

## News Release

To: Business Editor

31st July 2014

For immediate release

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

### **HONGKONG LAND HOLDINGS LIMITED HALF-YEARLY RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE 2014**

#### **Highlights**

- Underlying profit down 17% due to lack of residential completions in Singapore
- Continued strong performance in Hong Kong portfolio
- Stable asset values

"The solid performance in the Group's commercial portfolio is set to continue in the second half, while the contribution from our residential business will show improvement as it benefits from the final sales at Serenade as well as further completions in mainland China and Singapore."

Ben Keswick, *Chairman*  
31st July 2014

#### **Results**

	(unaudited) Six months ended 30th June		
	2014 US\$m	2013 US\$m	Change %
Underlying profit attributable to shareholders <sup>#</sup>	433	519	-17
Profit attributable to shareholders	563	598	-6
Shareholders' funds	27,121	26,857*	+1
Net debt	3,223	3,025*	+7
	US¢	US¢	%
Underlying earnings per share <sup>#</sup>	18.38	22.08	-17
Earnings per share	23.91	25.43	-6
Interim dividend per share	6.00	6.00	-
	US\$	US\$	%
Net asset value per share	11.53	11.41*	+1
<sup>#</sup> The Group uses 'underlying profit attributable to shareholders' in its internal financial reporting to distinguish between ongoing business performance and non-trading items, as more fully described in note 8 to the condensed financial statements. Management considers this to be a key measure which provides additional information to enhance understanding of the Group's underlying business performance. * At 31st December 2013			

The interim dividend of US\$6.00 per share will be payable on 15th October 2014 to shareholders on the register of members at the close of business on 22nd August 2014. The ex-dividend date will be on 20th August 2014, and the share registers will be closed from 25th to 29th August 2014, inclusive.

- more -

Issued by:

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**HONGKONG LAND HOLDINGS LIMITED**  
**HALF-YEARLY RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE 2014****OVERVIEW**

Conditions across the Group's key commercial property markets in the first half of the year were broadly stable, although softening was seen in the Group's residential markets. The contribution from commercial property activities increased, but the absence of residential project completions in Singapore led to an overall decline in earnings.

**PERFORMANCE**

The Group's underlying profit attributable to shareholders for the first half of 2014 was US\$433 million compared with US\$519 million in 2013.

The profit attributable to shareholders was US\$563 million for the first half, compared with US\$598 million in 2013. Non-trading gains of US\$130 million were recorded following an independent valuation at 30th June 2014 of the Group's investment properties, including its share of properties in joint ventures. This compares to a US\$79 million net gain in the first six months of 2013. The net asset value per share was relatively stable at US\$11.53, compared with US\$11.41 at the prior year end.

The Directors have declared an interim dividend of US\$6.00 per share, unchanged from the prior year.

**GROUP REVIEW**Commercial Property

Sentiment was cautious in the Hong Kong office leasing market as demand remained lacklustre despite increased leasing enquiries. Nevertheless, rental reversions were positive overall in the first half. The market should continue to benefit from the limited supply of new Grade A office space expected over the next few years.

During the period, the Group's average office rent increased to HK\$103 per sq. ft from HK\$97 per sq. ft and HK\$101 per sq. ft in the first and second half of 2013, respectively. Vacancy at the end of June was 6.0%, compared with 5.0% at the end of December 2013. The Group's retail space remains full and rental reversions are positive, with the average retail rent now at HK\$210 per sq. ft, compared with HK\$201 per sq. ft throughout 2013.

There was some evidence of increasing demand in the Singapore office leasing market. Results from the Group's office portfolio were stable and vacancy, at 1.4%, was little changed from the end of 2013. In Jakarta, the Group's 50%-owned office portfolio was 96% let, up from 94% at the end of last year.

The Group has several new projects under development, including a luxury retail complex at Wangfujing in Beijing, an office tower in central Jakarta and a mixed-use development in Phnom Penh, where progress is continuing satisfactorily.

#### Residential Property

The contribution from the Group's residential business was significantly lower than in the first half of 2013 when two large projects were completed: MCL Land's 608-unit The Estuary project and the one-third owned Marina Bay Suites development at the Marina Bay Financial Centre complex. There were no Singapore projects completed in the first half of 2014, although US\$34 million of writedowns previously made were reversed due to positive sales activity in current developments, principally at the Hallmark Residences project.

MCL Land is scheduled to complete two Singapore projects in the second half of the year; Terrasse, a 414-unit apartment complex that is fully pre-sold, and Uber 388, a 95-unit project which is 98% pre-sold. Palms@Sixth Avenue, a luxury development of 32 freehold townhouses which is 38% pre-sold and the 75-unit Hallmark Residences project, which is 59% pre-sold, will both now be completed in early 2015. The fully pre-sold 679 apartments at Ripple Bay are also scheduled for completion in 2015.

MCL Land also launched its LakeVille project in Jurong in April, where 31% of the units have been pre-sold. The project is scheduled for completion in 2017. In the first half of the year, MCL Land completed its acquisition of two adjacent development sites in Singapore for approximately US\$350 million on which 1,238 units are planned for construction.

In Hong Kong, the Group benefited from the completion of further sales at its Serenade project. There were ten units handed over to buyers in the first half of 2014, compared with five units in the first half of 2013. The Group also saw further sales completions at its 50%-owned Bamboo Grove project in Chongqing.

The Group's attributable interest in contracted sales across its residential projects in mainland China was US\$262 million in the first six months of the year, compared with US\$369 million and US\$263 million in the first and second half of 2013, respectively. While there were fewer sales launches, the decrease resulted mainly from general market uncertainty and a less liquid mortgage market. At 30th June 2014, the Group had US\$680 million in sold but unrecognised contracted sales, compared with US\$534 million at the end of 2013.

In Indonesia, work is progressing well at the Group's two joint venture residential projects, Nava Park, southwest of central Jakarta, and Anandamaya Residences, in the heart of Jakarta. Plans are on schedule for initial launches in the second half of 2014. The Group continues to monitor opportunities across the region.

## **FINANCE**

The Group's financial position continues to be strong with net debt at 30th June 2014 at US\$3.2 billion, compared with US\$3.0 billion at the end of 2013. Gearing was 12%, little changed from 11% at the end of last year.

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#### **CORPORATE DEVELOPMENTS**

On 27th May 2014, the transfer of the Company's listing on the Main Market of the London Stock Exchange to the standard listing category was completed, following shareholder approval at a Special General Meeting in April.

#### **OUTLOOK**

The solid performance in the Group's commercial portfolio is set to continue in the second half, while the contribution from our residential business will show improvement as it benefits from the final sales at Serenade as well as further completions in mainland China and Singapore.

Ben Keswick

*Chairman*

31st July 2014

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

	(unaudited) Six months ended 30th June			2013			Year ended 31st December 2013		
	2014								
	Underlying business performance US\$m	Non- trading items US\$m	Total US\$m	Underlying business performance US\$m	Non- trading items US\$m	Total US\$m	Underlying business performance US\$m	Non- trading items US\$m	Total US\$m
Revenue ( <i>note 2</i> )	<b>602.2</b>	-	<b>602.2</b>	912.0	-	912.0	1,857.1	-	1,857.1
Net operating costs ( <i>note 3</i> )	<b>(140.6)</b>	<b>(1.1)</b>	<b>(141.7)</b>	(433.0)	-	(433.0)	(940.5)	-	(940.5)
Change in fair value of investment properties	-	<b>15.6</b>	<b>15.6</b>	-	(43.4)	(43.4)	-	(81.9)	(81.9)
Operating profit ( <i>note 4</i> )	<b>461.6</b>	<b>14.5</b>	<b>476.1</b>	479.0	(43.4)	435.6	916.6	(81.9)	834.7
Financing charges	<b>(57.3)</b>	-	<b>(57.3)</b>	(51.6)	-	(51.6)	(106.2)	-	(106.2)
Financing income	<b>22.7</b>	-	<b>22.7</b>	19.3	-	19.3	42.2	-	42.2
Net financing charges	<b>(34.6)</b>	-	<b>(34.6)</b>	(32.3)	-	(32.3)	(64.0)	-	(64.0)
Share of results of associates and joint ventures ( <i>note 5</i> )	<b>75.6</b>	<b>123.1</b>	<b>198.7</b>	155.3	130.9	286.2	235.2	351.3	586.5
Profit before tax	<b>502.6</b>	<b>137.6</b>	<b>640.2</b>	602.0	87.5	689.5	1,087.8	269.4	1,357.2
Tax ( <i>note 6</i> )	<b>(68.2)</b>	<b>(4.3)</b>	<b>(72.5)</b>	(80.5)	(5.7)	(86.2)	(149.0)	(8.1)	(157.1)
Profit after tax	<b>434.4</b>	<b>133.3</b>	<b>567.7</b>	521.5	81.8	603.3	938.8	261.3	1,200.1
Attributable to:									
Shareholders of the Company	<b>432.5</b>	<b>130.0</b>	<b>562.5</b>	519.4	79.0	598.4	934.8	254.8	1,189.6
Non-controlling interests	<b>1.9</b>	<b>3.3</b>	<b>5.2</b>	2.1	2.8	4.9	4.0	6.5	10.5
	<b>434.4</b>	<b>133.3</b>	<b>567.7</b>	521.5	81.8	603.3	938.8	261.3	1,200.1
	US¢		US¢	US¢		US¢	US¢		US¢
Earnings per share ( <i>note 7</i> )	<b>18.38</b>		<b>23.91</b>	22.08		25.43	39.73		50.56

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

	(unaudited) Six months ended 30th June 2013 US\$m	Year ended 31st December 2013 US\$m
2014 US\$m		
Profit for the period	567.7	603.3
Other comprehensive expense		1,200.1
Items that will not be reclassified to profit or loss:		
Remeasurements of defined benefit plans	-	3.4
Tax on items that will not be reclassified	-	(0.6)
	-	2.8
Items that may be reclassified subsequently to profit or loss:		
Net exchange translation differences	(11.4)	(44.4)
Revaluation of other investments	(6.8)	(19.3)
Cash flow hedges		
- net gain arising during the period	7.2	9.2
- transfer to profit and loss	(0.2)	1.0
	7.0	10.2
Tax relating to items that may be reclassified	(1.2)	(1.4)
Share of other comprehensive expense of associates and joint ventures	(5.7)	(46.4)
	(18.1)	(81.1)
Other comprehensive expense for the period, net of tax	(18.1)	(101.3)
Total comprehensive income for the period	549.6	502.0
Attributable to:		
Shareholders of the Company	545.9	496.8
Non-controlling interests	3.7	5.2
	549.6	502.0
	1,121.8	1,121.8

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

	2014 US\$m	(unaudited) At 30th June 2013 US\$m	At 31st December 2013 US\$m
<b>Net operating assets</b>			
Leasehold land	7.6	6.8	7.4
Tangible fixed assets	13.5	5.9	11.8
Investment properties ( <i>note 10</i> )	23,682.5	23,511.8	23,583.0
Associates and joint ventures	5,086.8	4,453.1	4,930.4
Other investments	50.7	71.1	57.5
Non-current debtors	37.1	27.9	25.2
Deferred tax assets	6.3	4.3	5.5
Pension assets	7.6	5.1	8.0
Non-current assets	28,892.1	28,086.0	28,628.8
Properties for sale	3,195.4	2,677.0	2,670.2
Current debtors	267.2	409.1	273.7
Current tax assets	21.3	16.7	16.9
Bank balances	1,348.5	1,046.5	1,406.3
Current assets	4,832.4	4,149.3	4,367.1
Current creditors	(1,704.6)	(1,176.2)	(1,408.9)
Current borrowings ( <i>note 11</i> )	(1.3)	(852.4)	(712.1)
Current tax liabilities	(104.4)	(95.9)	(71.3)
Current liabilities	(1,810.3)	(2,124.5)	(2,192.3)
Net current assets	3,022.1	2,024.8	2,174.8
Long-term borrowings ( <i>note 11</i> )	(4,570.1)	(3,509.7)	(3,719.4)
Deferred tax liabilities	(86.3)	(84.8)	(83.1)
Non-current creditors	(93.4)	(91.1)	(102.0)
	27,164.4	26,425.2	26,899.1
<b>Total equity</b>			
Share capital	235.3	235.3	235.3
Revenue and other reserves	26,885.3	26,150.4	26,621.7
Shareholders' funds	27,120.6	26,385.7	26,857.0
Non-controlling interests	43.8	39.5	42.1
	27,164.4	26,425.2	26,899.1



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

	Share capital US\$m	Share premium US\$m	Revenue reserves US\$m	Hedging reserves US\$m	Exchange reserves US\$m	Attributable to shareholders of the Company US\$m	Attributable to non- controlling interests US\$m	Total equity US\$m
<b>Six months ended 30th June 2014</b>								
At 1st January 2014	235.3	370.0	25,753.3	(0.4)	498.8	26,857.0	42.1	26,899.1
Total comprehensive income	-	-	555.7	6.1	(15.9)	545.9	3.7	549.6
Dividends paid by the Company	-	-	(282.3)	-	-	(282.3)	-	(282.3)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	(2.0)	(2.0)
At 30th June 2014	<u>235.3</u>	<u>370.0</u>	<u>26,026.7</u>	<u>5.7</u>	<u>482.9</u>	<u>27,120.6</u>	<u>43.8</u>	<u>27,164.4</u>
<b>Six months ended 30th June 2013</b>								
At 1st January 2013	235.3	370.0	24,983.9	(5.9)	564.4	26,147.7	36.7	26,184.4
Total comprehensive income	-	-	579.1	9.5	(91.8)	496.8	5.2	502.0
Dividends paid by the Company	-	-	(258.8)	-	-	(258.8)	-	(258.8)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	(2.4)	(2.4)
At 30th June 2013	<u>235.3</u>	<u>370.0</u>	<u>25,304.2</u>	<u>3.6</u>	<u>472.6</u>	<u>26,385.7</u>	<u>39.5</u>	<u>26,425.2</u>

Total comprehensive income for the six months ended 30th June 2014 included in revenue reserves comprises profit attributable to shareholders of the Company of US\$562.5 million (2013: US\$598.4 million) and a fair value loss on other investments of US\$6.8 million (2013: US\$19.3 million). Cumulative fair value gain on other investments amounted to US\$12.9 million.

(Consolidated Statement of Changes in Equity continued on page 10)

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

	Share capital US\$m	Share premium US\$m	Revenue reserves US\$m	Hedging reserves US\$m	Exchange reserves US\$m	Attributable to shareholders of the Company US\$m	Attributable to non- controlling interests US\$m	Total equity US\$m
Year ended 31st December 2013								
At 1st January 2013	235.3	370.0	24,983.9	(5.9)	564.4	26,147.7	36.7	26,184.4
Total comprehensive income	-	-	1,169.4	5.5	(65.6)	1,109.3	12.5	1,121.8
Dividends paid by the Company	-	-	(400.0)	-	-	(400.0)	-	(400.0)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	(7.1)	(7.1)
At 31st December 2013	<u>235.3</u>	<u>370.0</u>	<u>25,753.3</u>	<u>(0.4)</u>	<u>498.8</u>	<u>26,857.0</u>	<u>42.1</u>	<u>26,899.1</u>

Total comprehensive income for the year ended 31st December 2013 included in revenue reserves comprises profit attributable to shareholders of the Company of US\$1,189.6 million and a fair value loss on other investments of US\$23.0 million. Cumulative fair value gain on other investments amounted to US\$19.7 million.

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

	(unaudited) Six months ended 30th June <b>2014</b> <b>US\$m</b>	2013 US\$m	Year ended 31st December 2013 US\$m
<b>Operating activities</b>			
Operating profit	<b>476.1</b>	435.6	834.7
Depreciation	<b>1.2</b>	1.1	2.4
Reversal of writedowns on properties for sale	<b>(33.5)</b>	(6.9)	(12.4)
Change in fair value of investment properties	<b>(15.6)</b>	43.4	81.9
Increase in properties for sale	<b>(501.4)</b>	(190.0)	(159.7)
Increase in debtors	<b>(4.3)</b>	(40.0)	(19.2)
Increase in creditors	<b>322.5</b>	27.5	245.2
Interest received	<b>28.6</b>	20.3	39.7
Interest and other financing charges paid	<b>(68.0)</b>	(65.6)	(116.7)
Tax paid	<b>(43.1)</b>	(41.1)	(139.1)
Dividends from associates and joint ventures	<b>64.3</b>	43.1	151.1
Cash flows from operating activities	<b>226.8</b>	227.4	907.9
<b>Investing activities</b>			
Major renovations expenditure	<b>(22.6)</b>	(25.5)	(40.2)
Developments capital expenditure	<b>(75.5)</b>	(53.9)	(134.0)
Investments in and loans to associates and joint ventures	<b>(7.2)</b>	(21.6)	(317.5)
Refund/(payment) of deposit for joint ventures/other investments	<b>-</b>	(7.7)	114.1
Cash flows from investing activities	<b>(105.3)</b>	(108.7)	(377.6)
<b>Financing activities</b>			
Drawdown of borrowings	<b>1,204.0</b>	797.8	1,136.3
Repayment of borrowings	<b>(1,089.8)</b>	(595.7)	(849.5)
Contribution from non-controlling shareholders	<b>-</b>	-	1.1
Dividends paid by the Company	<b>(280.1)</b>	(256.6)	(397.4)
Dividends paid to non-controlling shareholders	<b>(2.0)</b>	(2.0)	(7.1)
Cash flows from financing activities	<b>(167.9)</b>	(56.5)	(116.6)
Effect of exchange rate changes	<b>(8.7)</b>	2.1	7.6
Net (decrease)/increase in cash and cash equivalents	<b>(55.1)</b>	64.3	421.3
Cash and cash equivalents at beginning of period	<b>1,402.3</b>	981.0	981.0
Cash and cash equivalents at end of period	<b>1,347.2</b>	1,045.3	1,402.3

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


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

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

The following amendments and interpretations which are effective in the current accounting period and relevant to the Group's operations are adopted in 2014:

Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting
IFRIC 21	Levies

Amendments to IAS 32 'Offsetting Financial Assets and Financial Liabilities' are made to the application guidance in IAS 32 and clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of offset' and 'simultaneous realisation and settlement'.

Amendments to IAS 36 'Recoverable Amount Disclosures for Non-Financial Assets' set out the changes to the disclosures when recoverable amount is determined based on fair value less costs of disposal. The key amendments are (a) to remove the requirement to disclose recoverable amount when a cash generating unit (CGU) contains goodwill or indefinite lived intangible assets but there has been no impairment, (b) to require disclosure of the recoverable amount of an asset or CGU when an impairment loss has been recognised or reversed, and (c) to require detailed disclosure of how the fair value less costs of disposal has been measured when an impairment loss has been recognised or reversed.

Amendments to IAS 39 'Novation of Derivatives and Continuation of Hedge Accounting' provide relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty meets specified criteria.

IFRIC 21 'Levies' sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

There have been no changes to the accounting policies described in the 2013 annual financial statements upon the adoption of the above amendments and interpretation to existing standards. The adoption of these amendments and interpretation do not have any significant impact on the results or financial position of the Group.

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

## 2. REVENUE

	Six months ended 30th June	
	<b>2014</b>	2013
	<b>US\$m</b>	US\$m
Rental income	<b>424.3</b>	398.2
Service income	<b>62.1</b>	59.4
Sales of trading properties	<b>115.8</b>	454.4
	<b><u>602.2</u></b>	<u>912.0</u>

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

## 3. NET OPERATING COSTS

	Six months ended 30th June	
	<b>2014</b>	2013
	<b>US\$m</b>	US\$m
Cost of sales	<b>(96.6)</b>	(392.9)
Other income	<b>3.9</b>	4.8
Administrative expenses	<b>(49.0)</b>	(44.9)
	<b><u>(141.7)</u></b>	<u>(433.0)</u>

## 4. OPERATING PROFIT

	Six months ended 30th June	
	<b>2014</b>	2013
	<b>US\$m</b>	US\$m
<i>By business</i>		
Commercial Property	<b>406.7</b>	390.2
Residential Property	<b>85.1</b>	116.1
Corporate	<b>(30.2)</b>	(27.3)
Underlying business performance	<b>461.6</b>	479.0
Non-trading items		
Change in fair value of investment properties		
- Commercial Property	<b>16.3</b>	(39.9)
- Residential Property	<b>(0.7)</b>	(3.5)
	<b>15.6</b>	(43.4)
Others	<b>(1.1)</b>	-
	<b><u>14.5</u></b>	<u>(43.4)</u>
	<b><u>476.1</u></b>	<u>435.6</u>

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

	Six months ended 30th June	
	<b>2014</b>	2013
	<b>US\$m</b>	US\$m
<hr/>		
<i>By business</i>		
Commercial Property		
- operating profit	<b>77.8</b>	69.0
- net financing charges	<b>(18.0)</b>	(19.0)
- tax	<b>(9.6)</b>	(5.5)
- net profit	<b>50.2</b>	44.5
Residential Property		
- operating profit	<b>38.6</b>	139.2
- net financing charges	<b>0.4</b>	(1.0)
- tax	<b>(13.4)</b>	(27.6)
- non-controlling interests	<b>(0.2)</b>	0.2
- net profit	<b>25.4</b>	110.8
Underlying business performance	<b>75.6</b>	155.3
Change in fair value of investment properties (net of deferred tax)		
- Commercial Property	<b>124.8</b>	129.8
- Residential Property	<b>(1.7)</b>	1.1
	<b>123.1</b>	130.9
	<b>198.7</b>	286.2

## 6. TAX

	Six months ended 30th June	
	<b>2014</b>	2013
	<b>US\$m</b>	US\$m
<hr/>		
Tax charged to profit and loss is analysed as follows:		
Current tax	<b>(71.2)</b>	(68.1)
Deferred tax		
- changes in fair value of investment properties	<b>(4.3)</b>	(5.7)
- other temporary differences	<b>3.0</b>	(12.4)
	<b>(72.5)</b>	(86.2)
Tax relating to components of other comprehensive income is analysed as follows:		
Cash flow hedges	<b>(1.2)</b>	(1.4)

## 6. TAX (continued)

Tax on profits has been calculated at the rates of taxation prevailing in the territories in which the Group operates. The Group has no tax payable in the United Kingdom (2013: nil).

Share of tax of associates and joint ventures of US\$33.5 million (2013: US\$42.0 million) is included in share of results of associates and joint ventures.

## 7. EARNINGS PER SHARE

Earnings per share are calculated on profit attributable to shareholders of US\$562.5 million (2013: US\$598.4 million) and on the weighted average number of 2,352.8 million (2013: 2,352.8 million) shares in issue during the period.

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

	Six months ended 30th June			
	2014		2013	
	US\$m	Earnings per share US¢	US\$m	Earnings per share US¢
Underlying profit attributable to shareholders	432.5	18.38	519.4	22.08
Non-trading items (note 8)	130.0		79.0	
Profit attributable to shareholders	562.5	23.91	598.4	25.43

## 8. NON-TRADING ITEMS

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

An analysis of non-trading items is set out below:

	Six months ended 30th June	
	2014 US\$m	2013 US\$m
Change in fair value of investment properties	15.6	(43.4)
Deferred tax on change in fair value of investment properties	(4.3)	(5.7)
Share of change in fair value of investment properties of associates and joint ventures (net of deferred tax)	123.1	130.9
Others	(1.1)	-
Non-controlling interests	(3.3)	(2.8)
	130.0	79.0

## 9. DIVIDENDS

	Six months ended 30th June	
	<b>2014</b>	2013
	<b>US\$m</b>	US\$m
Final dividend in respect of 2013 of US¢12.00 (2012: US¢11.00) per share	<b><u>282.3</u></b>	<u>258.8</u>

An interim dividend in respect of 2014 of US¢6.00 (2013: US¢6.00) per share amounting to a total of US\$141.2 million (2013: US\$141.2 million) is declared by the Board and will be accounted for as an appropriation of revenue reserves in the year ending 31st December 2014.

## 10. INVESTMENT PROPERTIES

	Six months ended 30th June		Year ended 31st December
	<b>2014</b>	2013	2013
	<b>US\$m</b>	US\$m	US\$m
Net book value at beginning of period	<b>23,583.0</b>	23,493.7	23,493.7
Exchange differences	<b>3.4</b>	(32.0)	(16.0)
Additions	<b>80.5</b>	93.5	187.2
Net increase/(decrease) in fair value	<b><u>15.6</u></b>	<u>(43.4)</u>	<u>(81.9)</u>
Net book value at end of period	<b><u>23,682.5</u></b>	<u>23,511.8</u>	<u>23,583.0</u>

## 11. BORROWINGS

	<b>2014</b>	At 30th June 2013	At 31st December 2013
	<b>US\$m</b>	US\$m	US\$m
<i>Current</i>			
Bank overdrafts	<b>1.3</b>	1.2	4.0
Current portion of long-term borrowings			
- bank loans	-	334.4	201.2
- 5.5% United States dollar notes due 2014	-	516.8	506.9
	<b>1.3</b>	852.4	712.1



## 11. BORROWINGS (continued)

	2014 US\$m	At 30th June 2013 US\$m	At 31st December 2013 US\$m
<i>Long-term</i>			
Bank loans	1,364.7	1,000.6	997.8
3.65% Singapore dollar notes due 2015	300.8	297.5	297.2
Medium term notes			
- due 2017	42.2	41.7	41.7
- due 2019	103.1	103.0	103.0
- due 2020	317.7	315.3	314.7
- due 2021	68.2	68.0	66.8
- due 2022	591.5	584.6	578.9
- due 2023	179.2	-	179.1
- due 2024	401.6	-	-
- due 2025	655.1	656.3	655.7
- due 2026	38.6	38.5	38.6
- due 2027	186.0	185.7	185.8
- due 2028	79.6	38.0	79.5
- due 2029	50.8	-	-
- due 2030	103.2	103.1	103.2
- due 2031	25.4	25.4	25.4
- due 2032	30.3	19.9	19.9
- due 2040	32.1	32.1	32.1
	2,904.6	2,211.6	2,424.4
	4,570.1	3,509.7	3,719.4
	<u>4,571.4</u>	<u>4,362.1</u>	<u>4,431.5</u>

## 12. FINANCIAL INSTRUMENTS

Financial instruments by category

The fair values of financial assets and financial liabilities, together with carrying amounts at 30th June 2014 and 31st December 2013 are as follows:

	Loans and receivables US\$m	Derivatives US\$m	Available- for-sale US\$m	Other financial liabilities at amortised cost US\$m	Total carrying amount US\$m	Fair value US\$m
<b>30th June 2014</b>						
Assets						
Other investments	-	-	50.7	-	50.7	50.7
Debtors	129.2	23.4	-	-	152.6	152.6
Bank balances	1,348.5	-	-	-	1,348.5	1,348.5
	<u>1,477.7</u>	<u>23.4</u>	<u>50.7</u>	<u>-</u>	<u>1,551.8</u>	<u>1,551.8</u>
Liabilities						
Borrowings	-	-	-	(4,571.4)	(4,571.4)	(4,590.0)
Creditors excluding non-financial liabilities	-	(35.8)	-	(722.8)	(758.6)	(758.6)
	<u>-</u>	<u>(35.8)</u>	<u>-</u>	<u>(5,294.2)</u>	<u>(5,330.0)</u>	<u>(5,348.6)</u>

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12. FINANCIAL INSTRUMENTS *(continued)*

	Loans and receivables US\$m	Derivatives US\$m	Available- for-sale US\$m	Other financial liabilities at amortised cost US\$m	Total carrying amount US\$m	Fair value US\$m
31st December 2013						
Assets						
Other investments	-	-	57.5	-	57.5	57.5
Debtors	157.2	15.3	-	-	172.5	172.5
Bank balances	<u>1,406.3</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,406.3</u>	<u>1,406.3</u>
	<u>1,563.5</u>	<u>15.3</u>	<u>57.5</u>	<u>-</u>	<u>1,636.3</u>	<u>1,636.3</u>
Liabilities						
Borrowings	-	-	-	(4,431.5)	(4,431.5)	(4,348.1)
Creditors excluding non-financial liabilities	<u>-</u>	<u>(48.9)</u>	<u>-</u>	<u>(769.6)</u>	<u>(818.5)</u>	<u>(818.5)</u>
	<u>-</u>	<u>(48.9)</u>	<u>-</u>	<u>(5,201.1)</u>	<u>(5,250.0)</u>	<u>(5,166.6)</u>

## Fair value estimation

## (i) Financial instruments that are measured at fair value

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

(a) *Quoted prices (unadjusted) in active markets for identical assets or liabilities ('quoted prices in active markets')*

The fair value of listed securities, which are classified as available-for-sale, is based on quoted prices in active markets at the balance sheet date. The quoted market price used for listed investments held by the Group is the current bid price.

(b) *Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly ('observable current market transactions')*

The fair values of all interest rate swaps, cross-currency swaps and forward foreign exchange contracts are determined using rates quoted by the Group's bankers at the balance sheet date which are calculated by reference to market interest rates and foreign exchange rates.

(c) *Inputs for assets or liabilities that are not based on observable market data ('unobservable inputs')*

The fair value of unlisted securities, which are classified as available-for-sale, is determined using valuation techniques by reference to observable current market transactions (including price-earnings and price-book multiples of listed securities of entities engaged in similar industries) or the market prices of the underlying investments with certain degree of entity specific estimates.

There were no changes in valuation techniques during the period.

12. FINANCIAL INSTRUMENTS *(continued)*

The table below analyses financial instruments carried at fair value at 30th June 2014 and 31st December 2013, by the levels in the fair value measurement hierarchy:

	Quoted prices in active markets US\$m	Observable current market transactions US\$m	Total US\$m
<b>30th June 2014</b>			
Assets			
Available-for-sale financial assets			
- listed securities	<b>50.7</b>	-	<b>50.7</b>
Derivative financial instruments	<b>-</b>	<b>23.4</b>	<b>23.4</b>
	<b>50.7</b>	<b>23.4</b>	<b>74.1</b>
Liabilities			
Derivative financial instruments	<b>-</b>	<b>(35.8)</b>	<b>(35.8)</b>
<b>31st December 2013</b>			
Assets			
Available-for-sale financial assets			
- listed securities	57.5	-	57.5
Derivative financial instruments	-	15.3	15.3
	57.5	15.3	72.8
Liabilities			
Derivative financial instruments	-	(48.9)	(48.9)

There were no transfers among the three categories during the period.

## (ii) Financial instruments that are not measured at fair value

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

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

## 13. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Total capital commitments at 30th June 2014 and 31st December 2013 amounted to US\$816.8 million and US\$947.1 million, respectively.

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

#### 14. RELATED PARTY TRANSACTIONS

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

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

##### *Management fee*

The management fee payable by the Group, under an agreement entered into in 1995, to Jardine Matheson Limited ('JML') in 2014 was US\$2.2 million (2013: US\$2.6 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 2014 amounted to US\$9.6 million (2013: US\$9.6 million).

The Group provided project consultancy services to Jardine Matheson group members in 2014 amounting to US\$0.2 million (2013: US\$0.2 million).

Jardine Matheson group members provided property construction, maintenance and other services to the Group in 2014 in aggregate amounting to US\$13.4 million (2013: US\$27.4 million).

The outstanding balances arising from the above services at 30th June 2014 were not material.

##### *Hotel management services*

Jardine Matheson group members provided hotel management services to the Group in 2014 amounting to US\$1.7 million (2013: US\$1.4 million).

The outstanding balances arising from the above services at 30th June 2014 were not material.

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

Amounts of outstanding balances with associates and joint ventures are included in debtors and creditors as appropriate.

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

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The Board has overall responsibility for risk management and internal control. The following have been identified previously as the areas of principal risk and uncertainty facing the Company, and they remain relevant in the second half of the year:

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

For greater detail, please refer to page 74 of the Company's Annual Report for 2013, a copy of which is available on the Company's website [www.hkland.com](http://www.hkland.com).

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**Responsibility Statement**

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

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

For and on behalf of the Board

Y.K. Pang  
John R. Witt

*Directors*

31st July 2014

*The interim dividend of US\$6.00 per share will be payable on 15th October 2014 to shareholders on the register of members at the close of business on 22nd August 2014. The ex-dividend date will be on 20th August 2014, and the share registers will be closed from 25th to 29th August 2014, inclusive. Shareholders will receive their dividends in United States dollars, unless they are registered on the Jersey branch register where they will have the option to elect for sterling. These shareholders may make new currency elections for the 2014 interim dividend by notifying the United Kingdom transfer agent in writing by 26th September 2014. The sterling equivalent of dividends declared in United States dollars will be calculated by reference to a rate prevailing on 30th September 2014. Shareholders holding their shares through The Central Depository (Pte) Limited ('CDP') in Singapore will receive United States dollars unless they elect, through CDP, to receive Singapore dollars.*

## **Hongkong Land Group**

Hongkong Land is one of Asia's leading property investment, management and development groups. Founded in 1889, Hongkong Land's business is built on excellence, integrity and partnership.

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

The Group's prime Hong Kong portfolio of some 450,000 sq. m. is located in the heart of the Central district. In Singapore, its 165,000 sq. m. portfolio consists largely of prestigious office space located at Marina Bay, much of which is held through joint ventures. The Group also has a 50% interest in a prime office complex in Central Jakarta, and has a number of projects under development that include a luxury retail centre at Wangfujing in Beijing.

Hongkong Land is developing a number of largely residential projects, in cities across Greater China and Southeast Asia. In Singapore, its subsidiary, MCL Land, is a well-established residential developer.

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

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