the Company's premium listing. As a result, the Company adopted several governance principles (the 'Governance Principles') based on the then-applicable requirements for a premium listing, which go further than the standard listing requirements.

The key elements of the Governance Principles are as follows:

- When assessing a significant transaction (a larger transaction which would be classified as a class 1 transaction under the provisions of the UK Listing Rules), the Company will engage an independent financial adviser to provide a fairness opinion on the terms of the transaction.
- If the Company carries out a related party transaction which would require a sponsor to provide a fair and reasonable opinion under the provisions of the UK Listing Rules, it will engage an independent financial adviser to confirm that the terms of the transaction are fair and reasonable as far as the shareholders of the Company are concerned. In addition, the Company shall observe the mandatory related party transaction rules under the DTRs, including assessment, approval and disclosure requirements for material related party transactions, that apply to UK standard-listed companies.
- Further, as soon as the terms of a significant transaction or a related party transaction are agreed, the Company will issue an announcement, providing such details of the transaction as are necessary for investors to evaluate the effect of the transaction on the Company.
- At each annual general meeting ('AGM'), the Company will seek shareholders' approval to issue new shares on a non-pre-emptive basis for up to 33% of the Company's issued share capital, of which up to 5% can be issued for cash consideration.
- The Company adheres to a set of Securities Dealing Rules which follow the provisions of MAR with respect to market abuse and disclosure of interests in shares.

The Company is not required to comply with the Code, which applies to all premium-listed companies and sets out the governance principles and provisions expected to be followed by companies subject to the Code. However, the Company does have regard to the Code in developing and implementing its approach to corporate governance and disclosure.

## The Management of the Group

### The Board

The Board is responsible for ensuring that the Group is appropriately managed and achieves its strategic objectives, in a way that is supported by the right culture, values and behaviours throughout the Group. The Group's culture operates provides the foundation for the delivery of our strategy and our long-term sustainable success while generating value for shareholders. Our workforce policies and practices are consistent with our values and support the long-term, sustainable success of the Group.

The Board is also responsible for ensuring that appropriate systems and controls are in place throughout the Group to enable efficient management and well-grounded decision-making. Our business processes incorporate efficient internal reporting, robust internal controls, and supervision of current and emerging risk themes, all of which form a vital part of our governance framework. As a key part of this, the Company Secretary has set up processes and systems to ensure that all Directors receive information in a timely, accurate and clear manner. The Group uses a board paper distribution portal to disseminate Board and Committee papers instantly and securely.

The Chairman facilitates discussions at Board meetings by ensuring all Directors have an opportunity to make comments and ask questions. In addition, the Chairman, from time to time, discusses Group matters with Directors individually and collectively outside of Board meetings. The Chairman also uses other gatherings of the Directors, such as Board dinners, to facilitate discussions in a less formal environment.

The Board has full power to manage the Company's business affairs, other than matters reserved to be exercised by the Company in the general meeting under Bermuda legislation or the Company's Bye-laws. Key matters for which the Board is responsible include:

- The overall strategic aims and objectives of the Group;
- Establishing the Company's purpose and values;
- Approval of the Group's strategy and risk appetite to align with the Group's purpose and values;
- Approval and oversight of the Group policy framework and approval of appropriate Group policies;
- Approval of the Annual Budget and monitoring of performance against it;
- Oversight of the Group's operations;
- Approval of major changes to Group's corporate or capital structure;
- Approval of major capital expenditure and significant transactions, in terms of size or reputational impact;
- Approval of interim and annual financial statements, upon recommendation from the Audit Committee, as well as interim management statements;
- Approval of the Annual Report and Accounts;
- Approval of dividend policy and the amount and form of interim and final dividend payments for approval by shareholders as required;
- Ensuring relevant sustainability and ESG matters are incorporated into purpose, governance, strategy and decision-making and risk management;
- Overseeing the management of risk within the Group;
- Any significant changes to the Company's accounting policies or practices upon recommendation from the Audit Committee;
- Appointment, re-appointment or removal of the external auditor, subject to shareholders' approval, upon recommendation from the Audit Committee;
- Approval of matters relating to AGM resolutions and shareholder documentation;
- Approval of all shareholder circulars, prospectuses and listing particulars issued by the Company; and
- Approval of material public announcements concerning matters decided by the Board.

Responsibility for certain matters, including the approval of borrowing facilities and of capital expenditure (other than major capital expenditure which is required to be approved by the Board), has been delegated to the finance committee established within the Hong Kong-based Group management company, Hongkong Land Limited ('HKLL'), with specific written terms of reference outlining its role and authorities.

The Company sees the value of regularly reviewing the effectiveness of its processes and making improvements where appropriate.

## The Board continued

### Board activities

*1. Strategy*

We have always focussed on evolving our businesses to reflect changes in the environment in which we operate and the needs of our customers, and we have invested in our digital capabilities, divested non-core businesses and exited regions, whenever it has been appropriate.

Our application of these principles over many years has led to the portfolio of businesses that we have today, which has delivered steady growth in returns, through economic cycles.

To facilitate oversight and provide opportunities for the Board to challenge and measure progress against the Group's strategic priorities, at each Board meeting, the Chief Executive and Chief Financial Officer provide updates on the operational and financial performance of the Group.

In 2023, the Board meetings discussed strategy agenda items on various topics relevant to the Group. The Board meetings provide Directors with the opportunity to review progress against strategic priorities, inform Directors about the latest trends relevant to our businesses, assist the Directors in identifying opportunities and risks and give the Directors the opportunity to contribute views and ask questions of management and share experiences for the benefit of the Group.

*2. Operational performance*

We operate in highly dynamic markets and need to constantly innovate and pivot our businesses to remain relevant and achieve long-term, sustainable success. In the past years, Asia has seen a large influx of new capital, the rapid rise of digital companies and an increasing desire among consumers for convenient digital services. In response, we aim to put innovation, operational excellence and an entrepreneurial spirit at the heart of everything we do.

At each Board meeting, an update is provided on each business segment which offers important insights into the opportunities and challenges faced by these areas. In addition, a deeper understanding of how our varied markets function and perform and the implications for stakeholder-related issues equip the Board with the necessary perspective to enhance strategic decision-making.

The Group attaches great importance to attracting, developing and retaining leadership talent. We strive to develop leaders with an owner mindset and who are entrepreneurial in how they develop their businesses. This has helped the Group to capitalise on new business opportunities to achieve long-term, sustainable growth. We continue to enhance our performance management structures to recognise, reward and retain such talents. As the Group increasingly embraces digital ways of working and invests in new economy businesses, we are focussed on recruiting and developing digital talent across our Group. To provide the Board with oversight of talent attraction, development and retention, progress of Inclusion, Equity and Diversity ('IE&D'), and colleague engagement and movements, information on the Group's employees is provided at every Board meeting.

Building leadership capability to develop and grow diverse talent and strengthen future pipelines through tailored development programmes is a key focus for the Board. The Board is committed to creating an inclusive workplace and reflecting the diversity of the communities we serve. The Group has a clear IE&D strategy in place to ensure that colleagues treat each other in a way they would expect others to treat them.

*3. Financial performance and risk*

We take a disciplined, long-term approach to capital allocation, to maximise financial performance, maintain our financial strength and manage risks. Over time, and in addition to be being part of the Jardine Matheson group of businesses, we have developed deep relationships with a diverse portfolio of well-capitalised, leading banks and corporate partners, which have supported and continue to support our financial strength.

The Chief Financial Officer presents a detailed overview of the financial performance of the business at each meeting to ensure the Board is provided with sufficient information to enable it to exercise the appropriate financial oversight and has the opportunity to challenge the management as appropriate. This includes details of the performance of each business unit and an overview of the sales, profit, cash flow, debt levels and capital expenditure.

The Board also reviews the Group's capital allocation, dividend policy and shareholder returns as well as the management of the Group debt levels, interest cover and capital markets activities.

## The Board continued

### Board activities continued

*3. Financial performance and risk* continued

The Board has overall responsibility for risk management and is actively engaged in risk discussions. The Audit Committee, on behalf of the Board, undertakes an annual assessment of the effectiveness of the management of the principal risks facing the Group and actions taken to mitigate them, validating the key risks and approving any necessary actions arising from the risk assessments. Maintaining and enhancing the risk and internal control environment is fundamental to the Group's governance framework and stewardship of the Company.

*4. Governance and stakeholder engagement*

The Chief Financial Officer provides Directors with regular updates on stakeholder engagements, including engagement with shareholders, governments and other relevant third parties, and relevant regulatory developments. Increasing the Directors' understanding of our stakeholders' views supports the Board's decision-making.

Updates from the Chief Financial Officer provide the Board with feedback on investor views and expectations, visibility of market conditions, share price performance, shareholder returns and the future outlook.

Governance matters are discussed at Board meetings, including directors' and officers' insurance, litigation, regulatory changes, review and approval of statutory reporting and shareholder documentation and governance-related matters.

The Chief Financial Officer provides the Board with Sustainability updates twice a year, which include the progress of the Group's Net Zero project, updates on the progress on sustainability initiatives continues to be underpinned by the Group's Sustainability Framework 2030 and an overview of the progress on promoting social inclusion.

In addition, the Audit Committee Chair provides an update on the activities of the Audit Committee to the Board after each Audit Committee meeting.

## Board Composition and Operational Management

The Board's composition and the way it operates provide stability, allowing the Company to take a long-term view as it seeks to grow its business and pursue investment opportunities.

The Chairman has been appointed in accordance with the provisions of the Bye-laws of the Company, which provide that the chairman of Jardine Matheson, or any Director nominated by him, shall be the Chairman of the Company.

The Company has a dedicated executive management team led by the Chief Executive. However, the Memorandum of Association of the Company provides for the chairman of Jardine Matheson to be, or to appoint, the Managing Director of the Company. Reflecting this, and the Jardine Matheson group's 53% interest in the Company's share capital, the Chief Executive and the Managing Director meet regularly. Similarly, the board of HKLL and its finance committee are chaired by the Managing Director. They include Hongkong Land Group executives and Jardine Matheson's deputy managing director, group finance director and group general counsel.

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

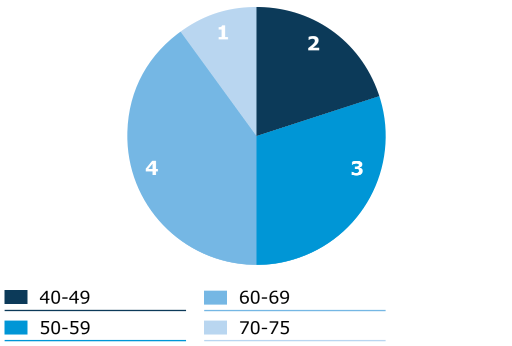
As at 7th March 2024, the Company comprises 10 Directors, three of whom (30%) – Stuart Grant, Lincoln K.K. Leong and Christina Ong – are considered Independent Non-Executive Directors, taking into account the independence considerations under the Code. Y.K. Pang retired from the Board, the Audit Committee and Remuneration Committee on 31st March 2024. Robert Wong stepped down as Chief Executive on 31st March 2024. From 1st April 2024, the Board comprised nine Directors of whom 33% are considered Independent Non-Executive Directors, taking into account the independence considerations under the Code. There are detailed succession plans in place to ensure that plans are in place for orderly succession to the Board. The names of all the Directors and brief biographies appear on pages 22 and 23 of this Annual Report.

## Board Composition and Operational Management continued

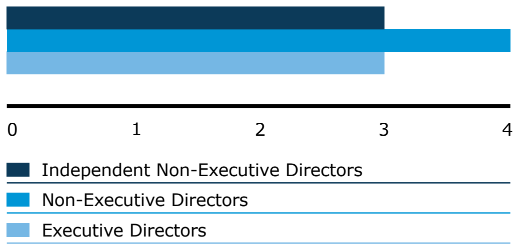
Ben Keswick has been Chairman of the Board since 16th May 2013. John Witt has held the role of Managing Director from 15th June 2020. Robert Wong had been Chief Executive since 1st August 2016 and stepped down on 31st March 2024. Michael Smith has been appointed as Chief Executive since 1st April 2024, to succeed Robert Wong.

The Board considers that there is a clear division of responsibilities among the Chairman, the Managing Director and the Chief Executive to ensure an appropriate balance of power and authority is maintained at all times.

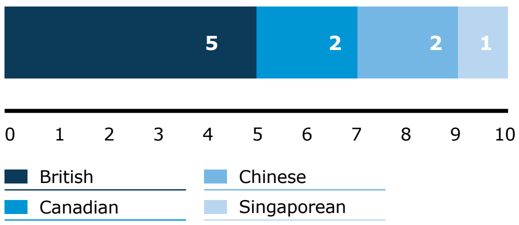
Board composition details as at 7th March 2024 are shown below.



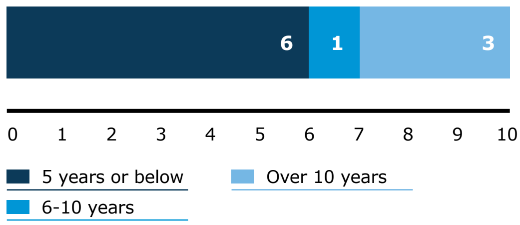

**Age of Directors**



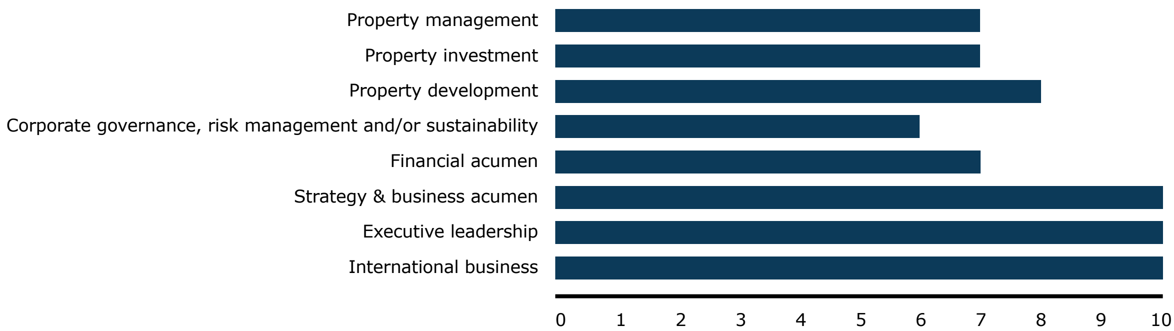

**Capacity of Directors**




**Nationality of Directors**




**Tenure of Directors**




**Directors' experience**

## Board Composition and Operational Management continued

The Board also considered the diversity of the Group's Board and senior executives diversity in the context of the new Listing Rules' requirements that listed companies should publish information on the gender and ethnic representation of the Board and executive management. As at 31st December 2023, being the reference date for the purposes of 14.3.33R(1)(a) of the UK Listing Rules, which requires the disclosure of certain diversity statistics, and as shown below:

- The Board met its target of having one Director from a minority ethnic background;
- The Company does not currently meet the target of the Board comprising at least 40% female directors but will continue to take IE&D considerations into account for future Board appointments; and
- The Board does not currently meet the target to have a female director occupying one of the senior Board positions (chair, chief executive or chief financial officer). The Directors who hold these roles were appointed following formal, rigorous and transparent nomination procedures and are the most suitable and experienced individuals for their roles and the Group's needs. The Board will continue to take IE&D considerations into account for future appointments for these roles.

The Company did not meet the targets of the Board comprising at least 40% female directors and having one of the senior Board positions occupied by a female director due to the significant change to the composition of the Board's and senior management which would be required to meet these requirements.

The Company has taken substantive steps in the past few years to increase the diversity of the Board with two female Non-Executive Directors appointed in May 2018 and July 2022. The Company will continue to take IE&D considerations into account with respect to future appointments of directors and senior Board positions.

The table below illustrates the ethnic background and gender diversity of the Group's Board and executive management – which includes the Company Secretary, but excludes administrative or support staff – pursuant to 14.3.33R(2) of UK Listing Rules, as at 31st December 2023 which is our chosen reference date in accordance with the UK Listing Rules.

| As at 31st December 2023[1] | Number of Board members | Percentage of the Board | Number of senior positions on the Board (Chief Executive, Chief Financial Officer, Senior Independent Director and Chairman) | Number in executive management (HKLL Board and Company Secretary) | Percentage of executive management (HKLL Board and Company Secretary) |
|---|---|---|---|---|---|
| **Gender diversity** | | | | | |
| Men | 9 | 82% | 3 | 12 | 86% |
| Women | 2 | 18% | – | 2 | 14% |
| Not specified/prefer not to say | – | – | – | – | – |
| **Ethnic diversity** | | | | | |
| White British or other White (including minority-white groups) | 7 | 64% | 2 | 6 | 43% |
| Mixed/multiple ethnic groups | – | – | – | – | – |
| Asian/Asian British | 4 | 36% | 1 | 8 | 57% |
| Black/African/Caribbean/Black British | – | – | – | – | – |
| Other ethnic group, including Arab | – | – | – | – | – |
| Not specified/prefer not to say | – | – | – | – | – |

1 The numbers had been changed after the chosen reference date owing to the retirements of Anthony Nightingale from the Board of the Company on 31st January 2024, Robert Wong and Y.K. Pang from the Board of the Company and HKLL, both on 31st March 2024, and Robert L. Garman from the board of HKLL on 29th February 2024, and the appointment of Michael Smith to the Board of the Company and HKLL on 1st April 2024.

Data relating to the gender and ethnic diversity of the Board and executive management was gathered by the Company Secretary via the collection of each individual's identification documents, which are held within the Company's secure filing system. Apart from the retirements of Anthony Nightingale from the Board of the Company on 31st January 2024, Y.K. Pang and Robert Wong from the Board of the Company and HKLL, both on 31st March 2024, and Robert L. Garman from the board of HKLL on 29th February 2024, and the appointment of Michael Smith to the Board of the Company and HKLL on 1st April 2024, there is no change in board composition since the reference date.

The Company has a Board Diversity Policy but does not have a separate Diversity Policy for the Audit Committee in place. IE&D issues are and will be taken into account where relevant to Board and Audit Committee decisions.

## Chairman

The Chairman's role is to lead the Board, ensuring its effectiveness while taking account of the interests of the Group's various stakeholders and promoting high standards of corporate governance. The Chairman's principal responsibilities are in the areas of strategy, external relationships, governance and people. In addition, he leads the Board in overseeing the long-term strategic direction of the Group and approving its key business priorities. His key responsibilities also include:

- Leading, with the Managing Director and the Chief Executive, the development of the culture and values of the Group;
- Supporting the development and maintenance of relationships with existing and new key business partners, governments and shareholders;
- Ensuring, together with the Managing Director and the Chief Executive, an appropriate focus on attracting and retaining the right people and carrying out succession planning for senior management positions;
- Creating a culture of openness and transparency at Board meetings;
- Building an effective Board supported by a strong governance framework;
- Leading, with the Managing Director, the succession planning for the Chief Executive;
- Ensuring all Directors effectively contribute to discussions and feel comfortable in engaging in healthy debate and constructive challenge;
- Ensuring all Directors receive accurate, timely and clear information; and
- Promoting effective communication between Executive and Non-Executive Directors (including the Independent Non-Executive Directors).

## Managing Director

The Managing Director acts as chairman of HKLL and of its finance committee, as well as being a member of the Company's Nominations Committee and the Remuneration Committee. In addition, he has responsibility for representing Jardine Matheson, as the major shareholder of the Company, including:

- Providing oversight of the day-to-day management by the Chief Executive and his leadership team of the business;
- Carrying out ongoing reviews of the business, financial and operational performance of each business against agreed objectives;
- Providing regular feedback to the Chief Executive on his/her performance and conducting an annual performance review;
- Leading the Chief Executive succession planning;
- Ensuring that there is appropriate discussion of future competencies required of the management team to execute the strategy;
- Ensuring that the information submitted to the Board is of high quality and provided on a timely basis;
- Ensuring the Board conducts reviews on past significant capex decisions; and
- Communicating with shareholders as appropriate.

## Chief Executive

The responsibility for running the Group's business and all the executive matters affecting the Group rests with the Chief Executive. The implementation of the Group's strategy is delegated to the Company's executive management, with decision-making authority within designated financial parameters delegated to the HKLL finance committee. In addition, the Chief Executive has day-to-day operational responsibility for:

- Effective management of the Group's business;
- Leading the development of the Company's strategic direction and implementing the agreed strategy;
- Identifying and executing new business opportunities;
- Managing the Group's risk profile and implementing and maintaining an effective framework of internal controls;
- Developing targets and goals for his executive team;
- Ensuring effective communication with shareholders and key stakeholders and regularly updating institutional investors on the business strategy and performance;
- Providing regular operational updates to the Board on all matters of significance relating to the Group's business or reputation;
- Overseeing the Group's capital allocation, business planning and performance;
- Overseeing sustainability strategy and execution;
- Ensuring, together with the Chairman and the Managing Director, an appropriate focus on attracting and retaining the right people and carrying out succession planning for senior management positions; and
- Fostering innovation and entrepreneurialism to drive the Group's business forward.

## Non-Executive Directors

The Non-Executive Directors bring insight and relevant experience to the Board. They have responsibility for constructively challenging the strategies proposed by the Executive Directors, and scrutinising the performance of management in achieving agreed goals and objectives. In addition, Non-Executive Directors work on individual initiatives as appropriate.

## Board Meetings

The Board usually holds four scheduled meetings each year, and ad hoc procedures are adopted to deal with urgent matters between scheduled meetings. Board meetings are usually held in different locations around the Group's markets.

In March 2023, an in-person Board meeting was held in Singapore. The May 2023 Board meeting was held virtually. In-person Board meetings were held in Shenzhen, China in July 2023 and in Shanghai, China in December 2023. The Board receives high quality, up to date information for each of its meetings, which is provided to Directors via a secure online board information portal. The Company reviews the information provided to the Board regularly, to ensure that it remains relevant to the needs of the Board in carrying out its duties.

The Directors of the Company who do not serve on the board of HKLL and who are based outside Asia will usually visit the region to discuss the Group's business and inspect the Group's investment and development assets.

## Board Attendance

Directors are expected to attend all Board meetings. The table below shows the attendance at the scheduled 2023 Board meetings:

| | Meetings eligible to attend | Attendance |
|---|---|---|
| **Directors of the Company** | | |
| **Non-Executive Directors** | | |
| Ben Keswick | 4/4 | 100% |
| Stuart Grant[1] | 3/3 | 100% |
| Lily Jencks | 4/4 | 100% |
| Adam Keswick | 4/4 | 100% |
| Lincoln K.K. Leong | 4/4 | 100% |
| Christina Ong | 3/4 | 75% |
| Y.K. Pang[2] | 4/4 | 100% |
| **Executive Directors** | | |
| John Witt | 4/4 | 100% |
| Robert Wong[3] | 4/4 | 100% |
| Craig Beattie | 4/4 | 100% |
| **Former Directors of the Company** | | |
| Anthony Nightingale[4] | 4/4 | 100% |
| Prijono Sugiarto[5] | 2/2 | 100% |

1 Stuart Grant joined the Board on 3rd March 2023. In 2023, three Board meetings were held after 3rd March 2023.
2 Y.K. Pang retired from the Board as Director on 31st March 2024.
3 Robert Wong retired from the Board as Director and Chief Executive on 31st March 2024.
4 Anthony Nightingale retired from the Board as Director on 31st January 2024.
5 Prijono Sugiarto retired from the Board as Director on 18th May 2023. In 2023, two Board meetings were held on or before 18th May 2023.

## Appointment and Retirement of Directors

There are detailed succession plans in place to ensure that plans are in place for orderly succession to the Board. The Board is focussed on development and succession plans at both Board and executive level to strengthen the diverse management pipeline. The Chairman, in conjunction with other Directors, reviews the size, composition, tenure and skills of the Board. The Chairman leads the process for new appointments, monitors Board succession planning, and considers independence, diversity, inclusion and Group governance matters when recommending appointments to the Board. Non-Executive Directors are appointed on merit, against objective criteria and are initially appointed for a three-year term.

Upon appointment, all new Directors receive a comprehensive induction programme over several months. This is designed to facilitate their understanding of the business and is tailored to their individual needs. The Chief Financial Officer and the Company Secretary are responsible for delivering the programme covering the Company's core purpose and values, strategy, key areas of the business and corporate governance.

The Chairman regularly assesses the time commitments of Directors to ensure that they each continue to have sufficient time for their role. He also considers the potential additional time required in the event of corporate stress. Prior to appointment, the Chairman assesses the commitments of a proposed candidate, including other directorships, to ensure they have sufficient time to devote to the role. Any Director's external appointments, which may affect existing time commitments relevant to the Board, must be agreed with the Chairman in advance.

The Board appoints each new Director, and the Nominations Committee has been established to assist the Board in such matters. In accordance with the Company's Bye-laws, each new Director is subject to retirement and re-election at the first AGM after appointment. After that, Directors are subject to retirement by rotation requirements under the Bye-laws, whereby one-third of the Directors retire at the AGM each year. These provisions apply to both Executive and Non-Executive Directors, but the requirement to retire by rotation does not extend to the Chairman or Managing Director of the Company. The Company has determined that it is appropriate for the Chairman and the Managing Director to be exempted from the retirement by rotation requirements because an important part of the Group's strong governance is corporate stability, and this is provided by the long-term stewardship of the business by family as well as related and like-minded shareholders, who hold a significant proportion of the shares of the Company. John Witt, being the Managing Director, has a service contract with the Company that has a notice period of six months.

Stuart Grant joined the Board on 3rd March 2023. Prijono Sugiarto and Anthony Nightingale stepped down from the Board on 18th May 2023 and 31st January 2024, respectively. Y.K. Pang stepped down from the Board, the Audit Committee and Remuneration Committee on 31st March 2024. Robert Wong stepped down as a Director and Chief Executive on 31st March 2024, and Michael Smith has been appointed in his place with effect from 1st April 2024.

In accordance with Bye-law 85, Craig Beattie and Adam Keswick will retire by rotation at this year's AGM and, being eligible, offer themselves for re-election. In accordance with Bye-law 92, Michael Smith will also retire and, being eligible, offer himself for re-election. Both Michael Smith and Craig Beattie have service contracts with a subsidiary of the Company that has a notice period of six months. None of the other Director proposed for re-election has a service contract with the Company or its subsidiaries.

Directors need to obtain the Chairman's approval before accepting additional appointments that might affect their time to devote to the role as a Director of the Company.

## Board and Audit Committee Training

During the year, the Board and the Audit Committee received training in Gen AI and Cybersecurity, respectively.

## Company Secretary

All Directors have access to the advice of the Company Secretary, who is responsible for advising the Board on all governance matters.

## Committees

The Board is supported by the activities of its Committees (the Nominations, Remuneration and Audit Committees), which ensure the right level of attention and consideration are given to specific matters. Matters considered by each of the Committees are set out in its respective terms of reference. Copies of these documents can be obtained from the Company's website at www.hkland.com.

### Nominations Committee

The Board established a Nominations Committee (the 'Nominations Committee') in March 2021. The key responsibilities of the Nominations Committee are to:

- Review the structure, size and composition of the Board and its committees and make recommendations to the Board on any appointments to maintain a right balance of skills, knowledge and experience and independence, as well as a diversity of perspectives;
- Support the Chairman to lead the process for Board appointments and nominate suitable candidates to the Board;
- Assess suitable candidates based on merit and objective criteria (giving consideration to the promotion of the diversity of social and ethnic backgrounds, knowledge, experience and skills), taking into account their ability to meet the required time commitments;
- Oversee the development of succession pipelines for both the Board and senior management positions to ensure talent is identified and nurtured to meet the challenges and opportunities facing the Group; and
- Satisfy itself that any skill gaps are addressed in the reviews of Board composition and that appropriate development opportunities are in place for Directors to keep abreast of market knowledge and industry trends to perform their role effectively.

The Nominations Committee consists of a minimum of three members, selected by the Chairman of the Board. The Chairman of the Board is the chairman of the Nominations Committee. The current members of the Nominations Committee are Ben Keswick, Adam Keswick and John Witt. The Nominations Committee meets as circumstances require, or by the circulation of Committee circulars and recommendations to the Board for approval as it deems appropriate. It plays a key role in the process of recruiting senior executives. Candidates for appointment as Executive Directors of the Company or other senior management positions may be sourced internally or externally, including by using the services of specialist executive search or recruitment firms. The aim is to appoint individuals who combine international business knowledge and experience, industry knowledge and experience, if possible, and familiarity with, or adaptability to, Asian markets. When appointing Non-Executive Directors, the Nominations Committee pays particular attention to the Asian business experience and relationships that they can bring.

## Insurance and Indemnification

The Company purchases insurance to cover its Directors against their costs in defending themselves in civil proceedings taken against them in that capacity and in respect of damages resulting from the unsuccessful defence of any proceedings. To the extent permitted by applicable law, every Director shall be indemnified and secured harmless out of the assets of the Company against all liability and loss suffered and expenses reasonably incurred. However, neither insurance nor indemnity arrangements provide cover where the Director has acted fraudulently or dishonestly.

## Delegations of Authority

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

The Group's delegation of authority establishes a clear pathway for decision-making. This ensures that judgments are made at the correct business level by the team members most equipped to do so. Every decision made aligns with our culture and values, taking into account the advantages, risks, financial consequences, and effects on all stakeholders. The Board, bolstered by the Audit Committee, places significant emphasis on maintaining high governance standards throughout the Group. This reinforcement assists the Board in accomplishing its strategic goals and fulfilling key performance objectives.

## Directors' Responsibilities in respect of the Financial Statements

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

## Substantial Shareholders

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

The Company has been informed of the holding of voting rights of 5% or more attaching to the Company's issued ordinary share capital by Jardine Strategic Limited ('Jardine Strategic'), which is directly interested in 1,176,616,646 ordinary shares carrying 53.32% of the voting rights. By virtue of its interest in Jardine Strategic, Jardine Matheson is also interested in the same ordinary shares. Apart from this shareholding, the Company is not aware of any holders of voting rights of 5% or more attaching to the Company's issued ordinary share capital as of 7th March 2024.

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

## Related Party Transactions

Details of transactions with related parties entered into by the Company during the course of the year are included in Note 24 to the financial statements on page 54.

## Engagement with Shareholders, Other Stakeholders and Colleagues

Engaging with our stakeholders, including our people, investors, creditors, partners and government, enables us to understand their perspectives and ensure we address their expectations and improve accordingly.

### Shareholders and Investors

The Board and senior management team recognise communications with shareholders and investors to be an important component of Hongkong Land's commitment to strong corporate governance. The Group proactively engages with the investment community through a number of channels to articulate its business and sustainability strategies, provide updates on its progress towards key objectives, and to collect the community's views and feedback, as follows:

- The Chief Executive and Chief Financial Officer are made available to address queries at the Group's interim and annual results presentations, followed by interactions during roadshows or post results discussions with major shareholders and investors;
- The Chief Financial Officer provides business updates to the analyst community prior to the start of black-out periods ahead of interim and annual results announcements;
- The Chief Executive, Chief Financial Officer, and/or the Investor Relations team regularly attend one-on-one meetings with major shareholders, bondholders and potential investors – over 60 meetings were conducted during the year;
- The publication of annual reports, results announcements and presentations, interim management statements and press releases;
- The publication of the Group's Sustainability Framework 2030 & Climate Action report, as well as its annual Sustainability Performance report;
- The publication of business, sustainability and other general updates via social media platforms; and
- The Group's AGMs.

## Engagement with Shareholders, Other Stakeholders and Colleagues continued

### Other Stakeholders

The Group frequently engages with stakeholder groups outside of the investment community, focussing primarily collaborations on sustainability-related issues and initiatives. Hongkong Land's engagement with stakeholders is guided by the Group's Sustainability Framework 2030 (hklandblob.blob.core.windows.net/assets/sustainability/sustainability-governance/hll_sustainabilityframework_2030_en.pdf), which was developed via consultations with stakeholders to help the Group prioritise material topics.

These engagements, which are attended or sponsored by senior management, primarily include:

- Ongoing dialogue with environmental Non-Governmental Organisations ('NGOs'), financial institutions, other landlords, and government agencies on risks from rising sea levels;
- Collaborating with other landlords via an Alliance on the sourcing and trialling of PropTech solutions to drive energy efficiency for commercial buildings;
- Engaging and collaborating with tenants via the Group's Tenant Sustainability Partnership Programme to share best practices on green tenant fit-outs and operations, as well as corporate social responsibility initiatives;
- Regular communications with contractors and other developers to learn and share best practices on refining building designs and optimising the use of carbon intensive building materials;
- Engaging with tenants to raise awareness and best practices on IE&D initiatives;
- Collaborating with NGOs to deliver charitable initiatives via economic contributions, community investments, and volunteering;
- Attending real estate sector and sustainability conferences, seminars, workshops, and events, including contributing to discussions on emerging sustainability issues; and
- Engaging our colleagues via employee engagement surveys and sustainability materiality assessments.

Shareholders and other stakeholders may send their enquiries and concerns by e-mail at gpobox@hkland.com.

## Securities Purchase Arrangements

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

During the year ended 31st December 2023, the Company repurchased and cancelled a total of 20,402,100 of its ordinary shares for an aggregate cost of US$83.2 million. The ordinary shares, which were repurchased in the market, represented approximately 0.92% of the Company's issued ordinary share capital as at 1st January 2023 before repurchase.

## Workforce Engagement

The Group is working hard to support the growth of the next generation of leaders within our businesses, ensuring our colleagues can develop the skills they need.

We also aim to create an owner mindset among our staff and support this by enhancing our incentive structures to focus less on current profits and more on value creation over a longer time horizon. This longer-term view also incentivises experimentation and innovation.

The 2023 Staff Engagement Survey was also conducted, resulting in best-in-class rating.

## Annual General Meeting

The 2024 AGM will be held on 8th May 2024. The full text of the resolutions and explanatory notes in respect of the meeting are contained in the Notice of AGM, despatched at the same time with this Annual Report and can be found at www.hkland.com/en/investors/announcements.

## Corporate Website

A corporate website is maintained containing a wide range of information of interest to investors at www.hkland.com.

## Group Policies

### Code of Conduct

The Group conducts business in a professional, ethical and even-handed manner. Its ethical standards are set out in its Code of Conduct, a set of guidelines to which every employee must adhere. It is reinforced and monitored by an annual compliance certification process and modelled on the Jardine Matheson group's code of conduct. The Code of Conduct requires that all Group companies comply with all laws of general application, all rules and regulations that are industry-specific and proper standards of business conduct. In addition, the Code of Conduct prohibits the giving or receiving of illicit payments. It requires that all Directors and employees must be fully aware of their obligations under the Code of Conduct and establish procedures to ensure compliance at all levels within their businesses.

The Company's policy on commercial conduct underpins the Group's internal control process, particularly in the area of compliance. The policy is also set out in the Group's Code of Conduct.

### Data Privacy

The Group is committed to being a responsible custodian of the data entrusted to it by customers, employees, business partners and other stakeholders keeping the data secure and processing it in accordance with legal requirements and stakeholder expectations as they continue to evolve. Appropriate protections are in place to prevent misuse and unauthorised disclosure of personal data. In addition, the Group's Code of Conduct and Data Breach Notification Policy underlines the Group's commitment to being a responsible data custodian.

### Whistleblowing Policy

The Group has a whistleblowing policy covering how employees can report matters of serious concern. The Audit Committee is responsible for overseeing the effectiveness of the formal procedures for colleagues to raise such matters and is required to review any reports made under those procedures referred to it by the internal audit function.

In addition, the Group has a whistleblowing service managed by an independent third-party service provider to supplement existing whistleblowing channels to assist employees and third parties in reporting suspected illegal or unethical behaviour or other matters of serious concern and is intended to help foster an inclusive, safe and respectful workplace. The service, which is available 24 hours in multiple local languages, and is accessible through phone hotline or online, and as anonymous submissions, may be used by colleagues to report a matter of concern to a manager supervisor, People and Culture (formerly Human Resources), Executive Directors, Legal representative or the Chief Financial Officer. Reports may be lodged by one of three channels: email, website and telephone hotline. Each report is allocated a unique case number which enables follow-up with the reporter where applicable. Once a report is lodged, it is sent to certain authorised persons at the Group level. These include senior representatives from legal, compliance and finance teams who have experience in dealing with such matters. The authorised persons will follow up on the report and investigate where necessary. The reporter, if they choose to, will be notified of the outcome. All reports are treated confidentially and any retaliation against a person reporting a potential breach of the Code of Conduct in good faith will not be tolerated.

### Inclusion, Equity and Diversity

The Group will continue to foster a culture of inclusivity and empowerment, where colleagues with different backgrounds feel comfortable in being themselves, in voicing their ideas and have equal opportunities to thrive.

The Group applies the principle that colleagues should always treat others in a way they would expect others to treat them. Bullying, intimidation, discrimination, and harassment of others have no place in the Group and will not be tolerated.

As a multinational Group with a broad range of businesses operating across Asia, the Group believes in promoting equal opportunities in recruiting and developing all employees, regardless of ethnicity, gender, age, sexual orientation, disability, background or religion, should be treated fairly and with dignity, and be valued for the contributions they make in their role. The scale and breadth of the Group's business necessitate that they seek the best people from the communities in which they operate most suited to their needs.

## Inclusion, Equity and Diversity continued

All staff are encouraged and supported to develop their full potential and contribute to the sustainable growth of the Group. Employees views and ideas are essential, and they are encouraged to express them respectfully with colleagues at all levels within the organisation.

To build an inclusive workplace, we incorporate IE&D principles by modelling the Jardine Matheson group's IE&D Policy. This includes:

- Ongoing collaboration with Jardine Matheson group to ensure a set of inclusive working arrangements and policies to support IE&D;
- Keeping our recruitment, promotion and retention systems fair and based on aptitude, merit and ability, including ongoing reviews of remuneration to ensure appropriateness of pay levels;
- Active talent management and career support for our talent pools to provide equitable opportunities that will enable a diverse future pipeline of leaders; and
- Cultivating the right set of leadership behaviours through learning campaigns to ensure our people behave in a way consistent with the principles we have put in place.

The Company keeps the composition of its Board and senior management positions under review to ensure that it adapts to the changing business landscape. The Company is actively focussed on increasing gender diversity at all levels of the organisation.

The Group has a Diversity and Equal Opportunity Policy.

# Remuneration Report

## Message from the Board/Remuneration Committee

The Board is pleased to present shareholders with the 2023 Remuneration Report. This report sets out the Group's approach to remuneration for its executives and Directors, particularly the link between the Group's values, strategy and its remuneration framework, and the link between performance and reward, in determining remuneration outcomes for senior executives.

## The Group's Remuneration Philosophy and Framework for Rewarding Staff

The remuneration outcomes in 2023 reflect the intended operation of the remuneration framework.

At the heart of the Group's remuneration framework is our commitment to deliver competitive remuneration for excellent performance to attract the best and motivate and retain talented individuals, while aligning the interests of executives and shareholders. The Company aims to ensure that its remuneration system is designed in a manner that is aligned with the values and strategic priorities of the Company.

It does this through:

- Incentives based on financial measures and strategic objectives that reflect key goals critical to long-term sustainable organisational success;
- Consideration of business and operational risk, as well as sustainability development goals through the design of performance objectives;
- Incentives and policies which align the interests of executives to those of shareholders;
- Best-practice governance and ensuring remuneration outcomes are reasonable, taking into account community and stakeholder expectations; and
- Remuneration levels and outcomes appropriately reflect the challenge and complexity of being a multinational Asian-based property group with diverse property business.

The Company's policy is to offer competitive remuneration packages to its senior executives. The Company relies on a reward framework that provides varying levels of remuneration and benefits depending on employee level. The remuneration packages are designed to reflect the nature of the Group and its diverse geographic base.

Accordingly, the remuneration mix for employees varies depending on level. At senior executive levels, more remuneration is 'at risk' depending on performance levels against goals. At more junior levels, more remuneration is directed toward fixed remuneration. The Company strives to provide an appropriate amount of remuneration 'at risk' for the achievement of goals – whether those are short- or long-term in nature.

## Directors' Remuneration

Shareholders decide in general meetings the Directors' fees which are payable to all Directors other than the Chief Executive and the Chief Financial Officer, as provided for by the Company's Bye-laws.

The remuneration of the Company's Non-Executive Directors is not linked to performance. This is consistent with Non-Executive Directors being responsible for objective and independent oversight of the Group. The total amount provided to all Directors (including the Managing Director but exclusive of salaried Executive Directors of the Company who are not entitled to such fees) must not exceed the sum agreed by shareholders at a general meeting. The maximum aggregate remuneration of US$1.5 million per annum was approved by shareholders at the 2022 AGM and would be subject to review at the 2025 AGM. Executive Directors (excluding the Managing Director, who is also the Jardine Matheson Managing Director) are paid a basic fixed salary as well as discretionary annual incentive bonuses by and receive certain employee benefits from the Group. Non-Executive Directors do not receive bonuses or any other incentive payments or retirement benefits.

The Non-Executive Directors are reimbursed for expenses properly incurred in performing their duties as a Director of the Company. The schedule of fees paid to Directors in respect of the financial year 2023 is set out in the table below. Fees are annual fees, unless otherwise stated:

**USD (per annum)**

| | |
|---|---|
| Chairman/Managing Director fee: | 110,000 |
| Base Director fee: | 100,000 |
| Audit Committee fee (Chairman): | 45,000 |
| Audit Committee fee (member): | 35,000 |
| Nominations Committee fee: | 15,000 |

| | Director | Director Fee US$ | Audit Committee Fee US$ | Nominations Committee Fee US$ | Total Fees US$ |
|---|---|---|---|---|---|
| 1 | Ben Keswick (Chairman) | 110,000 | – | 15,000 | 125,000* |
| 2 | John Witt (Managing Director) | 110,000 | – | 15,000 | 125,000* |
| 3 | Robert Wong[1] | – | – | – | – |
| 4 | Craig Beattie | – | – | – | – |
| 5 | Stuart Grant[2] | 100,000 | 26,250 | – | 126,250 |
| 6 | Lily Jencks | 100,000 | – | – | 100,000 |
| 7 | Adam Keswick | 100,000 | – | 15,000 | 115,000* |
| 8 | Lincoln K.K. Leong | 100,000 | 45,000 | – | 145,000 |
| 9 | Anthony Nightingale[3] | 100,000 | – | – | 100,000 |
| 10 | Christina Ong | 100,000 | – | – | 100,000 |
| 11 | Y.K. Pang[4] | 100,000 | 35,000 | – | 135,000* |
| 12 | Prijono Sugiarto[5] | 37,808 | – | – | 37,808 |
| | **Total** | **957,808** | **106,250** | **45,000** | **1,109,058** |

* Fees surrendered to Jardine Matheson
1 Robert Wong retired from the Board on 31st March 2024.
2 Stuart Grant joined the Board on 3rd March 2023.
3 Anthony Nightingale retired from the Board on 31st January 2024.
4 Y.K. Pang retired from the Board and the Audit Committee on 31st March 2024.
5 Prijono Sugiarto retired from the Board on 18th May 2023.

## Remuneration Committee

The Board has overall responsibility for setting remuneration across the Group, ensuring it is appropriate and supports the Group's strategy, creating value for stakeholders. The Remuneration Committee has been established to assist the Board in these remuneration matters.

The Board has established a Remuneration Committee (the 'Remuneration Committee') at the Company level in March 2022. The role of the Remuneration Committee is governed by its terms of reference. The key responsibilities of the Remuneration Committee are to:

- Oversee the formulation of a Group-wide reward strategy and ensure the business implements the reward strategy in alignment with its industry-specific needs;
- Review and approve the compensation of the leadership team of the business;
- Review the terms of and design of performance-related incentives (both short- and long-term), including the review and approval of any changes to plan design, targets and metrics;
- Review and approve the overall compensation costs, including salary and bonus budgets, of the business; and
- Remain abreast of trends and developments in executive compensation and corporate governance as they relate to the Group's industry and countries of operation.

The Remuneration Committee consists of a minimum of three members, selected by the Chairman of the Board. The Chairman of the Board is the chairman of the Remuneration Committee. The current members of the Remuneration Committee are Ben Keswick, John Witt and Graham Baker. The Chief Executive and the Executive Director, People & Culture will generally attend meetings of the Remuneration Committee. The Remuneration Committee meets as circumstances require, or by circulation of Committee circular reviews and recommends to the Board for approval as it deems appropriate.

## Executive Directors Shareholding Policy

The Company believes that it is essential to align the interests of shareholders and Executive Directors. This means creating an environment where the Executive Directors are incentivised to create long-term shareholder value. The Company has sought to do this in part by requiring all Executive Directors to accumulate and hold shares in the Company for the long-term.

In this regard, the Company has adopted an Executive Directors' Shareholding Policy (the 'Shareholding Policy'). The Shareholding Policy requires that each of the Executive Directors should build a meaningful and increasing shareholding in the Company over time.

The Shareholding Policy sets a minimum shareholding requirement. For the Chief Executive the value is four times his annual basic salary. For Executive Directors and executive directors of HKLL with profit and loss responsibility and the Chief Financial Officer (other than the Chief Executive), the minimum requirement is to hold shares in the Company with a value of two times their annual basic salary, while other executive directors of HKLL who are functional heads, the value is one time their annual basic salary. New Executive Directors and executive directors of HKLL are permitted five years from the commencement of their employment to accumulate the required level of shareholding.

All shares, once acquired, should be retained by the relevant Executive Director for so long as they are engaged by the Group and for at least three years thereafter.

## How Remuneration Framework is Linked to the Business Strategy

The Group's remuneration strategy is designed to support and reinforce its business and sustainability strategies, both short- and long-term. The 'at risk' components of remuneration are tied to measures that reflect the successful execution of these strategies in both the short- and long-term. So, the Group's actual performance directly affects what executives are paid.

## Remuneration Outcomes in 2023

For the year ended 31st December 2023, the Directors received from the Group US$7.6 million (2022: US$8.6 million) in Directors' fees and employee benefits, being:

- US$1.1 million (2022: US$1.2 million) in Directors' fees;
- US$6.1 million (2022: US$7.3 million) in short-term employee benefits, including salary, bonuses, accommodation and deemed benefits in kind; and
- US$0.4 million (2022: US$0.1 million) in post-employment benefits.

The information set out in the section above headed 'Remuneration Outcomes in 2023' forms part of the audited financial statements.

## Share Schemes

The Company has in place a notional share option plan under which cash bonuses are paid based on the performance of the Company's share price over a period. The notional plan was established to provide longer-term incentives for Executive Directors and senior managers. Notional share options are granted after consultation between the Chairman and the Chief Executive as well as other Directors as they consider appropriate. Notional share options are not granted to Non-Executive Directors.

## Directors' Share Interests

The Directors of the Company in office on 7th March 2024 had interests* as set out below in the ordinary share capital of the Company. These interests include those notified to the Company regarding the Directors' closely associated persons*.

| | |
|---|---|
| Robert Wong[1] | 630,000 |
| Craig Beattie | 75,900 |
| Lincoln K.K. Leong | 456,818 |
| Y.K. Pang[1] | 738,000 |

* Within the meaning of MAR
1 Robert Wong and Y.K. Pang retired from the Board on 31st March 2024.

In addition, Robert Wong and Craig Beattie held share options regarding 2,450,000 and 120,000 ordinary shares, respectively, issued pursuant to the Company's notional share option plan.

# Audit Committee Report

## Audit Committee

The Board has established an Audit Committee (the 'Audit Committee') at the Company level in March 2022. The Audit Committee consists of a minimum of three members, the current members of which are Graham Baker (Financial Expert), Lincoln K.K. Leong (Chairman of the Audit Committee and Independent Non-Executive Director) and Stuart Grant (Independent Non-Executive Director). None of them is directly involved in operational management of the Company.

A majority members of the Audit Committee are independent members with recent financial experience and expertise. In addition, Graham Baker and Stuart Grant also have a deep understanding of risk management.

The Chief Executive and Chief Financial Officer, together with representatives of the internal and external auditors, also attend the Audit Committee meetings by invitation. In addition, other individuals may attend part of a meeting for specific agenda items as appropriate. The Audit Committee meets twice a year and reports to the Board after each meeting.

The role of the Audit Committee is governed by its terms of reference. The Audit Committee's remit includes:

- Independent oversight and assessment of financial reporting processes including related internal controls;
- Independent oversight of risk management and compliance;
- Independent oversight and responsibility for cybersecurity;
- Monitoring and reviewing the effectiveness of the internal and external audit functions;
- Considering the independence and objectivity of the external auditors; and
- Reviewing and approving the level and nature of non-audit work performed by the external auditors.

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

The matters considered by the Audit Committee during 2023 included:

- Reviewing the 2022 annual financial statements and 2023 half-year financial statements, with particular focus on the provisioning and impairment assessments, assumptions that underpinned key valuation models and effectiveness of financial controls;
- Reviewing the actions and judgements of management in relation to changes in accounting policies and practices to ensure clarity of disclosures and compliance with new accounting standards;
- Receiving reports from internal audit function on the status of the control and compliance environment of the Group and its business divisions, and progress made in resolving matters identified in the reports;
- Reviewing the principal risks, evolving trends and emerging risks that affect the Group, and monitoring changes to the risk profile, as well as the effectiveness of risk management measures and crisis management arrangements;

## Audit Committee continued

- Receiving updates on the cybersecurity threat landscape and the Group's cybersecurity environment, risk management approach, training, priorities and control effectiveness;
- Receiving reports from risk management and legal functions on key legal matters and compliance and code of conduct issues, and the actions taken in addressing those issues and strengthening controls;
- Reviewing the annual internal audit plan and status updates;
- Reviewing the biennial assessment of the effectiveness of PwC;
- Reviewing the Group's governance approach to cybersecurity management, data security and privacy management across its businesses;
- Reviewing the independence, audit scope and fees of PwC, and recommending their re-appointment as the external auditor at general meeting;
- Conducting a review of the terms of reference of the Audit Committee;
- Recommending the change of auditor from PwC LLP to PwC Hong Kong to the Board for approval; and
- Approving the adoption of Non-Assurance Services Concurrence Policy, which establishes procedures and delegations by which the Audit Committee intends to fulfil its responsibilities for the engagement of the independent auditor to perform non-assurance services to comply with the revised Code of Ethics issued by the International Ethics Standards Board for Accountants.

## Audit Committees Attendance

The table below shows the attendance at the scheduled 2023 Audit Committee meetings:

| Members of the Audit Committee | Meeting eligible to attend | Attendance |
|---|---|---|
| **Directors of the Company** | | |
| Lincoln K.K. Leong (Chairman) | 2/2 | 100% |
| Stuart Grant[1] | 1/1 | 100% |
| Y.K. Pang[2] | 1/2 | 50% |
| **Director of HKLL** | | |
| Graham Baker | 2/2 | 100% |

1 Stuart Grant joined the Audit Committee on 1st June 2023. In 2023, one Audit Committee meeting was held after 1st June 2023.
2 Y.K. Pang stepped down as a member on 31st March 2024.

## Auditor Independence and Effectiveness

The Group auditor's independence and objectivity are safeguarded by control measures including:

- Reviewing the nature of non-audit services (including the adoption by the Company of a non-audit services policy);
- The external auditor's own internal processes to approve requests for non-audit work to the external audit work;
- Monitoring changes in legislation related to auditor independence and objectivity;
- The rotation of the lead auditor partner after five years;
- Independent reporting lines from the external auditor to the Audit Committee and providing an opportunity for the external auditor to have in-camera sessions with the Audit Committee;
- Restrictions on the employment by the group of certain employees of the external auditor;
- Providing a confidential helpline that employees can use to report any concerns; and
- An annual review by the Audit Committee of the policy to ensure the objectivity and independence of the external auditor.

The Board's annual review in 2023 of the Auditor's independence and effectiveness found that PwC performed their duties effectively. The Board found the level of professional scepticism, the number and regularity of meetings with the Audit Committee, feedback from Audit Committee members and internal stakeholders and the levels of technical skills and experience to be effective.

At each AGM of the Company, the Company is required to appoint an Auditor to hold office until the conclusion of the next AGM. The Company's previous Auditor was PricewaterhouseCoopers LLP ('PwC LLP'). In March 2023, the Audit Committee recommended that the Company appoint PwC Hong Kong, also a PricewaterhouseCoopers network firm and which had conducted much of the audit work on behalf of PwC LLP for many years, as its Auditor in place of PwC LLP for future audit processes, to streamline audit procedures and align the location of the firm acting as Auditor more closely with the location of the Company's businesses. The Company's shareholders approved the appointment of PwC Hong Kong as the Company's Auditor at the AGM on 4th May 2023.

## Risk Management and Internal Control

The Board has overall responsibility for the Group's risk management systems and internal control. The Board has delegated to the Audit Committee responsibility for providing oversight in respect of risk management activities. The Audit Committee considers the Group's principal risks and uncertainties and potential changes to the risk profile. It reviews the operation and effectiveness of the Group's internal control systems (financial, operational and compliance) and the procedures by which these risks are monitored and mitigated.

The Audit Committee considers the systems and procedures regularly and reports to the Board semi-annually. The Jardine Matheson Group Audit and Risk Management ('JM GARM') is appointed to assist the Audit Committee in fulfilling its assurance and reporting roles. JM GARM adheres to international standards for the professional practice of internal audit. To safeguard its independence and objectivity, JM GARM reports functionally to the Audit Committee of the Company and has full and unrestricted access to all business functions, records, properties and personnel.

The internal control systems are designed to manage, rather than eliminate, business risk; to help safeguard the Group's assets against fraud and other irregularities; and give reasonable, but not absolute, assurance against material financial misstatement or loss.

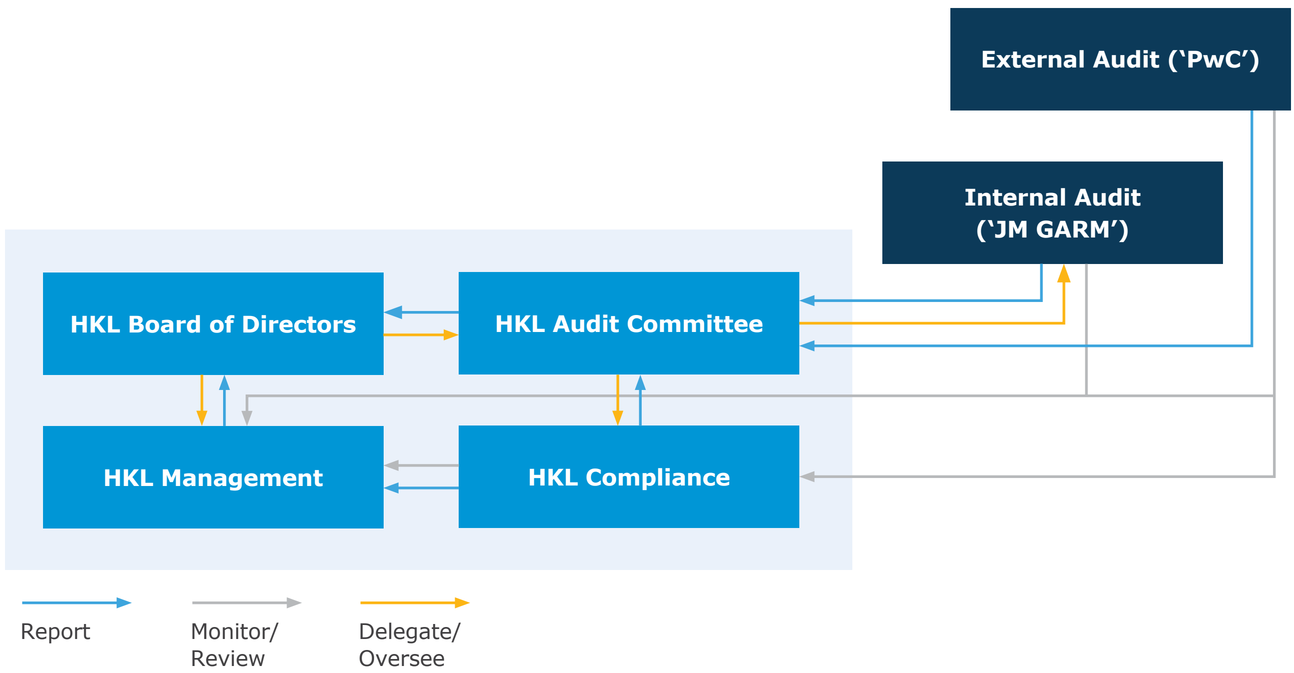
Executive management is responsible for implementing the systems of internal control throughout the Group.

The Group has an established risk management process that is reviewed regularly and covers all business units within the Group. This includes the maintenance of risk registers that detail the emerging and existing risks to the future success of the business and the relevant key controls and mitigating factors that address those risks. The Group's risk management process and risk registers are reviewed regularly.

The internal audit function also monitors the approach taken by HKLH Management to risk. The internal audit function is independent of the operating business and reports its findings and recommendations for any corrective action required to the Audit Committee.

The Company's principal risks and uncertainties are set out on pages 105 to 109.

## Risk Governance Structure

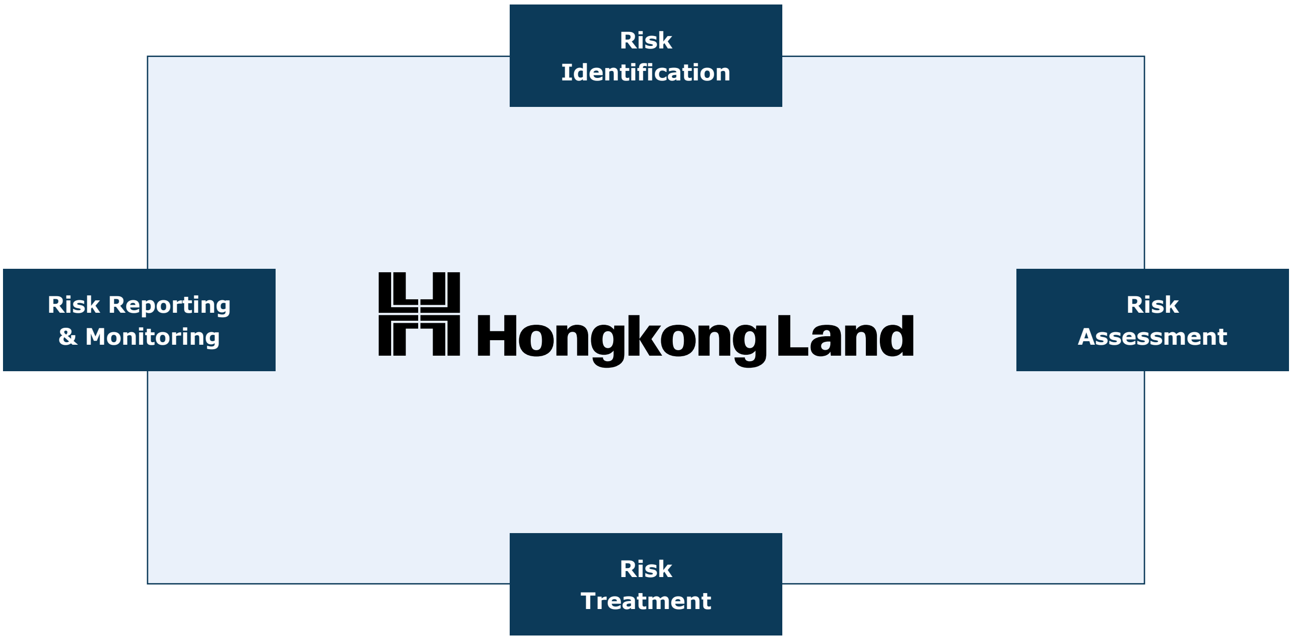



The Group's Management is responsible for:

- Identifying and assessing principal risks and uncertainties to which it is exposed;
- Implementing the most appropriate actions to mitigate and control those risks to an acceptable level;
- Providing adequate resources to minimise, offset or transfer the effects of any loss that may occur while managing acceptable risk/ benefit relationships;
- Monitoring the effectiveness of the systems of risk management and internal control;
- Reporting periodically to the Group's Board of Directors via Audit Committee and JM GARM on the principal risks and uncertainties; and
- Working with external and internal auditors to monitor and improve its control environment.

## Risk Management Framework

Risk management is integrated into each business unit's strategic planning, budgeting, decision-making and operations. Central to this is the continuous and systematic application of:




A Risk Management Framework based on ISO 31000 and COSO principles is embedded in the Group to identify, assess and define the strategies to monitor risks. The risk registers prepared by each business unit provide the basis for the aggregation process, which summarises the principal risks and uncertainties facing the Group as a whole.

| | |
|---|---|
| Risk Identification | • Identify and document the Group's exposure to uncertainty with existing strategic objectives<br>• Adopt structured and methodical techniques to identify critical risks |
| Risk Assessment | • Evaluate risks by estimating likelihood, financial and reputational damage, and the speed at which the risk materialises, based on its inherent and residual level<br>• Determine risk rating using the risk heatmap, with four levels of residual risk status |
| Risk Treatment | • Tolerate – accept if within the Group's risk appetite<br>• Terminate – dispose or avoid risks were no appetite<br>• Risks may be accepted if mitigated to an appropriate level via:<br>  • Transfer – take out insurance or share risk through contractual arrangements with business partners; and<br>  • Treat – redesign or monitor existing controls or introduce new controls |
| Risk Reporting & Monitoring | • Periodic review of principal risks and uncertainties<br>• Setting key risk indicators to enhance monitoring and mitigation of risks<br>• Regular reporting of principal risks and uncertainties from business units to the Group's Board of Directors via Audit Committee and JM GARM |

## Principal Risks and Uncertainties

The following are the principal risks and uncertainties facing the Company as required to be disclosed pursuant to the DTRs issued by the FCA and are in addition to the matters referred to in the Chairman's Statement, Chief Executive's Review and other parts of this Annual Report.

### Economic Risk

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

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

#### Mitigation Measures

- Monitor the volatile macroeconomic environment and consider economic factors in strategic and financial planning processes.
- Make agile adjustments to existing business plans and explore new business streams and new markets.
- Review pricing strategies.

### Commercial Risk

Risks are an integral part of normal commercial activities and where practicable steps are taken to mitigate them. Risks can be more pronounced when businesses are operating in volatile markets.

The Group makes significant investment decisions regarding commercial and residential development projects, and these are subject to market risks. This is especially the case where projects are longer-term in nature and take more time to deliver returns.

The Group operates in regions that are highly competitive, and failure to compete effectively, whether in terms of price, tender terms, product specification or levels of service, and failure to manage change in a timely manner, can have an adverse effect on earnings or market share, as can construction risks in relation to new developments. Significant competitive pressure may also lead to reduced margins.

It is essential for the products and services provided by the Group's businesses to meet the appropriate quality, safety and sustainability standards, and there is an associated risk if they do not, including the risk of damage to brand equity or reputation, which might adversely impact the ability to achieve acceptable revenues and profit margins.

The potential impact of disruption to IT systems or infrastructure, whether due to cyber-crime or other factors, could be significant. There is also an increasing risk to our businesses from adverse social media commentary, which could influence customer and other stakeholder behaviours and impact operations or profitability or lead to reputational damage.

#### Mitigation Measures

- Utilise market intelligence and deploy digital strategies for business-to-consumer businesses.
- Establish customer relationship management programme and digital commerce capabilities.
- Engage in longer-term contracts and proactively approach suppliers for contract renewals.
- Re-engineer existing business processes.
- Adopt best practices with respect to sustainability and transition to net zero, including executing on green building initiatives and collaborating with our tenants to jointly achieve sustainability goals.

## Principal Risks and Uncertainties continued

### Financial and Treasury Risk

The Group's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk.

The market risk the Group faces include i) foreign exchange risk from future commercial transactions, net investments in foreign operations and net monetary assets and liabilities that are denominated in a currency that is not the entity's functional currency; ii) interest rate risk through the impact of rate changes on interest-bearing liabilities and assets; and iii) securities price risks as a result of its equity investments and limited partnership investment funds which are measured at fair value through profit and loss, and debt investments which are measured at fair value through other comprehensive income.

The Group's credit risk is primarily attributable to deposits with banks, contractual cash flows of debt investments carried at amortised cost and those measured at fair value through other comprehensive income, credit exposure to customers and derivative financial instruments with a positive fair value.

The Group may face liquidity risk if its credit rating deteriorates or if it is unable to meet its financing commitments.

#### Mitigation Measures

- Limiting foreign exchange and interest rate risks to provide a degree of certainty about costs.
- Management of the investment of the Group's cash resources so as to minimise risk, while seeking to enhance yield.
- Adopting appropriate credit guidelines to manage counterparty risk.
- When economically sensible to do so, taking borrowings in local currency to hedge foreign exchange exposures on investments.
- A portion of borrowings is denominated in fixed rates. Adequate headroom in committed facilities is maintained to facilitate the Group's capacity to pursue new investment opportunities and to provide some protection against market uncertainties.
- The Group's funding arrangements are designed to keep an appropriate balance between equity and debt from banks and capital markets, both short- and long-term in tenor, to give flexibility to develop the business. The Company also maintains sufficient cash and marketable securities, and ensures the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions.
- The Group's treasury operations are managed as cost centres and are not permitted to undertake speculative transactions unrelated to underlying financial exposure.

The detailed steps taken by the Group to manage its exposure to financial risk are set out in the Financial Review on page 16 and Note 29 to the financial statements on pages 68 to 73.

### Regulatory and Political Risk

The Group is subject to a number of regulatory regimes in the territories it operates. Changes in such regimes, in relation to matters such as foreign ownership of assets and businesses, exchange controls, planning controls, tax rules, climate-related regulation and employment legislation, could have the potential to impact the operations and profitability of the Group.

Changes in the political environment, including political or social unrest, in the territories where the Group operates, could adversely affect the Group.

#### Mitigation Measures

- Stay connected and informed of relevant new and draft regulations.
- Engage external consultants and legal experts where necessary.
- Raise awareness via principal's brand conference with an annual update on new regulations that may have been implemented in other markets.

## Principal Risks and Uncertainties continued

### Pandemic, War, Terrorism and Natural Disasters Risk

A global or regional pandemic would impact the Group's business, affecting travel patterns, demand for the Group's products and services, and possibly the Group's ability to operate effectively. The Group's properties and/or project sites are also vulnerable to the effects of war and terrorism, either directly through the impact of an act of war and terrorism or indirectly through generally reduced economic activity in response to the threat of or an actual act of war and terrorism. In addition, a number of the territories in which the Group operates can experience from time-to-time natural disasters such as typhoons, floods, earthquakes and tsunamis.

#### Mitigation Measures

- Flexible work arrangements and compliance with hygiene protocols.
- Supply chain stabilisation includes sourcing backup suppliers and better coordination with logistics partners.
- Insurance programmes that provide robust cover for natural disasters including property damage and business interruption.

### Key Contracts Risk

Many of the Group's businesses and projects rely on concessions, management, outsourcing or other vital contracts. Accordingly, cancellation, expiry or termination, or the renegotiation of any such concession, management, outsourcing or other third-party key contracts could adversely affect the financial condition and results of operations of certain subsidiaries, associates and joint ventures of the Group.

#### Mitigation Measures

- Monitor materials and services providers' performance and compliance with standards set out in contracts to ensure quality.
- Engage experts to manage the key contracts.
- Diversify suppliers/contractors portfolio to avoid over-reliance on specific suppliers/contractors for key operations.

### Cybersecurity Risk

The Group's businesses are ever more reliant on technology in their operations and face increasing numbers of cyberattacks from groups targeting both individuals and businesses. As a result, the privacy and security of customer, tenant and corporate information are at risk of being compromised through a breach of our or our suppliers' IT systems or the unauthorised or accidental release of information, resulting in brand damage, impaired competitiveness or regulatory action. Cyberattacks may also adversely affect our ability to manage our business operations or operate information technology and business systems, resulting in business interruption, lost revenues, repair or other costs.

#### Mitigation Measures

- Engage external consultants to perform assessments on the business units with industry benchmarks.
- Define cybersecurity programme and centralised function to provide oversight, manage cybersecurity matters, and strengthen cyber defences and security measures.
- Perform regular vulnerability assessment and/or penetration testing to identify weaknesses.
- Maintain disaster recovery plans and backup for data restoration.
- Arrange regular security awareness training at least annually and phishing testing to raise users' cybersecurity awareness.

## **Principal Risks and Uncertainties** continued

### Governance and Misconduct Risk

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

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

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

#### Mitigation Measures

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

### Health and Safety Risk

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

#### Mitigation Measures

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

### People Risk

The competitiveness of the Group's businesses depends on the quality of the people that it attracts and retains. Unavailability of needed human resources may impact the ability of the Group's businesses to operate at capacity, implement initiatives and pursue opportunities.

The pandemic has accelerated corporate investments in digital projects and stimulated global consumer demand for e-commerce. This has created heightened demand and competition across industries for various skillsets, particularly in IT and logistics. Pandemic-related travel restrictions and a more stringent approach to issuing work visas to non-locals in some of the key markets have also disrupted the availability of labour across borders, exacerbating labour shortages as economies rebound.

#### Mitigation Measures

- Ensure proactive manpower planning and succession planning are in place.
- Enhance modern employer branding, training for staff members, compensation and benefits, and talent development plan.
- Implement strategy to promote IE&D across the Group.
- Provide employee retention programmes.
- Establish employee assistance programmes.

## Principal Risks and Uncertainties continued

### Investment, Strategic Transactions and Partnerships Risk

Competition for attractive investment opportunities has increased with the rise of global investment funds and deep pools of low-cost capital, supporting a greater appetite by investors across sectors for strategic transactions and partnerships to optimise the business portfolio and enhance growth. As the Group's businesses pursue projects and investments against keen competitors, they face pressure on the terms they are willing to secure and accept prized assets and relationships.

In addition, conflicts with strategic partners may arise due to various reasons such as different corporate cultures and management styles.

#### Mitigation Measures

- Conduct sufficient research, due diligence and evaluation of investment opportunities and potential business partners.
- Develop clear frameworks and levels of authority for investment or partnership decisions.
- Regular performance monitoring and strategic reviews of new businesses and projects.

### Environmental and Climate Risk

Global climate change has led to a trend of increased frequency and intensity of potentially damaging natural events for the Group's assets and operations. With interest in sustainability surging in recent years from investors, governments and other interested parties, expectations by regulators and other stakeholders for accurate corporate sustainability reporting and commitments towards carbon neutrality and other sustainability-related goals are also growing. This brings increasing challenges to the Group and its businesses to meet key stakeholders' expectations.

#### Mitigation Measures

In addition to being addressed under the Group's Risk Management Framework and processes, mitigation measures are reviewed and approved by the Group's Sustainability Committee as part of a broader sustainability framework already in place to execute on initiatives over the long-term.

Mitigation measures in respect of environmental and climate risks:

- A commitment to the Science Based Targets initiative's campaign to set decarbonisation targets in line with climate science, to meet the goals of the Paris Agreement, aimed at limiting global warming to 1.5°C.
- Perform and update climate risk assessments and adaptation action plans based on the recommendations of the Task Force on Climate-related Financial Disclosures, including implementing measures to address physical risks posed by climate change and identifying opportunities in the global transition to a low-carbon economy.
- Consistent retrofitting of existing assets, as well as identification and deployment of emerging PropTech solutions to drive energy efficiency.
- Increase the procurement of renewable energy, including expanding onsite renewable energy generation capacity, to reduce emissions.
- Continue implementing the Group's robust and long-standing green building certification programme to minimise environmental impact of existing assets.
- Establish performance-based targets on embodied carbon emissions targeting concrete, rebar and structural steel used for new developments.
- Support the financial sector's green transition via increased participation in the sustainable financing markets.
- Test and audit periodically the Group's Business Continuity Plans.
- Assess emerging ESG reporting standards and requirements, and align the Group's disclosures to best market practice.

## Effectiveness Review of Risk Management and Internal Control Systems

The effectiveness of the Company's risk management and internal control systems is monitored by the internal audit function, which reports functionally to the Audit Committee. The findings of the internal audit function and recommendations for any corrective action required are reported to the Audit Committee and, if appropriate, to the Jardine Matheson's audit committee.

# Shareholder Information

## Financial Calendar

| | |
|---|---|
| 2023 full-year results announced | 7th March 2024 |
| Shares quoted ex-dividend | 21st March 2024 |
| Share registers closed | 25th to 29th March 2024 |
| Annual General Meeting to be held | 8th May 2024 |
| 2023 final dividend payable | 15th May 2024 |
| 2024 half-year results to be announced | 1st August 2024* |
| Shares quoted ex-dividend | 22nd August 2024* |
| Share registers to be closed | 26th to 30th August 2024* |
| 2024 interim dividend payable | 16th October 2024* |

* Subject to change

## Dividends

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

### Shareholders on the Jersey Branch Register

Shareholders registered on the Jersey branch register can elect for their dividends to be paid in Sterling. These shareholders may make new currency elections for the 2023 final dividend by notifying the United Kingdom transfer agent in writing by 26th April 2024. The Sterling equivalent of dividends declared in United States Dollars will be calculated by reference to a rate prevailing on 2nd May 2024.

Shareholders holding their shares through CREST in the United Kingdom will receive cash dividends in Sterling only, as calculated above.

### Shareholders on the Singapore Branch Register who hold their shares through The Central Depository (Pte) Limited ('CDP')

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

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

## Registrars and Transfer Agent

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

**Principal Registrar**
Jardine Matheson International Services Limited, P.O. Box HM 1068, Hamilton HM EX, Bermuda

**Jersey Branch Registrar**
Link Market Services (Jersey) Limited, IFC 5, St Helier, Jersey JE1 1ST, Channel Islands

**Singapore Branch Registrar (with effect from 1st March 2024)**
Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632

**United Kingdom Transfer Agent**
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Press releases and other financial information can be accessed through the internet at www.hkland.com.

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# Report of the Valuers

## To Hongkong Land Holdings Limited

Dear Sirs

Revaluation of Investment Properties Held under Freehold and Leasehold

Further to your instructions, we have valued in our capacity as external valuers the investment properties held under freehold and leasehold as described in the consolidated financial statements of Hongkong Land Holdings Limited. We are of the opinion that the market value of the investment properties held under freehold in Cambodia and leasehold in China, Hong Kong and Singapore as at 31st December 2023, totalled US$26,675,300,000 (United States Dollars Twenty Six Billion Six Hundred Seventy Five Million and Three Hundred Thousand).

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

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

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

Yours faithfully

**Jones Lang LaSalle Limited**
Hong Kong, 2nd February 2024

# Major Property Portfolio

at 31st December 2023

| Operational Investment Properties | Attributable interest % | Location | Lettable area of the property Total | Office | Retail |
|---|---|---|---|---|---|
| | | | (in thousands of square metres) | | |
| Alexandra House | 100 | Hong Kong | 35 | 30 | 5 |
| Chater House | 100 | Hong Kong | 43 | 39 | 4 |
| Exchange Square | 100 | | 139 | | |
| One Exchange Square | | Hong Kong | | 53 | – |
| Two Exchange Square | | Hong Kong | | 47 | – |
| Three Exchange Square | | Hong Kong | | 30 | – |
| Podium | | Hong Kong | | – | 5 |
| The Forum | | Hong Kong | | 4 | – |
| Jardine House | 100 | Hong Kong | 63 | 59 | 4 |
| Gloucester Tower | 100 | Hong Kong | 43 | 42 | 1 |
| Landmark Atrium | 100 | Hong Kong | 25 | – | 25 |
| Edinburgh Tower | 100 | Hong Kong | 44 | 31 | 13 |
| York House | 100 | Hong Kong | 10 | 10 | – |
| Prince's Building | 100 | Hong Kong | 52 | 38 | 14 |
| WF CENTRAL | 84 | Beijing | 42 | – | 42 |
| ONE CENTRAL | 49 | Macau | 18 | – | 18 |
| One Raffles Link | 100 | Singapore | 29 | 23 | 6 |
| One Raffles Quay | 33 | | 123 | | |
| North Tower | | Singapore | | 71 | – |
| South Tower | | Singapore | | 52 | – |
| Marina Bay Financial Centre | 33 | | 284 | | |
| Tower 1 | | Singapore | | 57 | 3 |
| Tower 2 | | Singapore | | 94 | 6 |
| Tower 3 | | Singapore | | 116 | 8 |
| World Trade Centre 1 | 50 | Jakarta | 40 | 36 | 4 |
| World Trade Centre 2 | 50 | Jakarta | 60 | 56 | 4 |
| World Trade Centre 3 | 50 | Jakarta | 72 | 69 | 3 |
| World Trade Centre 5 | 50 | Jakarta | 15 | 14 | 1 |
| World Trade Centre 6 | 50 | Jakarta | 19 | 17 | 2 |
| EXCHANGE SQUARE | 100 | Phnom Penh | 26 | 17 | 9 |
| Gaysorn | 49 | Bangkok | 17 | 5 | 12 |

| Development Properties | Attributable interest % | Location | Developable area of the property<br>Total | Construction completed | Under construction/ to be developed |
|---|---|---|---|---|---|
| | | | (in thousands of square metres) | | |
| Shougang Project | 20 | Beijing | 199 | – | 199 |
| Artistic Bay | 100 | Chengdu | 99 | 99 | – |
| Creative Land | 100 | Chengdu | 84 | 84 | – |
| Natural Jewel | 50 | Chengdu | 107 | 107 | – |
| WE City | 100 | Chengdu | 923 | 740 | 183 |
| Central Avenue | 50 | Chongqing | 1,118 | 865 | 253 |
| Century Land | 100 | Chongqing | 206 | 46 | 160 |
| Eternal Land | 50 | Chongqing | 276 | – | 276 |
| Harbour Tale | 50 | Chongqing | 114 | 114 | – |
| Landmark Riverside | 50 | Chongqing | 1,326 | 1,003 | 323 |
| New Guanyinqiao Project | 40 | Chongqing | 301 | – | 301 |
| Re City | 50 | Chongqing | 748 | 219 | 529 |
| Scholar’s Mansion | 50 | Chongqing | 318 | 286 | 32 |
| Yorkville North | 100 | Chongqing | 1,116 | 1,116 | – |
| Hangzhou Bay | 30 | Hangzhou | 788 | 304 | 484 |
| Grand Mansion | 100 | Nanjing | 93 | 59 | 34 |
| JL Central | 50 | Nanjing | 254 | 75 | 179 |
| Yue City | 48 | Nanjing | 261 | 54 | 207 |
| Century Origin | 34 | Shanghai | 55 | – | 55 |
| Galaxy Midtown | 26.7 | Shanghai | 384 | 100 | 284 |
| West Bund | 43 | Shanghai | 285 | – | 285 |
| Dream Land | 100 | Wuhan | 493 | 295 | 198 |
| Lakeward Mansion | 66 | Wuhan | 226 | 206 | 20 |
| Origin Land | 100 | Wuhan | 212 | 72 | 140 |
| Peak View | 50 | Wuhan | 67 | – | 67 |
| Clementi Avenue 1 | 51 | Singapore | 51 | – | 51 |
| Copen Grand | 50 | Singapore | 68 | – | 68 |
| Piccadilly Grand | 50 | Singapore | 39 | – | 39 |
| Pine Grove Parcel B | 50 | Singapore | 57 | – | 57 |
| Tembusu Grand | 49 | Singapore | 60 | – | 60 |
| Ammaia | 50 | Jakarta | 301 | – | 301 |
| Arumaya | 40 | Jakarta | 24 | 19 | 5 |
| Asya | 50 | Jakarta | 492 | 101 | 391 |
| Avania | 50 | Jakarta | 124 | – | 124 |
| Nava Park | 49 | Jakarta | 473 | 286 | 187 |
| Project Ruby | 37.5 | Jakarta | 395 | – | 395 |
| King Kaew | 49 | Bangkok | 179 | 30 | 149 |
| Nonthaburi | 49 | Bangkok | 163 | 41 | 122 |

**Business Segment**

Investment Properties | Development Properties

**Property Type**

Office | Retail | Hotel | Residential

## Hong Kong, China – Central District


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


## Macau, China

ONE CENTRAL | Mandarin Oriental, Macau

Business Segment

Investment Properties | Development Properties

Property Type

Office | Retail | Hotel | Residential

## Shanghai, China


West Bund Financial Hub*


Parkville | LCM


Century Origin*


Irvine Bay


Galaxy Midtown | The Ring Live*

## Nanjing, China


JL CENTRAL*


Yue City | Mandarin Oriental, Nanjing | The Ring, Nanjing*


Grand Mansion*


River and City

## Suzhou, China


SZ CENTRAL Project*

## Hangzhou, China


Hangzhou Bay | The Ring, Hangzhou*


The Riverside

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

| Business Segment | |
|---|---|
| Investment Properties | Development Properties |

| Property Type | | | |
|---|---|---|---|
| Office | Retail | Hotel | Residential |

## Chongqing, China


Yorkville North | The Ring, Chongqing


Landmark Riverside


Eternal Land | CENTRAL MixC Project*


Century Land*


Central Avenue | The Ring, Central Avenue Project


Beryl Grove*


Hillview


The Pinnacle


Harbour Tale


Re City*


River One


New Guanyinqiao Project*


Scholar's Mansion*

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

Business Segment

Investment Properties | Development Properties

Property Type

Office | Retail | Hotel | Residential

## Chengdu, China

WE City | The Ring, Chengdu*

Creative Land

Artistic Bay

Artisan Bay*

Natural Jewel

## Wuhan, China

Wuhan Dream Land | The Ring, Wuhan*

Peak View*

Origin Land

Lakeward Mansion*

## Beijing, China

WF CENTRAL | Mandarin Oriental Wangfujing, Beijing

CBD Z3 Project*

Shougang Project*

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

# Major Property Portfolio

Business Segment

Investment Properties | Development Properties

Property Type

Office | Retail | Hotel | Residential

## Singapore


Marina Bay Financial Centre


One Raffles Quay


One Raffles Link | CityLink Mall


Tembusu Grand*


Copen Grand*


Leedon Green

Clementi Avenue 1 Project

Pine Grove Parcel B Project


Piccadilly Grand*

## Indonesia


World Trade Centre


Anandamaya Residences


Avania*


Arumaya*


Asya*


Ammaia*


Nava Park

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

Business Segment

Investment Properties | Development Properties

Property Type

Office | Retail | Hotel | Residential

## Thailand

British Embassy Site

The Embassy, Wireless*

Lake Legend Bangna-Suvarnabhumi*

Gaysorn

Lake Legend Chaengwattana

## Malaysia

SFERA*

QUINN*


Wangsa Walk Mall

## Cambodia

EXCHANGE SQUARE

Central Mansions

313 QUAYSIDE

## Philippines

Mandani Bay*

The Velaris Residences*

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

**Hongkong Land Holdings Limited**

*Jardine House Hamilton Bermuda*

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