Annual Report 2013

Hongkong Land Holdings Limited

Marina Bay Financial Centre, a joint venture development in Singapore's new Central Business District (front cover).

Jardines
A member of the Jardine Matheson Group

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

Corporate Information

Directors

Ben Keswick Chairman and Managing Director
Y.K. Pang Chief Executive
Charles Allen-Jones
Mark Greenberg
Jenkin Hui
Adam Keswick
Sir Henry Keswick
Simon Keswick
Lord Leach of Fairford
Dr Richard Lee
Anthony Nightingale
Lord Powell of Bayswater, KCMG
Lord Sassoon, Kt
James Watkins
Percy Weatherall
John R. Witt
Michael Wei Kuo Wu

Company Secretary and Registered Office

John C. Lang
Jardine House
33-35 Reid Street
Hamilton
Bermuda

Hongkong Land Limited

Directors

Ben Keswick Chairman
Y.K. Pang Chief Executive
R.M.J. Chow
R.L. Garman
Mark Greenberg
Adam Keswick
D.P. Lamb
N. Leung
James Riley
J.A. Robinson
Giles White
John R. Witt Chief Financial Officer
R. Wong

Corporate Secretary

N.M. McNamara

Highlights

- Record underlying profit
- Higher contribution from investment properties
- Residential profit up 37%
- New residential projects in China, Indonesia, the Philippines and Singapore

Results

	2013	2012	Change
	US$m	US$m restated†	%
Underlying profit attributable to shareholders*	**935**	776	20
Profit attributable to shareholders	**1,190**	1,438	(17)
Shareholders' funds	**26,857**	26,148	3
Net debt	**3,025**	3,273	(8)
	US¢	US¢	%
Underlying earnings per share*	**39.73**	33.11	20
Earnings per share	**50.56**	61.32	(18)
Dividends per share	**18.00**	17.00	6
	US$	US$	%
Net asset value per share	**11.41**	11.11	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 1 to the financial statements. Management considers this to be a key measure which provides additional information to enhance understanding of the Group's underlying business performance.

† The accounts have been restated due to a change in accounting policy upon adoption of IAS 19 (amended 2011) 'Employee Benefits', as set out in Note 1 to the financial statements.

Chairman's Statement

Overview

Hongkong Land produced an excellent result in 2013 with improved performances from both its commercial and its residential activities. In Hong Kong, rent reversions remained positive for the office and retail portfolios, while Singapore benefited from a full-year's contribution from Marina Bay Financial Centre and higher average rents. The Group's residential activities saw the completion of three projects in Singapore.

Performance

Underlying profit attributable to shareholders was US$935 million, a record result and a 20% increase over the US$776 million recorded in the prior year. Including the net surplus of US$255 million recorded on property valuations, the profit attributable to shareholders for the year was US$1,190 million. This compares to US$1,438 million in 2012, which included net valuation gains of US$662 million.

The net asset value per share at 31st December 2013 was US$11.41 compared with US$11.11 at the end of 2012.

The Directors are recommending a final dividend of US¢12.00 per share for 2013, providing a total dividend for the year of US¢18.00 per share, compared with US¢17.00 per share for 2012.

Group Review

Commercial Property

In Hong Kong, demand for office space remained relatively subdued, but rental reversions continued to be largely positive. The Group's average office rent rose to HK$99 per sq. ft, compared with HK$90 in the previous year. At 31st December 2013, vacancy was 5.0%, compared with 5.6% at 30th June 2013. The Group's retail portfolio was fully occupied with rent increases reflecting strong demand for the Group's prime Central portfolio. The average retail rent was HK$201 per sq. ft, an 18% increase from 2012.

In Singapore, the contribution from the Group's commercial portfolio also increased with the inclusion of a full year of results from the now complete Marina Bay Financial Centre ('MBFC') and higher average rents. Year-end vacancy in the Group's Singapore portfolio was low at only 1.7%, compared with 3.1% at the end of June. The Group also benefited from higher average rents at Jakarta Land, in which it holds a 50% interest.

In mainland China, the Group's commercial development projects are progressing satisfactorily. This includes the development of a luxury retail complex, which will incorporate a Mandarin Oriental hotel, on a prime site at Wangfujing, in Beijing.

Residential Developments

The contribution from Residential Developments rose strongly in 2013 following the completion of three projects in Singapore. MCL Land completed two fully-sold projects, Este Villa and The Estuary, comprising 121 freehold townhouses and 608 apartments, respectively. Profits were also recognised at the one-third owned Marina Bay Suites, which was some 90% pre-sold.

In mainland China, the Group benefited from sales completions at Maple Place in Beijing and at the Bamboo Grove, Landmark Riverside and Yorkville South projects in Chongqing. Across all of its projects, Hongkong Land's attributable interest in contracted sales was US$632 million in 2013, compared with US$429 million in 2012, reflecting robust market conditions and higher levels of development. In November, a 50% interest was secured in a 40 hectare site adjacent to Chongqing's Central Park for some US$330 million.

In Hong Kong, seven units in the Serenade were handed over to buyers while the sales of eight units were completed at the Group's 47%-owned joint venture in Macau.

Construction has begun at Nava Park, the Group's 49%-owned residential joint venture southwest of Central Jakarta in Indonesia. Planning is also underway for some 500 luxury apartments at a second residential project in Jakarta, which is a 40%-owned joint venture with affiliate, Astra International. In the Philippines, construction has begun on the final phase of Roxas Triangle, a development of 182 luxury apartments in central Makati.

Financing

The Group's financial position remained robust with net debt of US$3.0 billion at the end of 2013, compared with US$3.3 billion at the end of 2012. Gearing at the end of the year was 11%, down from 13% the previous year.

Corporate Developments

The Company has announced its intention, subject to shareholder approval, to transfer the listing of its shares on the Main Market of the London Stock Exchange to the standard listing category from the current premium listing category.

People

The professionalism of our committed staff is what distinguishes Hongkong Land's service to our tenants and purchasers. I would like to take this opportunity to thank them for their commitment, diligence and hard work throughout the year and to congratulate them on achieving this record result.

Simon Keswick stepped down as Chairman in May, and remains a non-executive Director. We appreciate greatly his tremendous contribution as Chairman of the Group since his first appointment in 1983.

Outlook

The Group's key commercial markets of Hong Kong and Singapore are expected to remain broadly stable in the year ahead. In our residential businesses, a higher contribution is anticipated from the Group's mainland China operations, but this will be more than offset by a significant reduction in profits from our Singapore residential operations.

Ben Keswick
Chairman
6th March 2014

Chief Executive's Review

Hongkong Land performed well in 2013, with higher earnings from its commercial property interests and a strong contribution from its residential activities leading to a record underlying profit. Notwithstanding the uncertain economic environment, the Group remains well positioned in its key markets and continues to review new development opportunities.

Business Model and Strategy

The Group's Central portfolio in Hong Kong and its interests in the Marina Bay area of Singapore remain its most significant investments. The location, quality and scale of these assets provide the Group with an excellent competitive position and a source of stable, recurring revenue. We continue to seek opportunities to grow the Group's exceptional investment portfolio through greenfield development across our core markets of Greater China and Southeast Asia. The Group currently has commercial developments underway in Beijing, Jakarta and Phnom Penh.

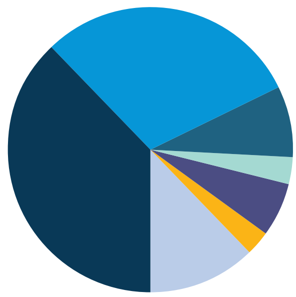
We also continue to expand our residential business throughout the region. In China, our attributable interest in the developable area of all our projects now totals some 5.4 million sq. m., which includes a new development in Chongqing, in which the Group has acquired a 50% stake. To date, some 650,000 sq. m. has been developed and sold and our business is well positioned to deliver a rising contribution as these long-term projects are developed. In Singapore, our wholly-owned subsidiary, MCL Land continues to perform well, although market conditions were less favourable in 2013. In Indonesia, planning has begun on a second residential development, a 40%-owned joint venture comprising over 500 residential units in Central Jakarta with our affiliate company, Astra International. The year also saw an increase in our activities in the Philippines, with the recommencement of a 182-unit luxury condominium project in Manila and the acquisition of a 40% stake in a 20 hectare site in Cebu which will be developed as a residential-led, mixed-use project.

Hong Kong's Central Portfolio

The Group owns a prime portfolio of 12 buildings in Central providing over 450,000 sq. m. of Grade A office and luxury retail space. This is managed as an integrated mixed-use development with the objective of maintaining it as the pre-eminent destination for office and retail tenants. While the level of demand for this space naturally fluctuates depending on overall economic conditions, the location and iconic status of the portfolio ensure a relatively resilient level of demand even in uncertain markets.

2009

41% Banks and other financial services
26% Legal
9% Accounting
5% Governments
4% Property
3% Trading
12% Others



2013

38% Banks and other financial services
30% Legal
8% Accounting
3% Governments
6% Property
3% Trading
12% Others

Central portfolio tenant profile by area occupied

Central portfolio top five office tenants (in alphabetical order)
in 2013

BASF East Asia
BNP Paribas
JP Morgan
KPMG
PricewaterhouseCoopers

Central portfolio top five retail tenants (in alphabetical order)
in 2013

Dickson Concepts
Giorgio Armani
Kering Group
Louis Vuitton
Richemont Group

We seek to grow our rentals over the long term, and in order to achieve this we continually invest in our portfolio to maintain it as the most prestigious office and retail space within Hong Kong. In late 2013, we completed the redevelopment of The Forum, converting ancillary retail premises into a premium office building, which has been leased to Standard Chartered Bank as a 'Wealth Management Centre'. At the same time, significant enhancements are being made to the surrounding Exchange Square Plaza.

Retail space in the Central portfolio now totals 54,000 sq. m. and our objective is to ensure that this continues to be viewed as the most exclusive shopping and dining destination in Hong Kong. There are a wide variety of the world's leading retail brands and a range of outstanding restaurants which have collectively been awarded a total of nine Michelin stars. These support the premium positioning and convenience of the office space, which helps attract and retain the best tenants.

Commercial Property Investments in Asia

The Group has an extensive and growing commercial property portfolio outside Hong Kong, where it has built on its tenant relationships, reputation for quality and strong financial position to expand profitably across the region. The principal focus to date has been in Singapore where the Group now has an attributable interest in 166,000 sq. m. of commercial space (including its share of properties held through joint ventures). This is principally premium Grade A office space in the Marina Bay area of the Central Business District.

In Jakarta, construction will commence on a fifth office tower at Jakarta Land, where the Group holds a 50% stake in a prime office portfolio in the Central Business District of 135,000 sq. m. In Beijing, two new projects are underway and construction has commenced on a mixed-use development in Phnom Penh.

We continue to look for attractive high-quality commercial projects throughout Asia which will offer development profits as well as long-term investments to be held for rental yield and capital appreciation. In general, our performance in these markets depends on the levels of demand for and supply of commercial space, both of which are influenced by the overall economic environment.

Residential Developments

Based on the Group's experience and strong brand throughout East Asia, we have established a strong and profitable residential trading business focusing primarily on the premium market. While the capital invested in this activity is significantly lower than our commercial business, the residential projects enhance the Group's overall profits and returns on capital.

Annual returns from residential developments fluctuate due to the nature of the projects and the accounting policy of only recognising profits on sold units at completion. Demand is also dependent on overall economic conditions, which can be significantly affected by government policies. Ongoing land acquisitions are necessary to continue to build this income stream over the longer term.

Review of Commercial Property

Hong Kong

Leasing activity in the office market remained relatively soft in 2013 as demand from the key financial services sector was subdued. Market rents for Grade A office space were broadly stable, although the Group's rental reversions were on the whole positive. While demand is hard to forecast in the current uncertain environment, the very limited new supply of office space should continue to provide support to the market. Financial institutions, law firms and accounting firms account for some 75% of total leasable area. The average rent in 2013 was HK$99 per sq. ft, the highest Hongkong Land has achieved, compared with HK$90 per sq. ft in 2012. Vacancy at the end of 2013 was 5.0% compared with 3.4% at the end of 2012. The vacancy across the entire Grade A Central market was 4.6% as at 31st December 2013.

Demand for retail space in Hong Kong remains robust and, as with the office market, there is very limited new supply of high quality developments. Consequently, the average retail rent increased by some 18% to HK$201 per sq. ft from the 2012 average of HK$171 per sq. ft. The portfolio at the end of 2013 remained fully occupied.

Central portfolio

at 31st December 2013

	Office	Retail
Capital value (US$m)	17,343	4,784*
Gross revenue (US$m)	650	232*
Equivalent yield (%)		
– One and Two Exchange Square	4.00	
– The Landmark Atrium		4.50
Average unexpired term of leases (years)	3.6	2.4
Area subject to renewal/review in 2014 (%)	28	21

* including hotel

The value of the combined Hong Kong portfolio at 31st December 2013, based on independent valuations, was US$22.1 billion, in line with a year earlier.

Singapore

Leasing activity in Singapore was also relatively subdued as demand from financial institutions remained low, but our portfolio continued to perform well. Financial institutions, law firms and accounting firms account for some 85% of total leasable area, although there is increasing demand from other sectors including natural resource companies. The office portfolio was fully leased with the exception of Tower 3 of Marina Bay Financial Centre, which was 94% let compared with 78% at the end of 2012. The average rent across the office portfolio in 2013 was S$9.1 per sq. ft compared with S$8.7 per sq. ft in the previous year.

Vacancy across the Group's Singapore portfolio at the end of 2013 was 1.7% compared with 5.6% at the end of 2012. The vacancy across the entire Grade A CBD market was 6.5% as at 31st December 2013.

Other Commercial Property Investments

A luxury retail centre of some 50,000 sq. m. at Wangfujing, a pedestrianised area in close proximity to the Forbidden City, is being developed into the city's most prestigious shopping and dining destination. In addition, it will include an exclusive 75-room Mandarin Oriental hotel. The Group also has a 30% interest in a site in the CBD Core Area of Beijing's Chaoyang District, which will be developed as a prime Grade A office building of some 120,000 sq. m.

The Group's 47%-owned joint venture project in Macau, One Central, continued to benefit from fast growing retail sales, which increased its contribution to the Group. With its 20,000 sq. m. of luxury retail space, One Central is regarded as the leading destination for luxury retail shopping in Macau. Occupancy at the end of 2013 was stable at 95%. In 2013, revenues increased by approximately 35%. Mandarin Oriental, Macau, the 213-room hotel which is seamlessly connected to the retail areas of One Central, continues to consolidate its position as one of the market's most exclusive hotels.

In Jakarta, construction is soon to commence on a fifth tower at the Group's 50%-owned joint venture, Jakarta Land. While market rents remain relatively low by international standards, they have increased significantly over the past three years. At 31st December 2013, occupancy across the portfolio was 94%, consistent with the previous year. The average rent in 2013 was US$21.6 per sq. m., compared with US$20.6 per sq. m. in 2012.

In Phnom Penh, Cambodia, construction has commenced on a prime retail and office development in the heart of the city. This is scheduled for completion in 2017.

The Group's other commercial investment properties in Hanoi, Bangkok and Bermuda continued to perform satisfactorily.

Review of Residential Property

Results from the Group's residential property activities were strong, principally due to three project completions in Singapore which had largely been pre-sold.

While 2013 was also a relatively quieter year for sales activity in Singapore, MCL Land launched its 738-unit J Gateway development in the first half of the year, which was 100% sold within a few days. Sales were slower, however, at two other projects targeted at the premium sector.

In mainland China, the Group's attributable interest in contracted sales across our six development projects was US$632 million in 2013, compared with US$429 million in the prior year. This satisfactory performance reflects the increasing scale of our residential business on the mainland.

Hong Kong

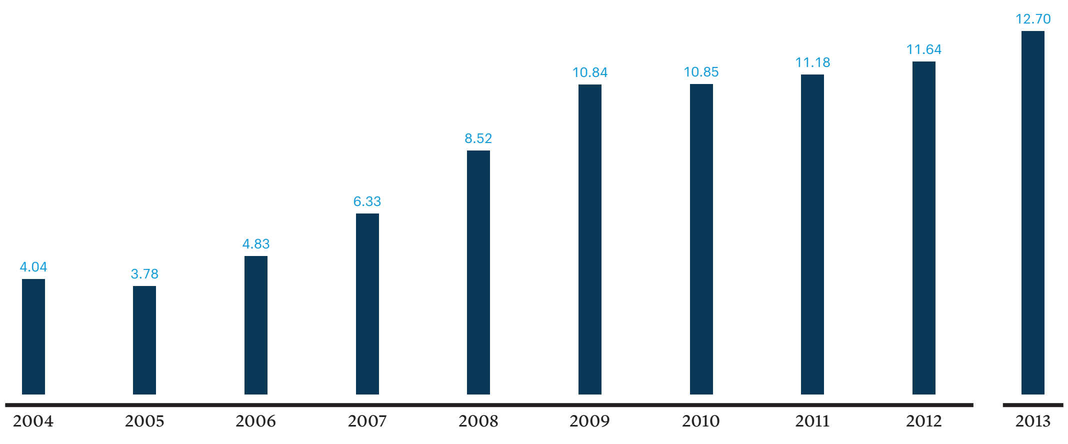
Seven units were handed over to buyers at the Group's 97-unit Serenade project, compared with 20 units in 2012. At the end of the year, there were 14 units remaining for sale of which eight were recently sold.

Macau

In Macau, eight units were handed over to buyers at the Group's One Central joint venture development compared to 12 units in 2012. There were just two units remaining for sale at the end of the year, which have since been sold, giving a total of five units scheduled for handover in 2014.

Singapore

In 2013, there were three project completions. These developments included MCL Land's The Estuary with 608 units and Este Villa with 121 freehold townhouses, both of which were 100% pre-sold. In addition, the 221-unit Marina Bay Suites development, which was 90% pre-sold, was completed in the first half of the year. This is one-third owned by Hongkong Land and is the final residential component of the MBFC complex.



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

In 2014, two projects that are substantially pre-sold are scheduled for completion, Uber 388 with 95 units and Terrasse with 414 units. At the end of 2013, these projects had been 94% and 100% pre-sold, respectively. Also scheduled for completion in 2014 are Palms@Sixth Avenue and Hallmark Residences. Palms@Sixth Avenue, an exclusive 32-unit landed housing development, has now been 19% pre-sold. At Hallmark Residences, a 75-unit luxury condominium development, a full market launch is planned for the first half of 2014. To date, some 41% of units have been pre-sold. Sales are expected to remain slow as the premium sector of the market has been the most affected by government cooling measures.

In 2015, the 100% pre-sold Ripple Bay project comprising 679 units will be completed. J Gateway, a 738-unit condominium project in Jurong, which is 100% pre-sold, will complete in 2016. Meanwhile, construction has commenced on our second project in Jurong, which will be launched for sale in 2014 and is scheduled for completion in 2017.

In February 2014, MCL Land recently bid successfully for two sites at Choa Chu Kang Grove, with a combined land cost of approximately US$350 million.

Mainland China

The Group's residential business was active in four cities across mainland China. These are long-term projects of different product types that are being developed in phases over time. Notwithstanding the various government measures to dampen the residential property market introduced over the past few years, sales at our various projects have been resilient as they are principally targeted at end users. In the longer term, we believe that these projects are well positioned to meet market demand and should produce strong and stable earnings for the Group.

Chongqing, the largest city in western China, is where the Group's most significant residential developments are located. These consist of four existing projects, Bamboo Grove, Landmark Riverside, Yorkville South and the adjacent Yorkville North. In addition, the Group recently acquired a 40 hectare site, adjacent to Chongqing's Central Park, in joint venture with China Merchants Property Development. Hongkong Land's share of the land cost was US$330 million. This residential-led project, which also includes office and retail components, will yield over one million sq. m. of developable area on a 100% basis.

Bamboo Grove, the Group's 50%-owned joint venture with Longfor Properties, is a 79 hectare site in Chongqing. A total of 1,581 units were completed and handed over to buyers in 2013 compared to recognised sales of 1,289 units in 2012. In 2014, 1,123 units are expected to be completed. Of the 675 units launched for sale so far, 83% have been pre-sold. When completed, Bamboo Grove will comprise some 1.5 million sq. m. of mainly residential space, of which roughly 930,000 sq. m. has already been developed and sold while 230,000 sq. m. is under construction.

Landmark Riverside is a 50%-owned joint venture with China Merchants Property Development which owns a 34 hectare site at Dan Zishi in Chongqing. 325 units were handed over to buyers in 2013 and a further 940 units are expected to be completed in 2014. All have been pre-launched and 81% were pre-sold at year end. Upon full completion, the project will consist of approximately 1.5 million sq. m. of residential development and some prime retail space, of which approximately 60,000 sq. m. has been developed and sold and 120,000 sq. m. is under construction.

Yorkville South is a wholly-owned 39 hectare development at Zhaomushan, near the core of the Two-River New Area of Chongqing. In 2013, the Group handed over 292 of the 324 townhouses in Phase 1. Phase 2, consisting of 1,658 units is expected to be completed in 2014. Of the 788 units launched for sale, 93% have been pre-sold. The site, almost entirely for residential development with a small portion of retail, will consist of a total developable area of approximately 880,000 sq. m., of which 70,000 sq. m. has been completed and sold and 210,000 sq. m. is under construction.

Yorkville North, a wholly-owned 52 hectare site, acquired in late 2011, was the Group's fourth project in the city. In 2014, 1,154 units are expected to be completed. 344 units have been launched in pre-sales, of which 92% has been sold. The project is a premium residential development with some commercial components.

Of the total gross floor area of one million sq. m., approximately 210,000 sq. m. is currently under construction with the remainder yet to be developed.

In Chengdu, construction and pre-sales are well underway at the 19 hectare site owned in a 50% joint venture with KWG Property Holding Group. Phase 1 is comprised of 1,400 high-rise apartments. Of these, some 400 units are scheduled for completion in 2014, 97% of which have been pre-sold. The completion of the remaining units of Phase 1 is scheduled for 2015. The project is a mixed-use residential and commercial development with a developable area of approximately 900,000 sq. m., of which some 230,000 sq. m. is currently under construction.

In Shenyang, construction continues at two of our 50%-owned residential projects in the city, which are located to the north and south of the Central Business District. In 2014, 750 units are expected to be completed, of which 224 units have been launched to date with some 77% already pre-sold. The projects have a combined developable area of two million sq. m., of which some 160,000 sq. m. has been developed and a further 100,000 sq. m. is under construction.

In Beijing, at the Group's 90%-owned Maple Place project, 17 additional units were handed over to buyers in 2013. A further 76 units consisting of villas, townhouses and apartments are available for future sale and are mostly leased at present. At Central Park, our 40%-owned joint venture with the Vantone Group continues to hold 72 apartments which are being operated as serviced apartments.

Other Residential Developments

In Indonesia, progress is well underway at our two residential projects acquired in 2013. Construction has commenced at the 49%-owned 'Nava Park' residential joint venture with PT Bumi Serpong Damai southwest of Central Jakarta. This project will consist of a mix of residential towers and individual terraces and villas, in a well-designed neighbourhood setting. The 40%-owned Anandamaya Residences, a residential development in Central Jakarta with affiliate, Astra International, will consist of some 500 luxury apartments. Pre-sales are targeted to begin in the second half of the year.

In the Philippines, the Group began construction of a luxury 182-unit condominium tower in Manila's central Makati area. Hongkong Land has a 40% interest in the project, having developed the first residential tower on the site over ten years ago. In addition, the Group took a 40% interest in a 20 hectare site in a prime position in Cebu. This is being planned principally as a residential project but will also include a commercial component.

Outlook

The performance from our commercial properties is expected to remain steady in the current year. In the residential sector however, our Singapore residential business will make a significantly lower contribution, although this will be partly offset by our mainland China residential business which is well positioned to deliver higher profits. While the scale of these profits will be affected by selling conditions, our mainland China business is well placed to provide higher recurring revenue over the coming years.

The Group remains well positioned with a strong financial standing and a deep presence in key markets across both the commercial and residential sectors.

We will remain focused on providing outstanding service to our office and retail tenants and on ensuring a premium product for our residential buyers. These are the values on which the Group is built, and they ensure that our long-term competitive position remains strong throughout market cycles and changing economic conditions.

Y.K. Pang
Chief Executive
6th March 2014

Financial Review

Accounting Policies

The Directors continue to review the appropriateness of the accounting policies adopted by the Group with regard to developments in International Financial Reporting Standards. The accounting policies are consistent with those of the previous year, except for the adoption of IAS19 (amended 2011) 'Employee Benefits'. The Group has applied the amended standard retrospectively and the comparative financial statements have been restated. Full details are set out in the 'basis of preparation' note in the financial statements.

Results

Underlying Profit

The Group's underlying profit attributable to shareholders in 2013 was US$935 million (or US¢39.73 on an earnings per share basis). This result can be analysed between the contribution from Commercial Property, the contribution from Residential Property and unallocated expenses, which include corporate costs, net financing charges and tax. Each of these items includes the Group's share of results from its joint ventures.

	2013 US$m	2012 US$m restated
Commercial Property	**914**	820
Residential Property	**413**	301
Corporate costs, net financing charges and tax	**(387)**	(340)
Non-controlling interests	**(5)**	(5)
Underlying profit attributable to shareholders	**935**	776
	US¢	US¢
Underlying earnings per share	**39.73**	33.11

In 2013, the contribution from Commercial Property increased by 11% to US$914 million. Rental revenues from the Group's Hong Kong portfolio increased by 8% as the average rent per square foot for both the office and retail space rose due to positive rental reversions.

The contribution from the Group's commercial property investments in Singapore increased by 25% compared to the prior year. This was because the Group benefited from higher average rents and a full year of income from its one-third interest in the third tower of Marina Bay Financial Centre, which was completed in the first half of 2012.

The contribution from Residential Property was US$413 million, a 37% increase from 2012. In Singapore, three projects were completed during the year. The Group's wholly-owned residential developer, MCL Land, completed two projects, Este Villa (121 freehold townhouses) and The Estuary (608 apartments), both of which were fully pre-sold prior to completion. Profits were also recognised at the Group's one-third owned Marina Bay Suites, the final residential component of Marina Bay Financial Centre. In addition, the Group benefited from a US$13 million reversal of writedowns previously made in respect of the carrying value of sites acquired by MCL Land prior to 2013. In 2012, there was a US$8 million reversal of writedowns. The Group continues to carry writedowns of approximately US$84 million which were originally made in 2008.

In Hong Kong, profits were also derived from the sale of seven apartments which were handed over to buyers at the 97-unit Serenade development. In Macau, the Group benefited from its share of the profit from eight units which were handed over to buyers at the residential component of One Central, Macau. In mainland China, profits were principally generated from sales at 90%-owned Maple Place in Beijing (17 units); and at 100%-owned Yorkville South (292 units), at 50%-owned Bamboo Grove (1,581 units) and at 50%-owned Landmark Riverside (325 units) in Chongqing.

In 2012, the contribution from Residential Property of US$301 million arose from the completion of MCL Land's D'Mira (65 units) and the 50%-owned joint venture Parvis (248 units) developments in Singapore which had been 100% pre-sold, the sale of 20 apartments at the Serenade in Hong Kong and 12 units at One Central in Macau as well as ongoing sales at Bamboo Grove (1,289 units) and Maple Place (13 units) in mainland China.

Net financing charges in 2013, including the Group's share of net financing charges within joint ventures, increased to US$103 million from US$96 million in 2012. The average interest rate on Group borrowings remained flat at 2.7%. The average interest rate on Group deposits increased to 1.0% in 2013 from 0.8% in 2012.

The Group's underlying tax charge, including the Group's share of joint ventures, increased to US$224 million from US$183 million in 2012 giving an effective tax rate of 18.3% including the impact of Land Appreciation Tax at the Group's residential projects in mainland China. The effective tax rate in 2012 was also 18.3%.

Non-Trading Gains

In 2013, the Group had non-trading gains of US$255 million compared with US$662 million in 2012. These arose on revaluations of the Group's investment properties, including its share of joint ventures, which were performed at 31st December 2013 by independent valuers.

The increase in valuations was principally due to revaluation gains in Singapore, Macau and Jakarta. The value of the Group's Central portfolio in Hong Kong remained at US$22.1 billion with capitalisation rates unchanged from those used as at 31st December 2012.

Cash Flows

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

	2013 US$m	2012 US$m restated
Operating activities		
Operating profit, excluding non-trading items	**917**	799
Net interest and tax paid	**(216)**	(182)
Payments for residential sites	**(367)**	(791)
Development expenditure on residential projects	**(303)**	(205)
Proceeds from residential sales	**918**	584
Dividends received from joint ventures	**151**	140
Other	**(192)**	(46)
	908	299
Investing activities		
Major renovations capex	**(40)**	(48)
Funding of joint ventures	**(422)**	(237)
Loan repayments from joint ventures	**104**	58
Development expenditure	**(134)**	(515)
Other	**114**	(104)
	(378)	(846)
Financing activities		
Dividends paid by the Company	**(397)**	(374)
Net drawdown of borrowings	**287**	914
Other	**1**	21
	(109)	561
Net increase in cash and cash equivalents	**421**	14
Cash and cash equivalents at 1st January	**981**	967
Cash and cash equivalents at 31st December	**1,402**	981

Cash flows from operating activities in 2013 were US$908 million, compared with US$299 million in 2012. The Group's operating profit from its subsidiaries (excluding non-trading items) was US$917 million, US$118 million higher than in 2012. This was largely due to higher residential profits in the Group's subsidiaries. In 2012, one of MCL Land's two completed projects was undertaken through a 50% joint venture. Net interest paid of US$77 million was US$43 million higher than in 2012 while tax paid of US$139 million was US$9 million lower than in the prior year principally as a result of timing differences. In 2013, there were US$367 million in payments for the Jurong West residential site in Singapore. In 2012, US$791 million was paid for two residential sites, J Gateway in Singapore and Yorkville North in Chongqing. In 2013, development expenditure on residential projects increased to US$303 million from US$205 million in 2012, but this was more than offset by higher residential sales proceeds of US$918 million in 2013 compared to US$584 million in 2012. Dividends received from joint ventures in 2013 of US$151 million were US$11 million higher than 2012.

Under investing activities in 2013, the Group had outlays of US$378 million, down from US$846 million in 2012. Capital expenditure of US$40 million related to major renovations, principally in respect of the Central Hong Kong portfolio. Funding of the Group's joint venture projects totalled US$422 million. This included investments of approximately US$150 million in the 50%-owned Central Park residential project in Chongqing, US$149 million in the 30%-owned CBD commercial project in Beijing and US$90 million in the 49%-owned Nava Park residential project in Indonesia. Also, under investing activities in 2013, the Group received US$104 million of loan repayments from joint ventures. This compared to total repayments of US$58 million in 2012. Development expenditure in both years was principally for the Wangfujing project in Beijing, which is being developed as a prestigious retail centre with a small luxury hotel. This was significantly higher in 2012 due to site acquisition costs of US$498 million.

Under financing activities, the Company paid dividends of US$397 million, being the 2012 final dividend of US¢11.00 per share and the 2013 interim dividend of US¢6.00 per share. Also, the Group had a net drawdown of borrowings of US$287 million to finance its capital expenditure.

The Group's year end cash and cash equivalents totalled US$1.4 billion, compared with US$1.0 billion in 2012. At 31st December 2013, the Group's net debt was US$3.0 billion, down from US$3.3 billion at the beginning of the year.

Dividends

The Board is recommending an increased final dividend of US¢12.00 per share for 2013 that will increase the total annual dividend to US¢18.00 per share, an increase of 6% over 2012. The final dividend will be payable on 14th May 2014, subject to approval at the Annual General Meeting to be held on 7th May 2014, to shareholders on the register of members at the close of business on 21st March 2014. 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.

The Group's Treasury operations are managed as cost centres and are not permitted to undertake speculative transactions unrelated to underlying financial exposures. Appropriate credit guidelines are in place to manage counterparty credit risk.

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

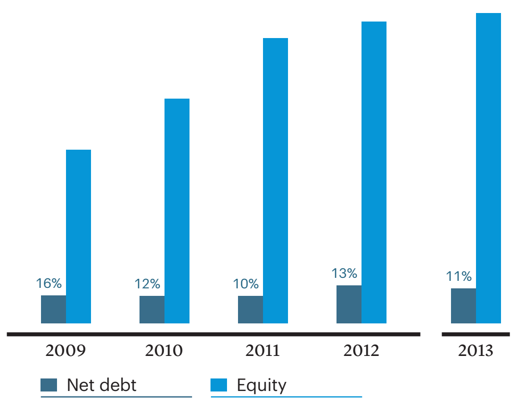
Funding

The Group is well financed with strong liquidity. Net gearing was 11% at 31st December 2013, down from 13% at 31st December 2012. Interest cover, calculated as the underlying operating profits, including the Group's share of joint ventures' operating profits, divided by net financing charges including the Group's share of joint ventures' net financing charges, was strong at 12.3 times, compared with 11.0 times in 2012.

Year-end debt summary*

	2013 US$m	2012 US$m
US$ bonds/notes	**1,586**	1,643
HK$ bonds/notes	**1,186**	929
HK$ bank loans	**574**	543
S$ bonds/notes	**457**	475
S$ bank loans	**628**	665
Gross debt	**4,431**	4,255
Cash	**1,406**	982
Net debt	**3,025**	3,273

* Before currency swaps



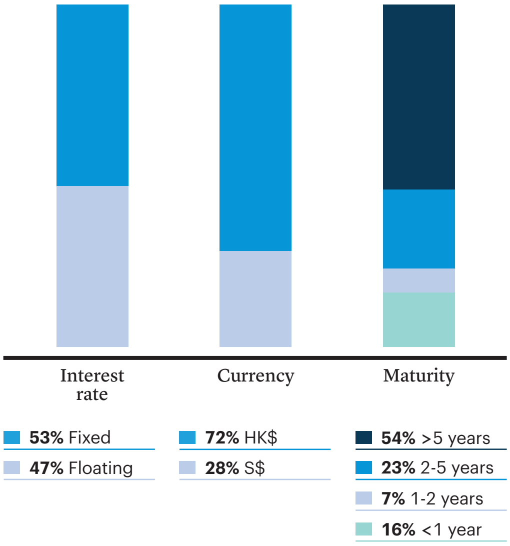
Net debt as a percentage of equity

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

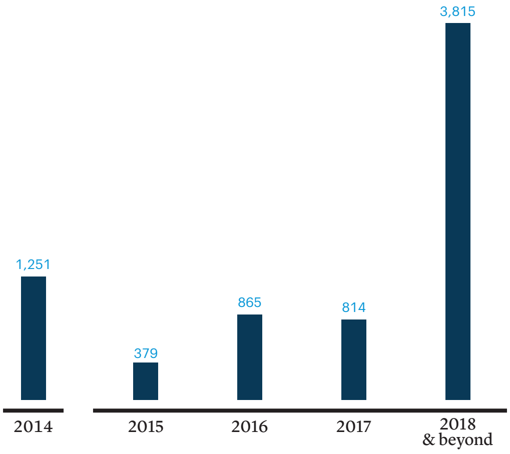
During the year, the Group raised bilateral facilities of US$1.1 billion with a number of banks. This was principally used to refinance both the outstanding balance of facilities expiring in 2013 and a portion of facilities due in 2014. A project loan of US$285 million was also raised for MCL Land's Jurong West project during the year. Under its Medium Term Note Programme, the Group raised US$261 million during 2013. In January 2014, an additional US$449 million was raised.

The average tenor of the Group's debt was 6.7 years at 31st December 2013, compared with 6.9 years at the end of 2012. Approximately 47% of the Group's borrowings were at floating rates and the remaining 53% were either fixed rate borrowings or covered by interest rate hedges with major credit worthy financial institutions.

At 31st December 2013, the Group had total committed lines of approximately US$7.1 billion. Of these lines, 54% were sourced from banks with the remaining 46% from the capital markets. At the end of 2013, the Group had drawn US$4.4 billion of these lines leaving US$2.7 billion of committed, but unused, facilities. Adding the Group's year-end cash balances, the Group had overall liquidity at 31st December 2013 of US$4.1 billion, an increase from US$3.4 billion at the end of 2012. The increase in liquidity was largely due to higher operating cash flows, principally from the Group's residential activities, and increased committed lines, which were raised in anticipation of facilities expiring in 2014.



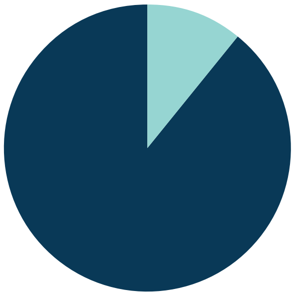
Debt profile at 31st December 2013



Committed facility maturity at 31st December 2013 (US$m)

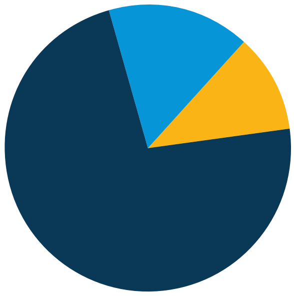
Gross Assets

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



89% Commercial
11% Residential

By activity



73% Hong Kong
16% Southeast Asia
11% Mainland China and Macau

By location

Principal Risks and Uncertainties

A review of the principal risks and uncertainties facing the Group is set out on page 74.

John R. Witt
Chief Financial Officer
6th March 2014

Directors' Profiles

Ben Keswick* Chairman and Managing Director

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

Y.K. Pang* Chief Executive

Mr Pang joined the Board and was appointed Chief Executive of the Group in 2007. He previously held a number of senior executive positions in the Jardine Matheson group, which he joined in 1984. He is a director of Jardine Matheson Limited, Jardine Matheson and Jardine Matheson (China) Limited. He is also chairman of the Employers' Federation of Hong Kong and deputy chairman of the Hong Kong General Chamber of Commerce.

John R. Witt* Chief Financial Officer

Mr Witt joined the Board as Chief Financial Officer in 2010. He is a Chartered Accountant and has an MBA from INSEAD. He has been with the Jardine Matheson group since 1993 during which time he has held a number of senior finance positions. Most recently, he was the chief financial officer of Mandarin Oriental.

Charles Allen-Jones

Mr Allen-Jones joined the Board in 2001. He was formerly senior partner of Linklaters, where he had been a partner for 33 years until 2001. Mr Allen-Jones is a non-executive director of Jardine Strategic and Caledonia Investments and vice chairman of the Council of the Royal College of Art.

Mark Greenberg

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

Jenkin Hui

Mr Hui joined the Board in 1994 and is a director of Jardine Matheson, Jardine Strategic, Central Development and a number of property and investment companies.

Adam Keswick

Mr Adam Keswick joined the Board in 2012. He is deputy managing director of Jardine Matheson, chairman of Jardine Pacific, and chairman and chief executive of Jardine Motors. He has held a number of executive positions since joining the Jardine Matheson group from N M Rothschild & Sons in 2001, including group strategy director and, thereafter, group managing director of Jardine Cycle & Carriage between 2003 and 2007. Mr Keswick is also deputy chairman of Jardine Matheson Limited, and a director of Dairy Farm, Jardine Strategic, Mandarin Oriental and Zhongsheng Group Holdings.

Sir Henry Keswick

Sir Henry first served on the Board of the Group's holding company between 1970 and 1975 and was re-appointed a Director in 1988. He is chairman of Jardine Matheson, having first joined the group in 1961, and is also chairman of Jardine Strategic. He is a director of Dairy Farm and Mandarin Oriental. He is also vice chairman of the Hong Kong Association.

Simon Keswick

Mr Simon Keswick has been a Director of the Group's holding company since 1983. He was Chairman of the Company from 1983 to 1988 and from 1989 to May 2013. He joined the Jardine Matheson group in 1962 and is a director of Dairy Farm, Jardine Matheson, Jardine Strategic and Mandarin Oriental.

* Executive Director

Lord Leach of Fairford

Lord Leach has been a Director of the Group's holding company since 1985. He is deputy chairman of Jardine Lloyd Thompson, and a director of Dairy Farm, Jardine Matheson, Jardine Strategic and Mandarin Oriental. He is also a member of the supervisory board of Paris Orléans. He joined the Jardine Matheson group in 1983 after a career in banking and merchant banking.

Dr Richard Lee

Dr Lee joined the Board in 2003. Dr Lee's principal business interests are in the manufacturing of textiles and apparel in Southeast Asia, and he is the honorary chairman of TAL Apparel. He is also a director of Jardine Matheson and Mandarin Oriental.

Anthony Nightingale

Mr Nightingale joined the Board in 2006 and was Managing Director of the Company from 2006 to 2012. He is also a director of Dairy Farm, Jardine Cycle & Carriage, Jardine Matheson, Jardine Strategic, Mandarin Oriental, China Xintiandi, Prudential and Schindler, and a commissioner of Astra. Mr Nightingale also acts as an adviser for certain companies outside the Group and holds a number of senior public appointments, including acting as a non-official member of the Commission on Strategic Development, a Hong Kong representative to the Asia Pacific Economic Cooperation (APEC) Business Advisory Council and a member of the UK ASEAN Business Council Advisory Panel. He is an Honorary Professor of the School of Business of the Hong Kong Baptist University.

Lord Powell of Bayswater, KCMG

Lord Powell rejoined the Board in 2008, having first served as a Director between 1992 and 2000. He was previously Private Secretary and adviser on foreign affairs and defence to British Prime Ministers, Baroness Thatcher and Rt Hon John Major. He is a director of LVMH Moët Hennessy Louis Vuitton, Matheson & Co, Mandarin Oriental and Textron Corporation. He is co-chairman of the UK Government's Asia Task Force and a British Business Ambassador. He was previously president of the China-Britain Business Council and chairman of the Singapore-British Business Council. He is an independent member of the House of Lords.

Lord Sassoon, Kt

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

James Watkins

Mr Watkins joined the Board in 2009. He was a director and group general counsel of Jardine Matheson from 1997 to 2003. Mr Watkins qualified as a solicitor in 1969 and was formerly a partner of Linklaters. He is also a director of Advanced Semiconductor Manufacturing Corporation, Asia Satellite Telecommunications Holdings, Global Sources, IL&FS India Realty Fund II, Jardine Cycle & Carriage and Mandarin Oriental.

Percy Weatherall

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

Michael Wei Kuo Wu

Mr Wu joined the Board in 2012. He is chairman and managing director of Maxim's Caterers in Hong Kong. He is also a non-executive director of Hang Seng Bank, a council member of the Hong Kong University of Science and Technology and a member of the court of the University of Hong Kong.

Consolidated Profit and Loss Account

for the year ended 31st December 2013

	Note	2013 Underlying business performance US$m	2013 Non-trading items US$m	2013 Total US$m	2012 Underlying business performance US$m restated	2012 Non-trading items US$m	2012 Total US$m restated
Revenue	5	**1,857.1**	**–**	**1,857.1**	1,114.8	–	1,114.8
Net operating costs	6	**(940.5)**	**–**	**(940.5)**	(315.4)	–	(315.4)
		916.6	**–**	**916.6**	799.4	–	799.4
Change in fair value of investment properties	11	**–**	**(81.9)**	**(81.9)**	–	306.4	306.4
Asset disposals	11	**–**	**–**	**–**	–	1.6	1.6
Operating profit		**916.6**	**(81.9)**	**834.7**	799.4	308.0	1,107.4
Net financing charges	7						
– financing charges		**(106.2)**	**–**	**(106.2)**	(98.8)	–	(98.8)
– financing income		**42.2**	**–**	**42.2**	37.9	–	37.9
		(64.0)	**–**	**(64.0)**	(60.9)	–	(60.9)
Share of results of associates and joint ventures	8						
– before change in fair value of investment properties		**235.2**	**(0.1)**	**235.1**	165.8	(0.1)	165.7
– change in fair value of investment properties	11	**–**	**351.4**	**351.4**	–	360.8	360.8
		235.2	**351.3**	**586.5**	165.8	360.7	526.5
Profit before tax		**1,087.8**	**269.4**	**1,357.2**	904.3	668.7	1,573.0
Tax	9	**(149.0)**	**(8.1)**	**(157.1)**	(124.3)	0.6	(123.7)
Profit after tax		**938.8**	**261.3**	**1,200.1**	780.0	669.3	1,449.3
Attributable to:							
Shareholders of the Company		**934.8**	**254.8**	**1,189.6**	776.2	661.5	1,437.7
Non-controlling interests		**4.0**	**6.5**	**10.5**	3.8	7.8	11.6
		938.8	**261.3**	**1,200.1**	780.0	669.3	1,449.3

	Note	2013 Underlying business performance US¢		2013 Total US¢	2012 Underlying business performance US¢		2012 Total US¢
Earnings per share	10	**39.73**		**50.56**	33.11		61.32

Consolidated Statement of Comprehensive Income

for the year ended 31st December 2013

	Note	2013 US$m	2012 US$m restated
Profit for the year		**1,200.1**	1,449.3
Other comprehensive (expense)/income			
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plans		**3.4**	(0.2)
Tax on items that will not be reclassified	*9*	**(0.6)**	0.1
		2.8	(0.1)
Items that may be reclassified subsequently to profit or loss:			
Net exchange translation differences		**(10.9)**	146.1
Revaluation of other investments		**(23.0)**	33.9
Cash flow hedges			
– net gain arising during the year		**3.9**	7.6
– transfer to profit and loss		**1.4**	4.0
		5.3	11.6
Tax relating to items that may be reclassified	*9*	**(0.6)**	(2.2)
Share of other comprehensive (expense)/income of associates and joint ventures		**(51.9)**	97.1
		(81.1)	286.5
Other comprehensive (expense)/income for the year, net of tax		**(78.3)**	286.4
Total comprehensive income for the year		**1,121.8**	1,735.7
Attributable to:			
Shareholders of the Company		**1,109.3**	1,723.7
Non-controlling interests		**12.5**	12.0
		1,121.8	1,735.7

Consolidated Balance Sheet

at 31st December 2013

	Note	At 31st December 2013 US$m	2012 US$m restated	At 1st January 2012 US$m restated
Net operating assets				
Leasehold land		**7.4**	–	–
Tangible fixed assets		**11.8**	5.6	5.3
Investment properties	12	**23,583.0**	23,493.7	22,529.9
Associates and joint ventures	13	**4,930.4**	4,270.4	3,551.8
Other investments	14	**57.5**	82.6	48.6
Non-current debtors	17	**25.2**	68.4	72.0
Deferred tax assets	15	**5.5**	5.2	5.5
Pension assets		**8.0**	5.5	6.4
Non-current assets		**28,628.8**	27,931.4	26,219.5
Properties for sale	16	**2,670.2**	2,513.4	1,521.2
Current debtors	17	**273.7**	351.0	313.5
Current tax assets		**16.9**	7.1	1.5
Bank balances	18	**1,406.3**	982.1	967.9
Current assets		**4,367.1**	3,853.6	2,804.1
Current creditors	19	**(1,408.9)**	(1,142.6)	(746.3)
Current borrowings	20	**(712.1)**	(364.5)	(58.0)
Current tax liabilities		**(71.3)**	(59.8)	(82.5)
Current liabilities		**(2,192.3)**	(1,566.9)	(886.8)
Net current assets		**2,174.8**	2,286.7	1,917.3
Long-term borrowings	20	**(3,719.4)**	(3,891.0)	(3,269.2)
Deferred tax liabilities	15	**(83.1)**	(66.4)	(59.4)
Non-current creditors	19	**(102.0)**	(76.3)	(44.4)
		26,899.1	26,184.4	24,763.8
Total equity				
Share capital	21	**235.3**	235.3	233.8
Revenue and other reserves		**26,621.7**	25,912.4	24,504.7
Shareholders' funds		**26,857.0**	26,147.7	24,738.5
Non-controlling interests		**42.1**	36.7	25.3
		26,899.1	26,184.4	24,763.8

Approved by the Board of Directors on 6th March 2014

Ben Keswick
Y.K. Pang
Directors

Consolidated Statement of Changes in Equity

for the year ended 31st December 2013

	Note	Share capital US$m	Share premium US$m	Revenue reserves US$m	Capital reserves US$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
2013										
At 1st January – as previously reported and restated		**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	22	**–**	**–**	**(400.0)**	**–**	**–**	**–**	**(400.0)**	**–**	**(400.0)**
Dividends paid to non-controlling shareholders		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(7.1)**	**(7.1)**
At 31st December		**235.3**	**370.0**	**25,753.3**	**–**	**(0.4)**	**498.8**	**26,857.0**	**42.1**	**26,899.1**
2012										
At 1st January – as previously reported and restated		233.8	315.8	23,881.1	1.5	(13.7)	320.0	24,738.5	25.3	24,763.8
Total comprehensive income		–	–	1,471.5	–	7.8	244.4	1,723.7	12.0	1,735.7
Dividends paid by the Company	22	–	–	(375.1)	–	–	–	(375.1)	–	(375.1)
Dividends paid to non-controlling shareholders		–	–	–	–	–	–	–	(0.6)	(0.6)
Unclaimed dividends forfeited		–	–	4.9	–	–	–	4.9	–	4.9
Issue of shares		1.5	54.2	–	–	–	–	55.7	–	55.7
Transfer		–	–	1.5	(1.5)	–	–	–	–	–
At 31st December		235.3	370.0	24,983.9	–	(5.9)	564.4	26,147.7	36.7	26,184.4

Total comprehensive income included in revenue reserves comprises profit attributable to shareholders of the Company of US$1,189.6 million (2012: US$1,437.7 million) and a fair value loss on other investments of US$23.0 million (2012: gain of US$33.9 million). The cumulative fair value gain on other investments amounted to US$19.7 million (2012: US$42.7 million).

Consolidated Cash Flow Statement

for the year ended 31st December 2013

	Note	2013 US$m	2012 US$m restated
Operating activities			
Operating profit		**834.7**	1,107.4
Depreciation	*6*	**2.4**	2.1
Reversal of writedowns on properties for sale	*6*	**(12.4)**	(7.5)
Change in fair value of investment properties		**81.9**	(306.4)
Asset disposals		**–**	(1.6)
Increase in properties for sale	*23a*	**(159.7)**	(907.6)
(Increase)/decrease in debtors		**(19.2)**	73.6
Increase in creditors		**245.2**	380.7
Interest received		**39.7**	37.4
Interest and other financing charges paid		**(116.7)**	(71.7)
Tax paid		**(139.1)**	(147.4)
Dividends from associates and joint ventures		**151.1**	139.7
Cash flows from operating activities		**907.9**	298.7
Investing activities			
Major renovations expenditure		**(40.2)**	(47.8)
Developments capital expenditure	*23b*	**(134.0)**	(515.0)
Investments in and loans to associates and joint ventures	*23c*	**(317.5)**	(179.0)
Refund/(payment) of deposit for joint ventures/other investments		**114.1**	(112.1)
Disposal of an investment property		**–**	8.3
Cash flows from investing activities		**(377.6)**	(845.6)
Financing activities			
Drawdown of borrowings		**1,136.3**	1,550.1
Repayment of borrowings		**(849.5)**	(635.9)
Contribution from non-controlling shareholders		**1.1**	22.1
Dividends paid by the Company		**(397.4)**	(374.3)
Dividends paid to non-controlling shareholders		**(7.1)**	(0.6)
Cash flows from financing activities		**(116.6)**	561.4
Effect of exchange rate changes		**7.6**	(0.2)
Net increase in cash and cash equivalents		**421.3**	14.3
Cash and cash equivalents at 1st January		**981.0**	966.7
Cash and cash equivalents at 31st December	*23d*	**1,402.3**	981.0

Notes to the Financial Statements

1 Principal Accounting Policies

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards, including International Accounting Standards and Interpretations adopted by the International Accounting Standards Board. The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

Standards, amendments and interpretations effective in 2013 which are relevant to the Group's operations

IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
Amendments to IFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to IFRSs 10, 11 and 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income
IAS 19 (amended 2011)	Employee Benefits
IAS 27 (2011)	Separate Financial Statements
IAS 28 (2011)	Investments in Associates and Joint Ventures
Annual Improvements to IFRS	2009 – 2011 Cycle

As set out on page 27, the only standard adopted that impacts the consolidated profit and loss account is IAS 19 (amended 2011).

IFRS 10 'Consolidated Financial Statements' replaces SIC Interpretation 12 'Consolidation – Special Purpose Entities' and most of IAS 27 'Consolidated and Separate Financial Statements'. It contains a new single consolidation model that identifies control as the basis for consolidation for all types of entities. It provides a definition of control that comprises the elements of power over an investee; exposure of rights to variable returns from an investee; and ability to use power to affect the reporting entity's returns.

IFRS 11 'Joint Arrangements' replaces IAS 31 'Interests in Joint Ventures' and SIC 13 'Jointly Controlled Entities – Non Monetary Contributions by Venturers'. Under IFRS 11, joint arrangements are classified as either joint operations (whereby the parties that have joint control have rights to the assets and obligations for the liabilities of the joint arrangements) or joint ventures (whereby the parties that have joint control have rights to the net assets of the joint arrangements). Joint operations are accounted for by showing the party's interest in the assets, liabilities, revenue and expenses, and/or its relative share of jointly controlled assets, liabilities, revenue and expenses, if any. Accounting for joint ventures is now covered by IAS 28 (2011) as proportionate consolidation is no longer permitted.

IFRS 12 'Disclosure of Interests in Other Entities' requires entities to disclose information that helps financial statements readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. Disclosure required includes significant judgements and assumptions made in determining whether an entity controls, jointly controls, significantly influences or has some other interest in other entities.

IFRS 13 'Fair Value Measurement' requires entities to disclose information about the valuation techniques and inputs used to measure fair value, as well as information about the uncertainty inherent in fair value measurements. The standard applies to both financial and non-financial items measured at fair value. Fair value is now defined as 'the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date' (i.e. an exit price).

Amendments to IFRS 7 'Disclosures – Offsetting Financial Assets and Financial Liabilities' focus on disclosures of quantitative information about recognised financial instruments that are offset in the balance sheet, as well as those recognised financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset.

1 Principal Accounting Policies continued

Basis of preparation continued

Amendments to IFRSs 10, 11 and 12 on transition guidance provide additional transition relief to IFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosures related to unconsolidated structured entities, the amendments remove the requirement to present comparative information for periods before IFRS 12 is first applied.

Amendments to IAS 1 'Presentation of Items of Other Comprehensive Income' improve the consistency and clarity of the presentation of items of other comprehensive income. The amendments require entities to separate items presented in other comprehensive income into two groups, based on whether or not they may be reclassified to profit or loss in the future. Items that will not be reclassified – such as remeasurements of defined benefit pension plans – will be presented separately from items that may be reclassified in the future – such as deferred gains and losses on cash flow hedges. The amounts of tax related to the two groups are required to be allocated on the same basis.

IAS 19 (amended 2011) 'Employee Benefits' requires, for defined benefit plans, the assumed return on plan assets recognised in the profit and loss to be the same as the rate used to discount the defined benefit obligation. Previously, the Group determined income on plan assets based on their long-term rate of expected return. It also requires past service costs to be recognised immediately in profit or loss. Additional disclosures are required to present the characteristics of defined benefit plans, the amount recognised in the financial statements, and the risks arising from defined benefit plans and multi-employer plans. The Group has applied the amended standard retrospectively and the comparative financial statements have been restated in accordance with the transition provisions of the standard. Details of the effect of the change are set out on page 27.

IAS 27 (2011) 'Separate Financial Statements' supersedes IAS 27 (2008) and prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. There is no impact on the consolidated financial statements as the changes only affect the separate financial statements of the investing entity.

IAS 28 (2011) 'Investments in Associates and Joint Ventures' supersedes IAS 28 (2008) and prescribes the accounting for investments in associates and joint ventures and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

Annual improvements to IFRS 2009 – 2011 Cycle comprise a number of non-urgent but necessary amendments to IFRSs. The amendments which are relevant to the Group's operations include the following:

Amendment to IAS 1 'Presentation of Financial Statements' clarifies the disclosure requirements for comparative information when an entity provides a third balance sheet either as required by IAS 8, 'Accounting policies, changes in accounting estimates and errors'; or voluntarily. When an entity produces an additional balance sheet as required by IAS 8, the balance sheet should be as at the date of the beginning of the preceding period – that is, the opening position. No notes are required to support this balance sheet. When management provides additional comparative information voluntarily – for example, profit and loss account and balance sheet – it should present the supporting notes to these additional statements.

Amendment to IAS 16 'Property, Plant and Equipment' clarifies that spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment. The previous wording of IAS 16 indicated that servicing equipment should be classified as inventory, even if it was used for more than one period. Following the amendment, this equipment used for more than one period is classified as property, plant and equipment.

Amendment to IAS 32 'Financial Instruments: Presentation' clarifies that income tax related to profit distributions is recognised in the profit and loss account, and income tax related to the costs of equity transactions is recognised in equity. Prior to the amendment, IAS 32 was ambiguous as to whether the tax effects of distributions and the tax effects of equity transactions should be accounted for in the profit and loss account or in equity.

Amendment to IAS 34 'Interim Financial Reporting' clarifies the disclosure requirements for segment assets and liabilities in interim financial statements. A measure of total assets and liabilities is required for an operating segment in interim financial statements if such information is regularly provided to the chief operating decision maker and there has been a material change in those measures since the last annual financial statements.

1 **Principal Accounting Policies** continued

Basis of preparation continued

The effects of adopting IAS 19 (amended 2011) on the current financial year are not material and those on the comparative financial statements were as follows:

a) On the consolidated profit and loss for the year ended 31st December 2012

	Increase/(decrease) in profit US$m
Net operating costs	(0.9)
Tax	0.1
Profit after tax	(0.8)
Attributable to shareholders of the Company	(0.8)
Earnings per share (US¢)	(0.03)

b) On the consolidated statement of comprehensive income for the year ended 31st December 2012

	Increase/(decrease) in total comprehensive income US$m
Profit after tax	(0.8)
Remeasurement of defined benefit plans	0.9
Tax on items that will not be reclassified	(0.1)
Total comprehensive income for the year	–
Attributable to shareholders of the Company	–

c) There is no impact on the consolidated balance sheet at 31st December 2011 and 2012.

d) The adoption does not have any effect on the consolidated cash flows.

The following standards and amendments, which are effective after 2013, are relevant to the Group's operations and yet to be adopted

IFRS 9	Financial Instruments
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions
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
Annual Improvements to IFRSs	2010 – 2012 Cycle
	2011 – 2013 Cycle

The Group is currently assessing the impact of these new standards and amendments but expects their adoption will not have a material effect on the consolidated profit and loss account and balance sheet, although there will be additional disclosures in respect of Amendments to IAS 36.

IFRS 9 'Financial Instruments' is the first standard issued as part of a wider project to replace IAS 39. It is effective for annual periods beginning on or after 1st January 2015. However, on 24th July 2013, the IASB tentatively decided to defer the mandatory effective date of IFRS 9 and that the mandatory effective date should be left open pending the finalisation of the impairment and classification and measurement requirements. It is likely that the standard will be effective no earlier than 2017 and the Group will adopt the standard from its effective date.

1 Principal Accounting Policies continued

Basis of preparation continued

IFRS 9 (2009) retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply.

IFRS 9 (2010) adds the requirements related to the classification and measurement of financial liabilities, and derecognition of financial assets and liabilities, to the version issued in November 2009. It also includes those paragraphs of IAS 39 dealing with how to measure fair value and accounting for derivatives embedded in a contract that contains a host that is not a financial asset, as well as the requirements of IFRIC 9 'Remeasurement of Embedded Derivatives'.

IFRS 9 (2013) aligns hedge accounting more closely with risk management. It also establishes a more principles-based approach to hedge accounting, particularly in respect of assessing hedge effectiveness and assessing what qualifies as a hedged item.

Amendments to IAS 19 'Employee Benefits' regarding defined benefit plans applied to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The amendments are effective for periods beginning on or after 1st July 2014 and the Group will adopt the amendments from the effective date.

Amendments to IAS 32 'Offsetting Financial Assets and Financial Liabilities' (effective 1st January 2014) 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'. The Group will adopt the amendments from 1st January 2014.

Amendments to IAS 36 'Recoverable Amount Disclosures for Non-Financial Assets' (effective 1st January 2014) 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. The Group will adopt the amendments from 1st January 2014.

Amendments to IAS 39 'Novation of Derivatives and Continuation of Hedge Accounting' (effective 1st January 2014) provide relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty meets specified criteria. The Group will adopt the amendments from 1st January 2014.

IFRIC 21 'Levies' (effective 1st January 2014) 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. The Group will apply the interpretation from 1st January 2014.

Annual improvements to IFRSs 2010 – 2012 Cycle comprise a number of non-urgent but necessary amendments. The amendments, effective for periods beginning on or after 1st July 2014, which are relevant to the Group's operations include the following:

Amendment to IFRS 2 'Share-based Payment' clarifies the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition'.

Amendment to IFRS 3 'Business Combinations' clarifies that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32 'Financial Instruments: Presentation'. The standard is further amended to clarify that all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss.

Amendment to IFRS 8 'Operating Segments' requires disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics.

1 Principal Accounting Policies continued

Basis of preparation continued

Amendment to IAS 24 'Related Party Disclosures' includes, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity'). The reporting entity is not required to disclose the compensation paid by the management entity to the management entity's employees or directors, but it is required to disclose the amounts charged to the reporting entity by the management entity for services provided.

Annual Improvements to IFRSs 2011 – 2013 Cycle comprise a number of non-urgent but necessary amendments. The amendments, which are largely effective for periods beginning on or after 1st July 2014, and are relevant to the Group's operations include the following:

IFRS 3 'Business Combinations' clarifies that IFRS 3 does not apply to the accounting for the formation of any joint arrangement under IFRS 11. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself.

IFRS 13 'Fair Value Measurement' clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts within the scope of IAS 39 or IFRS 9.

IAS 40 'Investment Property' clarifies that IAS 40 and IFRS 3 are not mutually exclusive. The guidance in IAS 40 assists preparers to distinguish between investment property and owner-occupied property. Preparers also need to refer to the guidance in IFRS 3 to determine whether the acquisition of an investment property is a business combination.

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 4.

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 include 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 recognised 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.

1 Principal Accounting Policies continued

Basis of consolidation continued

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

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

Foreign currencies

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

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

Exchange differences arising from the retranslation of the net investment in foreign subsidiaries, associates and joint ventures, and of financial instruments which are designated as hedges of such investments, are recognised in other comprehensive income and accumulated in equity under exchange reserves. On the disposal of these investments, such exchange differences are recognised in profit and loss. Exchange differences on available-for-sale investments are recognised in other comprehensive income as part of the gains and losses arising from changes in their fair value. Exchange differences relating to changes in the amortised cost of monetary securities classified as available-for-sale and all other exchange differences are recognised in profit and loss.

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

Impairment of non-financial assets

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

Goodwill

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

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

Leasehold land

Leasehold land represents payments to third parties to acquire short-term interests in property. These payments are stated at cost and are amortised over the useful life of the lease which includes the renewal period if the lease can be renewed by the Group without significant cost.

1 Principal Accounting Policies continued

Tangible fixed assets and depreciation

Depreciation of tangible 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:

Furniture, equipment and motor vehicles 3 – 10 years

Where the carrying amount of a tangible 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 tangible fixed assets is recognised by reference to their carrying amount.

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 each property is calculated on the discounted net rental income allowing for reversionary potential. Changes in fair value are recognised in profit and loss.

Investments

i) Investments are classified by management as available for sale or held to maturity on initial recognition. Available-for-sale investments are shown at fair value. Gains and losses arising from changes in the fair value are recognised in other comprehensive income and accumulated in equity. On the disposal of an investment or when an investment is determined to be impaired, the cumulative gain or loss previously deferred in equity is recognised in profit and loss. Held-to-maturity investments are shown at amortised cost. Investments are classified under non-current assets unless they are expected to be realised within twelve months after the balance sheet date.

ii) At each balance sheet date, the Group assesses whether there is objective evidence that an investment is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired.

iii) All purchases and sales of investments are recognised on the trade date, which is the date that the Group commits to purchase or sell the investment.

Leases

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) are charged to profit and loss on a straight line basis over the period of the lease. When a lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the year in which termination takes place.

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, and construction and other development costs.

Debtors

Debtors, excluding derivative financial instruments, are measured at amortised cost except where the effect of discounting would be immaterial. Provision for impairment is established when there is objective evidence that the outstanding amounts will not be collected. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the debtor is impaired. 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 twelve months after the balance sheet date are classified under non-current assets.

1 Principal Accounting Policies continued

Cash and cash equivalents

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

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 twelve months after the balance sheet date.

Current and deferred tax

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

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

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

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

Pension obligations

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

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

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

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

1 Principal Accounting Policies continued

Non-current assets held for sale

Non-current assets are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. Once classified as held for sale, the assets are no longer amortised or depreciated.

Derivative financial instruments

The Group only enters into derivative financial instruments in order to hedge underlying exposures. 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.

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. 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 forecast transaction or firm commitment results in the recognition of a non-financial asset or of a non-financial liability, the gains and losses previously deferred in hedging reserves are transferred from hedging reserves and included in the initial measurement of the cost of the asset or liability. 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. 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 IAS 39. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting under IAS 39 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 twelve months after the balance sheet date.

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.

1 Principal Accounting Policies continued

Earnings per share

Basic 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

Revenue is measured at the fair value of the consideration received and receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

i) Revenue from sale of properties is recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the properties are delivered to customers.

ii) Receipts under operating leases are accounted for on an accrual basis over the lease terms.

iii) Revenue from rendering of services is recognised when services are performed, provided that the amount can be measured reliably.

iv) Dividend income is recognised when the right to receive payment is established.

v) Interest income is recognised on a time proportion basis taking into account the principal amounts outstanding and the interest rates applicable.

Pre-operating costs

Pre-operating costs are expensed as they are incurred.

2 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 direction 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. 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 IAS 39. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting under IAS 39 are recognised immediately in profit and loss account. It is the Group's policy not to enter into derivative transactions for speculative purposes. The notional amounts and fair values of derivative financial instruments at 31st December 2013 are disclosed in Note 24.

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.

2 **Financial Risk Management** continued

Financial risk factors continued

i) Market risk continued

Foreign exchange risk continued

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 companies 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 2013, there are no significant monetary balances held by group companies that are denominated in a non-functional currency. 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 by 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 2013, the Group's interest rate hedge was 53% (2012: 53%) with an average tenor of nine years (2012: nine years). The interest rate profile of the Group's borrowings after taking into account hedging transactions are set out in Note 20.

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 generally up to five years or longer to match the maturity of the underlying exposure. Forward rate agreements and interest rate swaps have the economic effect of converting borrowings from floating rate to fixed rate.

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 rate to floating rate, to maintain the Group's fixed rate instruments to within the Group's guideline.

At 31st December 2013, 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$10 million (2012: US$8 million) higher/lower, and hedging reserve would have been US$66 million (2012: US$83 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 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.

2 Financial Risk Management continued

Financial risk factors continued

i) Market risk continued

Price risk

The Group is exposed to securities price risk because of listed investments which are available for sale and held by the Group at fair value. Gains and losses arising from changes in the fair value of available-for-sale investments are recognised in other comprehensive income. The performance of the Group's listed and unlisted available-for-sale investments are monitored regularly, together with an assessment of their relevance to the Group's long term strategic plans. Details of the Group's available-for-sale investments are contained in Note 14.

Available-for-sale investments are unhedged. At 31st December 2013, if the price of listed available-for-sale investments had been 25% higher/lower with all other variables held constant, total equity would have been US$14 million (2012: US$21 million) higher/lower. The sensitivity analysis has been determined based on a reasonable expectation of possible valuation volatility over the next twelve months.

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. At 31st December 2013, 93% (2012: 95%) of deposits and balances with banks and financial institutions were made to institutions with credit ratings of no less than A3 and 7% (2012: 5%) with credit rating at Baa3 (Moody's). 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 let 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.

iii) Liquidity risk

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

At 31st December 2013, total committed and uncommitted borrowing facilities amounted to US$7,262 million (2012: US$6,909 million) of which US$4,431 million (2012: US$4,255 million) was drawn down. Undrawn committed facilities, in the form of revolving credit and term loan facilities, totalled US$2,676 million (2012: US$2,496 million).

2 **Financial Risk Management** continued

Financial risk factors continued

iii) Liquidity risk continued

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

	Within one year US$m	Between one and two years US$m	Between two and three years US$m	Between three and four years US$m	Between four and five years US$m	Beyond five years US$m	Total undiscounted cash flow US$m
2013							
Borrowings	**842.2**	**446.6**	**528.2**	**447.6**	**366.4**	**2,980.4**	**5,611.4**
Creditors	**569.3**	**68.1**	**43.6**	**23.7**	**17.7**	**47.2**	**769.6**
Net settled derivative financial instruments	**1.7**	**–**	**–**	**–**	**–**	**–**	**1.7**
Gross settled derivative financial instruments							
– inflow	**562.1**	**53.2**	**53.2**	**53.3**	**53.3**	**1,499.2**	**2,274.3**
– outflow	**(549.1)**	**(44.4)**	**(44.4)**	**(44.4)**	**(44.4)**	**(1,475.1)**	**(2,201.8)**
2012							
Borrowings	507.8	841.5	416.3	631.9	135.4	2,845.1	5,378.0
Creditors	328.2	59.7	41.4	16.3	14.7	51.9	512.2
Net settled derivative financial instruments	3.6	1.5	–	–	–	–	5.1
Gross settled derivative financial instruments							
– inflow	80.8	562.3	53.2	53.2	53.2	1,553.1	2,355.8
– outflow	(50.4)	(549.7)	(44.8)	(44.8)	(44.8)	(1,526.5)	(2,261.0)

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 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 2013 and 2012 are as follows:

	2013	2012
Gearing ratio (%)	**11**	13
Interest cover (times)	**12**	11

2 Financial Risk Management continued

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 and forward foreign exchange contracts have been 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 the asset or liability 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 or the market prices of the underlying investments with certain degree of entity specific estimates.

There were no changes in valuation techniques during the year.

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

	Quoted prices in active markets US$m	Observable current market transactions US$m	Unobservable inputs US$m	Total US$m
2013				
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)**
2012				
Assets				
Available-for-sale financial assets				
– listed securities	80.5	–	–	80.5
– unlisted securities	–	–	2.1	2.1
	80.5	–	2.1	82.6
Derivative financial instruments	–	50.8	–	50.8
	80.5	50.8	2.1	133.4
Liabilities				
Derivative financial instruments	–	(24.5)	–	(24.5)

There were no transfers among the three categories during the year ended 31st December 2013.

2 Financial Risk Management continued

Fair value estimation continued

ii) Financial instruments that are not measured at fair value

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

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

Financial instruments by category

	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
2013						
Other investments	**–**	**–**	**57.5**	**–**	**57.5**	**57.5**
Debtors	**157.2**	**15.3**	**–**	**–**	**172.5**	**172.5**
Bank balances	**1,406.3**	**–**	**–**	**–**	**1,406.3**	**1,406.3**
	1,563.5	**15.3**	**57.5**	**–**	**1,636.3**	**1,636.3**
Borrowings	**–**	**–**	**–**	**(4,431.5)**	**(4,431.5)**	**(4,348.1)**
Creditors excluding non-financial liabilities	**–**	**(48.9)**	**–**	**(769.6)**	**(818.5)**	**(818.5)**
	–	**(48.9)**	**–**	**(5,201.1)**	**(5,250.0)**	**(5,166.6)**
2012						
Other investments	–	–	82.6	–	82.6	82.6
Debtors	125.7	50.8	–	–	176.5	176.5
Bank balances	982.1	–	–	–	982.1	982.1
	1,107.8	50.8	82.6	–	1,241.2	1,241.2
Borrowings	–	–	–	(4,255.5)	(4,255.5)	(4,334.0)
Creditors excluding non-financial liabilities	–	(24.5)	–	(512.2)	(536.7)	(536.7)
	–	(24.5)	–	(4,767.7)	(4,792.2)	(4,870.7)

3 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. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are discussed below.

3 Critical Accounting Estimates and Judgements continued

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 leasehold land, tangible 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.

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 and Singapore, capitalisation rates in the range of 3.50% to 4.45% for office (2012: 3.50% to 4.45%) and 4.50% to 5.50% for retail (2012: 4.50% to 5.75%) are used in the fair value determination.

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

Impairment of assets

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

In determining when an available-for-sale equity investment is impaired, significant judgement is required. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financial cash flows.

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. Deferred tax on revaluation of investment properties held by the Group are calculated at the applicable 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.

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.

4 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 Commercial Property and Residential Property. 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.

	2013				2012			
	Commercial Property US$m	**Residential Property US$m**	**Corporate US$m**	**Total US$m**	Commercial Property US$m	Residential Property US$m	Corporate US$m	Total US$m
Revenue	**925.3**	**931.8**	**–**	**1,857.1**	855.9	258.9	–	1,114.8
Net operating costs	**(149.4)**	**(730.7)**	**(60.4)**	**(940.5)**	(136.1)	(118.7)	(60.6)	(315.4)
Share of operating profit of associates and joint ventures	**138.0**	**212.0**	**–**	**350.0**	100.5	160.3	–	260.8
Underlying operating profit	**913.9**	**413.1**	**(60.4)**	**1,266.6**	820.3	300.5	(60.6)	1,060.2
Net financing charges								
– subsidiaries				**(64.0)**				(60.9)
– share of associates and joint ventures				**(38.8)**				(35.3)
				(102.8)				(96.2)
Tax								
– subsidiaries				**(149.0)**				(124.3)
– share of associates and joint ventures				**(75.5)**				(58.8)
				(224.5)				(183.1)
Non-controlling interests								
– subsidiaries				**(4.0)**				(3.8)
– share of associates and joint ventures				**(0.5)**				(0.9)
				(4.5)				(4.7)
Underlying profit attributable to shareholders				**934.8**				776.2
Non-trading items:								
– change in fair value of investment properties				**254.9**				660.0
– asset disposals				**(0.1)**				1.5
				254.8				661.5
Profit attributable to shareholders				**1,189.6**				1,437.7

4 Segmental Information continued

	Revenue		Underlying operating profit		Underlying profit attributable to shareholders	
	2013 US$m	2012 US$m	**2013 US$m**	2012 US$m	**2013 US$m**	2012 US$m
By geographical location						
Greater China	**1,188.8**	999.7	**907.2**	885.5	**901.1**	878.9
Southeast Asia and others	**668.3**	115.1	**419.8**	235.3	**418.5**	233.7
Corporate, net financing charges and tax	**–**	–	**(60.4)**	(60.6)	**(384.8)**	(336.4)
	1,857.1	1,114.8	**1,266.6**	1,060.2	**934.8**	776.2

	Segment assets					
	Investment properties US$m	Properties for sale US$m	Others US$m	Segment liabilities US$m	Unallocated assets and liabilities US$m	Total assets and liabilities US$m
By business						
2013						
Commercial Property	**27,466.1**	**–**	**305.6**	**(569.9)**	**–**	**27,201.8**
Residential Property	**283.5**	**3,916.8**	**699.1**	**(1,887.9)**	**–**	**3,011.5**
Unallocated assets and liabilities	**–**	**–**	**–**	**–**	**(3,314.2)**	**(3,314.2)**
	27,749.6	**3,916.8**	**1,004.7**	**(2,457.8)**	**(3,314.2)**	**26,899.1**
2012						
Commercial Property	26,946.4	–	436.8	(530.4)	–	26,852.8
Residential Property	288.0	3,681.7	372.8	(1,432.4)	–	2,910.1
Unallocated assets and liabilities	–	–	–	–	(3,578.5)	(3,578.5)
	27,234.4	3,681.7	809.6	(1,962.8)	(3,578.5)	26,184.4
By geographical location						
2013						
Greater China	**23,670.5**	**2,369.1**	**740.7**	**(1,677.0)**	**–**	**25,103.3**
Southeast Asia and others	**4,079.1**	**1,547.7**	**264.0**	**(780.8)**	**–**	**5,110.0**
Unallocated assets and liabilities	**–**	**–**	**–**	**–**	**(3,314.2)**	**(3,314.2)**
	27,749.6	**3,916.8**	**1,004.7**	**(2,457.8)**	**(3,314.2)**	**26,899.1**
2012						
Greater China	23,285.0	2,147.5	555.0	(986.5)	–	25,001.0
Southeast Asia and others	3,949.4	1,534.2	254.6	(976.3)	–	4,761.9
Unallocated assets and liabilities	–	–	–	–	(3,578.5)	(3,578.5)
	27,234.4	3,681.7	809.6	(1,962.8)	(3,578.5)	26,184.4

Unallocated assets and liabilities include tax assets and liabilities, bank balances and borrowings.

5 Revenue

	2013 US$m	2012 US$m
Rental income	**811.3**	745.5
Service income	**119.7**	117.2
Sales of properties	**926.1**	252.1
	1,857.1	1,114.8

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

Total contingent rents included in rental income amounted to US$14.9 million (2012: US$12.9 million).

	2013 US$m	2012 US$m
The future minimum rental payments receivable under non-cancellable leases are as follows:		
Within one year	**710.6**	701.0
Between one and two years	**467.2**	503.8
Between two and five years	**429.0**	410.5
Beyond five years	**64.0**	59.4
	1,670.8	1,674.7

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

6 Net Operating Costs

	2013 US$m	2012 US$m
Cost of sales	**(858.1)**	(234.7)
Other income	**11.3**	4.9
Administrative expenses	**(93.7)**	(85.6)
	(940.5)	(315.4)
The following credits/(charges) are included in net operating costs:		
Cost of properties for sale recognised as expense	**(719.3)**	(102.0)
Operating expenses arising from investment properties	**(151.2)**	(140.2)
Reversal of writedowns on properties for sale	**12.4**	7.5
Depreciation of tangible assets	**(2.4)**	(2.1)
Employee benefit expense		
– salaries and benefits in kind	**(92.7)**	(85.5)
– defined contribution pension plans	**(3.2)**	(2.8)
– defined benefit pension plans	**(1.2)**	(1.1)
	(97.1)	(89.4)
Auditors' remuneration		
– audit	**(1.5)**	(1.3)
– non-audit services	**(0.4)**	(0.2)
	(1.9)	(1.5)

The number of employees at 31st December 2013 was 1,405 (2012: 1,347).

7 Net Financing Charges

	2013 US$m	2012 US$m
Interest expenses		
– bank loans and overdrafts	**(19.0)**	(16.3)
– other borrowings	**(97.6)**	(84.6)
Total interest expenses	**(116.6)**	(100.9)
Interest capitalised	**24.5**	11.8
	(92.1)	(89.1)
Commitment and other fees	**(14.1)**	(9.7)
Financing charges	**(106.2)**	(98.8)
Financing income	**42.2**	37.9
	(64.0)	(60.9)

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

8 Share of Results of Associates and Joint Ventures

	2013 US$m	2012 US$m
By business		
Commercial Property	**91.4**	58.2
Residential Property	**143.8**	107.6
Underlying business performance	**235.2**	165.8
Non-trading items:		
Change in fair value of investment properties		
– Commercial Property	**346.7**	357.7
– Residential Property	**4.7**	3.1
	351.4	360.8
Asset disposals	**(0.1)**	(0.1)
	351.3	360.7
	586.5	526.5

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$707.5 million (2012: US$683.5 million).

9 Tax

Tax charged to profit and loss is analysed as follows:

	2013 US$m	2012 US$m
Current tax	**(141.8)**	(118.4)
Deferred tax		
– changes in fair value of investment properties	**(8.1)**	0.6
– other temporary differences	**(7.2)**	(5.9)
	(15.3)	(5.3)
	(157.1)	(123.7)

Reconciliation between tax expense and tax at applicable tax rate:

	2013 US$m	2012 US$m
Tax at applicable tax rate	**(134.5)**	(174.1)
Change in fair value of investment properties not (deductible)/taxable in determining taxable profit	**(21.4)**	51.6
Expenses not deductible in determining taxable profit	**(7.0)**	(10.4)
Income not subject to tax	**14.9**	13.5
Utilisation of previously unrecognised tax losses	**2.0**	–
Over/(under)provision in prior years	**(4.0)**	3.3
Losses not recognised	**(0.6)**	(2.2)
Deferred tax assets written off	**(0.3)**	–
Withholding tax	**(1.2)**	(0.7)
Land appreciation tax in Mainland China	**(5.0)**	(4.7)
	(157.1)	(123.7)

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

	2013 US$m	2012 US$m
Remeasurements of employee benefit plans	**(0.6)**	0.1
Cash flow hedges	**(0.6)**	(2.2)
	(1.2)	(2.1)

The applicable tax rate for the year of 16.9% (2012: 16.4%) represents the weighted average of the rates of taxation prevailing in the territories in which the Group operates. The increase in the applicable tax rate was caused by a change in the geographic mix of the Group's profits.

The Group has no tax payable in the United Kingdom (2012: Nil).

Share of tax charge of associates and joint ventures of US$111.3 million (2012: US$89.8 million) is included in share of results of associates and joint ventures.

10 Earnings per Share

Earnings per share are calculated on profit attributable to shareholders of US1,189.6 million (2012: US$1,437.7 million) and on the weighted average number of 2,352.8 million (2012: 2,344.5 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:

	2013		2012	
	US$m	**Earnings per share US¢**	US$m	Earnings per share US¢
Underlying profit attributable to shareholders	**934.8**	**39.73**	776.2	33.11
Non-trading items (see Note 11)	**254.8**		661.5	
Profit attributable to shareholders	**1,189.6**	**50.56**	1,437.7	61.32

11 Non-trading Items

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

	2013 **US$m**	2012 US$m
Change in fair value of investment properties	**(81.9)**	306.4
Deferred tax on change in fair value of investment properties	**(8.1)**	0.6
Share of change in fair value of investment properties of associates and joint ventures (net of deferred tax)	**351.4**	360.8
Asset disposals	**–**	1.6
Share of asset disposals of associates and joint ventures	**(0.1)**	(0.1)
Non-controlling interests	**(6.5)**	(7.8)
	254.8	661.5

12 Investment Properties

	Completed commercial properties US$m	Under development commercial properties US$m	Completed residential properties US$m	Total US$m
2013				
At 1st January	**22,685.6**	**666.4**	**141.7**	**23,493.7**
Exchange differences	**(30.0)**	**15.3**	**(1.3)**	**(16.0)**
Additions	**46.7**	**139.5**	**1.0**	**187.2**
Transfer	**172.0**	**(172.0)**	**–**	**–**
Decrease in fair value	**(72.3)**	**(6.6)**	**(3.0)**	**(81.9)**
At 31st December	**22,802.0**	**642.6**	**138.4**	**23,583.0**
Freehold properties				**54.0**
Leasehold properties				**23,529.0**
				23,583.0
2012				
At 1st January	22,249.6	141.9	138.4	22,529.9
Exchange differences	87.4	10.7	1.2	99.3
Additions	47.6	514.5	2.6	564.7
Disposals	–	–	(6.6)	(6.6)
Increase/(decrease) in fair value	301.0	(0.7)	6.1	306.4
At 31st December	22,685.6	666.4	141.7	23,493.7
Freehold properties				55.5
Leasehold properties				23,438.2
				23,493.7

The Group measures its investment properties at fair value. The fair values of the Group's investment properties at 31st December 2013 and 2012 have been determined on the basis of valuations carried out by independent valuers not related to the Group. The Group employed Jones Lang LaSalle to value its commercial investment properties in Hong Kong, China, 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 77.

Fair value measurements using significant observable 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.

12 Investment Properties continued

Fair value measurements using significant unobservable inputs

Fair values of completed commercial properties in Hong Kong 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' view 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:

			Range of significant unobservable inputs	
	Fair value US$m	**Valuation method**	**Prevailing market rent per month US$**	**Capitalisation/ discount rate %**
Commercial Property				
Completed properties				
Hong Kong	**22,127.3**	Income capitalisation	3.9 to 37.6 per square foot	3.65 to 5.50
Singapore	**620.7**	Income capitalisation	6.0 to 10.6 per square foot	3.50 to 5.50
Vietnam and Cambodia	**54.0**	Discounted cash flow	23.0 to 52.4 per square metre	15.00 to 16.00
Total	**22,802.0**			
Properties under development				
Mainland China	**617.6**	Residual	91.0 per square metre	5.25
Cambodia	**25.0**	Residual	42.0 to 95.0 per square metre	16.00
Total	**642.6**			

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.

13 Associates and Joint Ventures

	2013 US$m	2012 US$m
Unlisted associates	**41.4**	45.2
Unlisted joint ventures	**4,889.0**	4,225.2
Share of attributable net assets	**4,930.4**	4,270.4
By business		
Commercial Property	**3,635.6**	3,232.9
Residential Property	**1,294.8**	1,037.5
	4,930.4	4,270.4

	Associates		Joint ventures	
	2013 US$m	2012 US$m	2013 US$m	2012 US$m
Movements of associates and joint ventures during the year:				
At 1st January	**45.2**	46.3	**4,225.2**	3,505.5
Exchange differences	**(0.8)**	1.4	**(37.2)**	56.9
Share of results after tax and non-controlling interests	**–**	(0.5)	**586.5**	527.0
Share of other comprehensive income after tax and non-controlling interests	**(0.6)**	–	**(51.3)**	97.1
Dividends received and receivable	**(1.7)**	(1.2)	**(151.2)**	(141.7)
Investments in and loans to associates and joint ventures	**(0.7)**	(0.8)	**318.2**	179.8
Others	**–**	–	**(1.2)**	0.6
At 31st December	**41.4**	45.2	**4,889.0**	4,225.2

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 2013 and 2012:

Name of entity	Nature of business	Place of business/country of incorporation	% of ownership interest 2013	2012
Properties Sub F, Ltd	Property investment	Macau	**49.0**	49.0
BFC Development LLP	Property investment	Singapore	**33.3**	33.3
Central Boulevard Development Pte Ltd	Property investment	Singapore	**33.3**	33.3
One Raffles Quay Pte Ltd	Property investment	Singapore	**33.3**	33.3

The Group's commitments to provide funding to its joint ventures, if called, amounted to US$395.3 million as at 31st December 2013 (2012: US$272.1 million).

13 Associates and Joint Ventures continued

Summarised financial information for material joint ventures

Set out below are the summarised financial information for the Group's material joint ventures.

Summarised balance sheet at 31st December

	Properties Sub F, Ltd US$m	BFC Development LLP US$m	Central Boulevard Development Pte Ltd US$m	One Raffles Quay Pte Ltd US$m
2013				
Non-current assets	**1,170.0**	**3,594.7**	**2,467.0**	**2,757.7**
Current assets				
Cash and cash equivalents	**29.0**	**12.3**	**116.8**	**17.5**
Other current assets	**110.9**	**14.3**	**142.0**	**1.3**
Total current assets	**139.9**	**26.6**	**258.8**	**18.8**
Non-current liabilities				
Financial liabilities	**(91.2)**	**(1,330.5)**	**(1,274.5)**	**(823.3)**
Other non-current liabilities	**(108.8)**	**–**	**(15.2)**	**(196.1)**
Total non-current liabilities	**(200.0)**	**(1,330.5)**	**(1,289.7)**	**(1,019.4)**
Current liabilities				
Financial liabilities (excluding trade payables)	**(3.1)**	**(1.3)**	**(7.3)**	**(5.8)**
Other current liabilities (including trade payables)	**(48.8)**	**(87.1)**	**(168.4)**	**(41.8)**
Total current liabilities	**(51.9)**	**(88.4)**	**(175.7)**	**(47.6)**
Net assets	**1,058.0**	**2,202.4**	**1,260.4**	**1,709.5**
2012				
Non-current assets	1,003.4	3,504.5	2,417.1	2,682.9
Current assets				
Cash and cash equivalents	44.7	22.6	51.7	24.2
Other current assets	61.7	18.8	458.6	1.9
Total current assets	106.4	41.4	510.3	26.1
Non-current liabilities				
Financial liabilities	(136.4)	(1,377.3)	(1,409.7)	(853.7)
Other non-current liabilities	(90.4)	–	–	(186.5)
Total non-current liabilities	(226.8)	(1,377.3)	(1,409.7)	(1,040.2)
Current liabilities				
Financial liabilities (excluding trade payables)	(5.2)	(1.8)	(6.9)	(5.4)
Other current liabilities (including trade payables)	(57.6)	(96.0)	(484.1)	(38.7)
Total current liabilities	(62.8)	(97.8)	(491.0)	(44.1)
Net assets	820.2	2,070.8	1,026.7	1,624.7

13 Associates and Joint Ventures continued

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

	Properties Sub F, Ltd US$m	BFC Development LLP US$m	Central Boulevard Development Pte Ltd US$m	One Raffles Quay Pte Ltd US$m
2013				
Revenue	**152.3**	**165.0**	**852.2**	**125.9**
Depreciation and amortisation	**(9.0)**	**(0.2)**	**(0.1)**	**(0.1)**
Interest income	**0.1**	**–**	**–**	**0.1**
Interest expense	**(4.0)**	**(47.8)**	**(25.4)**	**(22.6)**
Profit from underlying business performance	**94.5**	**76.4**	**390.6**	**71.6**
Income tax (expense)/credit	**(11.6)**	**9.2**	**(66.2)**	**(11.5)**
Profit after tax from underlying business performance	**82.9**	**85.6**	**324.4**	**60.1**
Profit after tax from non-trading items	**155.2**	**206.3**	**129.5**	**149.3**
Profit after tax	**238.1**	**291.9**	**453.9**	**209.4**
Other comprehensive income	**(0.3)**	**(70.3)**	**(35.0)**	**(52.6)**
Total comprehensive income	**237.8**	**221.6**	**418.9**	**156.8**
Group's share of dividends received and receivable from joint ventures	**–**	**30.0**	**61.8**	**24.0**
2012				
Revenue	114.5	165.3	28.4	109.4
Depreciation and amortisation	(13.5)	(0.2)	–	(0.1)
Interest income	0.7	–	–	0.1
Interest expense	(5.6)	(50.5)	(16.5)	(22.4)
Profit from underlying business performance	68.1	78.9	(7.8)	58.2
Income tax expense	(8.3)	(6.3)	–	(8.7)
Profit after tax from underlying business performance	59.8	72.6	(7.8)	49.5
Profit after tax from non-trading items	321.4	70.6	222.9	80.5
Profit after tax	381.2	143.2	215.1	130.0
Other comprehensive income	1.5	118.7	45.6	87.9
Total comprehensive income	382.7	261.9	260.7	217.9
Group's share of dividends received and receivable from joint ventures	66.3	21.8	–	20.5

13 Associates and Joint Ventures continued

The information above reflects the amounts presented in the financial statements of the joint ventures adjusted for differences in accounting policies between the Group and the joint ventures.

Reconciliation of summarised financial information

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

	Properties Sub F, Ltd US$m	BFC Development LLP US$m	Central Boulevard Development Pte Ltd US$m	One Raffles Quay Pte Ltd US$m
2013				
Net assets at 1st January	**820.2**	**2,070.8**	**1,026.7**	**1,624.7**
Profit for the year	**238.1**	**291.9**	**453.9**	**209.4**
Other comprehensive income	**(0.3)**	**(70.3)**	**(35.0)**	**(52.6)**
Dividends paid and payable	**–**	**(90.0)**	**(185.2)**	**(72.0)**
Net assets at 31st December	**1,058.0**	**2,202.4**	**1,260.4**	**1,709.5**
Interest in joint ventures (%)	**49.0**	**33.3**	**33.3**	**33.3**
Group's share of net assets in joint ventures	**518.4**	**734.1**	**420.1**	**569.9**
Shareholders' loans	**45.8**	**443.5**	**424.8**	**35.5**
Carrying value	**564.2**	**1,177.6**	**844.9**	**605.4**
2012				
Net assets at 1st January	572.9	1,874.2	766.0	1,468.3
Profit for the year	381.2	143.2	215.1	130.0
Other comprehensive income	1.5	118.7	45.6	87.9
Dividends paid and payable	(135.4)	(65.3)	–	(61.5)
Net assets at 31st December	820.2	2,070.8	1,026.7	1,624.7
Interest in joint ventures (%)	49.0	33.3	33.3	33.3
Group's share of net assets in joint ventures	401.9	690.2	342.3	541.5
Shareholders' loans	69.2	459.1	469.9	36.8
Carrying value	471.1	1,149.3	812.2	578.3

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.

	2013 US$m	2012 US$m
Share of profit	**151.5**	177.4
Share of other comprehensive income	**1.6**	12.3
Share of total comprehensive income	**153.1**	189.7
Carrying amount of interests in these joint ventures	**1,696.9**	1,214.3

14 Other Investments

	2013 US$m	2012 US$m
Available-for-sale financial assets:		
Listed securities	**57.5**	80.5
Unlisted securities	**–**	2.1
	57.5	82.6
The fair value measurements of available-for-sale financial assets are based on the following data:		
Quoted prices in active markets	**57.5**	80.5
Unobservable inputs	**–**	2.1
	57.5	82.6

15 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
2013					
At 1st January – as previously reported and restated	**0.1**	**(54.3)**	**(1.3)**	**(5.7)**	**(61.2)**
Exchange differences	**–**	**–**	**(0.1)**	**0.2**	**0.1**
Charged to profit and loss	**–**	**(5.7)**	**(8.1)**	**(1.5)**	**(15.3)**
Charged to other comprehensive income	**–**	**–**	**–**	**(1.2)**	**(1.2)**
At 31st December	**0.1**	**(60.0)**	**(9.5)**	**(8.2)**	**(77.6)**
Deferred tax assets	**0.1**	**–**	**–**	**5.4**	**5.5**
Deferred tax liabilities	**–**	**(60.0)**	**(9.5)**	**(13.6)**	**(83.1)**
	0.1	**(60.0)**	**(9.5)**	**(8.2)**	**(77.6)**

15 Deferred Tax Assets and Liabilities continued

	Tax losses US$m	Accelerated capital allowances US$m	Revaluation surpluses of investment properties US$m	Other temporary differences US$m	Total US$m
2012					
At 1st January – as previously reported and restated	1.4	(50.5)	(1.9)	(2.9)	(53.9)
Exchange differences	–	(0.1)	–	0.2	0.1
(Charged)/credited to profit and loss	(1.3)	(3.7)	0.6	(1.0)	(5.4)
Charged to other comprehensive income	–	–	–	(2.0)	(2.0)
At 31st December	0.1	(54.3)	(1.3)	(5.7)	(61.2)
Deferred tax assets	0.1	–	–	5.1	5.2
Deferred tax liabilities	–	(54.3)	(1.3)	(10.8)	(66.4)
	0.1	(54.3)	(1.3)	(5.7)	(61.2)

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$2.4 million (2012: US$3.7 million) arising from unused tax losses of US$11.0 million (2012: US$18.4 million) have not been recognised in the financial statements. Included in the unused tax losses, US$4.6 million (2012: US$2.7 million) of losses have no expiry date and the balance will expire at various dates up to and including 2018 (2012: 2017).

16 Properties for Sale

	2013 US$m	2012 US$m
Properties under development	**2,667.5**	2,529.6
Provision for impairment	**(97.2)**	(113.0)
	2,570.3	2,416.6
Completed properties	**99.9**	96.8
	2,670.2	2,513.4

At 31st December 2013, properties under development which were not scheduled for completion within the next twelve months amounted to US$1,889.8 million (2012: US$1,773.5 million).

At 31st December 2013, properties for sale of US$711.3 million (2012: US$314.7 million) were pledged as security for borrowings of US$229.9 million (2012: US$157.1 million) as shown in Note 20.

17 Debtors

	2013 US$m	2012 US$m
Trade debtors	**62.5**	33.5
Other debtors		
– third parties	**195.1**	347.0
– associates and joint ventures	**41.3**	38.9
	298.9	419.4
Non-current	**25.2**	68.4
Current	**273.7**	351.0
	298.9	419.4
By geographical area of operation		
Greater China	**163.1**	323.2
Southeast Asia and others	**135.8**	96.2
	298.9	419.4

An allowance for impairment of trade debtors is made based on the estimated irrecoverable amount. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payment are considered indicators that the debt is impaired.

At 31st December 2013, trade debtors of US$4.3 million (2012: US$8.0 million) were past due but not impaired. The ageing analysis of these trade debtors is as follows:

	2013 US$m	2012 US$m
Below 30 days	**3.9**	6.9
Between 31 and 60 days	**0.1**	0.2
Between 61 and 90 days	**0.1**	0.1
Over 90 days	**0.2**	0.8
	4.3	8.0

Other debtors are further analysed as follows:

	2013 US$m	2012 US$m
Prepayments	**126.4**	242.9
Derivative financial instruments	**15.3**	50.8
Amounts due from associates and joint ventures	**41.3**	38.9
Others	**53.4**	53.3
	236.4	385.9

The fair value of debtors other than derivative financial instruments approximates their carrying amounts, as the impact of discounting is not significant. Derivative financial instruments are stated at fair value.

18 Bank Balances

	2013 US$m	2012 US$m
Deposits with banks and financial institutions	**1,274.8**	809.7
Bank balances	**131.5**	172.4
	1,406.3	982.1

Deposits and bank balances of certain subsidiaries amounting to US$130.0 million (2012: US$98.8 million) are held under the Housing Developers (Project Account) Rules in Singapore, withdrawals from which are subject to the provision of these Rules.

The weighted average interest rate on deposits with banks and financial institutions is 1.2% (2012: 0.6%) per annum.

19 Creditors

	2013 US$m	2012 US$m
Trade creditors	**428.1**	251.9
Tenants' deposits	**194.4**	178.4
Other creditors	**147.1**	81.9
Derivative financial instruments	**48.9**	24.5
Financial liabilities	**818.5**	536.7
Rent received in advance	**14.3**	9.8
Proceeds from property for sale received in advance	**678.1**	672.4
	1,510.9	1,218.9
Non-current	**102.0**	76.3
Current	**1,408.9**	1,142.6
	1,510.9	1,218.9
By geographical area of operation		
Greater China	**914.2**	572.7
Southeast Asia and others	**596.7**	646.2
	1,510.9	1,218.9

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.

20 Borrowings

	2013 Carrying amount US$m	2013 Fair value US$m	2012 Carrying amount US$m	2012 Fair value US$m
Current				
Bank overdrafts	**4.0**	**4.0**	1.1	1.1
Current portion of long-term borrowings				
– bank loans	**201.2**	**201.2**	363.4	363.4
– notes	**506.9**	**506.9**	–	–
	712.1	**712.1**	364.5	364.5
Long-term				
Bank loans	**997.8**	**997.8**	844.1	844.1
Notes	**2,721.6**	**2,638.2**	3,046.9	3,125.4
	3,719.4	**3,636.0**	3,891.0	3,969.5
	4,431.5	**4,348.1**	4,255.5	4,334.0
Secured	**229.9**		157.1	
Unsecured	**4,201.6**		4,098.4	
	4,431.5		4,255.5	

The fair values are based on market prices or are estimated using the expected future payments discounted at market interest rates ranging from 0.5% to 3.2% (2012: 0.4% to 2.3%) per annum. The fair values of current borrowings approximate their carrying amounts, as the impact of discounting is not significant.

Secured borrowings at 31st December 2013 were certain subsidiaries' bank borrowings which were secured against their properties for sale.

The borrowings 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					
2013					
Hong Kong dollar	**3.0**	**11.1**	**1,828.7**	**1,371.7**	**3,200.4**
Singapore dollar	**2.2**	**3.4**	**508.5**	**722.3**	**1,230.8**
United States dollar	**5.3**	**–**	**–**	**0.3**	**0.3**
			2,337.2	**2,094.3**	**4,431.5**
2012					
Hong Kong dollar	3.0	11.3	1,655.1	1,309.7	2,964.8
Singapore dollar	2.4	4.0	603.3	687.1	1,290.4
United States dollar	5.3	–	–	0.3	0.3
			2,258.4	1,997.1	4,255.5

20 Borrowings continued

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:

	2013 **US$m**	2012 US$m
Within one year	**2,200.4**	2,170.7
Between one and two years	**297.2**	106.7
Between two and three years	**–**	308.1
Beyond five years	**1,933.9**	1,670.0
	4,431.5	4,255.5

An analysis of the carrying amount of notes at 31st December is as follows:

		2013		2012	
	Maturity	**Current** **US$m**	**Non-current** **US$m**	Current US$m	Non-current US$m
US$500m 10-year notes at 5.50%*	2014	**506.9**	**–**	–	527.7
S$375m 10-year notes at 3.65%*	2015	**–**	**297.2**	–	308.1
Medium term notes					
S$50m 8-year notes at 3.86%	2017	**–**	**41.7**	–	44.6
HK$200m 10-year notes at 4.135%	2019	**–**	**25.6**	–	25.6
HK$300m 10-year notes at 4.1875%	2019	**–**	**38.7**	–	38.7
HK$300m 10-year notes at 4.25%	2019	**–**	**38.7**	–	38.7
HK$500m 10-year notes at 4.22%	2020	**–**	**68.1**	–	72.6
HK$500m 10-year notes at 4.24%	2020	**–**	**64.3**	–	64.3
S$150m 10-year notes at 3.43%	2020	**–**	**118.1**	–	122.2
HK$500m 10-year notes at 3.95%	2020	**–**	**64.2**	–	64.2
HK$500m 12-year notes at 4.28%	2021	**–**	**66.8**	–	74.5
HK$410m 10-year notes at 3.86%	2022	**–**	**52.4**	–	52.4
US$500m 10-year notes at 4.50%*	2022	**–**	**461.9**	–	497.2
HK$305m 10-year notes at 3.00%	2022	**–**	**39.0**	–	39.0
HK$200m 10-year notes at 2.90%	2022	**–**	**25.6**	–	25.6
HK$1,100m 10-year notes at 3.95%	2023	**–**	**140.7**	–	–
HK$300m 10-year notes at 3.95%	2023	**–**	**38.4**	–	–
HK$300m 15-year notes at 4.10%	2025	**–**	**38.5**	–	38.5
US$600m 15-year notes at 4.50%*	2025	**–**	**617.2**	–	618.5
HK$302m 15-year notes at 3.75%	2026	**–**	**38.6**	–	38.5
HK$785m 15-year notes at 4.00%	2027	**–**	**99.3**	–	99.2
HK$473m 15-year notes at 4.04%	2027	**–**	**60.8**	–	60.8
HK$200m 15-year notes at 3.95%	2027	**–**	**25.7**	–	25.7
HK$300m 15-year notes at 3.15%	2028	**–**	**38.0**	–	–
HK$325m 15-year notes at 4.22%	2028	**–**	**41.5**	–	–
HK$800m 20-year notes at 4.11%	2030	**–**	**103.2**	–	103.2
HK$200m 20-year notes at 4.125%	2031	**–**	**25.4**	–	25.4
HK$240m 20-year partly paid notes at 4.00%†	2032	**–**	**19.9**	–	9.6
HK$250m 30-year notes at 5.25%	2040	**–**	**32.1**	–	32.1
		506.9	**2,721.6**	–	3,046.9

* Listed on the Singapore Exchange.

† The first and second instalments of HK$80 million each of the HK$240 million partly paid notes was issued in 2012 and 2013. The final instalment of HK$80 million will be issued in 2014.

21 Share Capital

	Ordinary shares in millions 2013	2012	2013 US$m	2012 US$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	**2,352.8**	2,338.1	**235.3**	233.8
Issued on conversion of convertible bonds	**–**	14.7	**–**	1.5
At 31st December	**2,352.8**	2,352.8	**235.3**	235.3

22 Dividends

	2013 US$m	2012 US$m
Final dividend in respect of 2012 of US¢11.00 (2011: US¢10.00) per share	**258.8**	234.2
Interim dividend in respect of 2013 of US¢6.00 (2012: US¢6.00) per share	**141.2**	140.9
	400.0	375.1

A final dividend in respect of 2013 of US¢12.00 (2012: US¢11.00) per share amounting to a total of US$282.3 million (2012: US$258.8 million) is proposed by the Board. The dividend proposed will not be accounted for until it has been approved at the Annual General Meeting. The amount will be accounted for as an appropriation of revenue reserves in the year ending 31st December 2014.

23 Notes to Consolidated Cash Flow Statement

a) Increase in properties for sale in 2013 included the acquisition of a site in Singapore at US$366.1 million. In 2012, the cash flow included payments for property sites in mainland China and Singapore, which amounted to US$489.0 million and US$302.0 million respectively.

b) Developments capital expenditure in 2013 included US$96.6 million (2012: US$497.6 million) for property developments in mainland China.

c) Investments in and loans to associates and joint ventures in 2013 included US$149.6 million and US$112.5 million investments in new joint ventures in mainland China and Indonesia respectively.

d) Cash and cash equivalents

	2013 US$m	2012 US$m
Bank balances	**1,406.3**	982.1
Bank overdrafts (see Note 20)	**(4.0)**	(1.1)
	1,402.3	981.0

24 Derivative Financial Instruments

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

	2013		2012	
	Positive fair value US$m	**Negative fair value US$m**	Positive fair value US$m	Negative fair value US$m
Designated as cash flow hedges				
– interest rate swaps	**–**	**1.5**	–	5.1
– cross currency swaps	**6.7**	**13.0**	6.9	18.2
Designated as fair value hedges				
– interest rate swaps	**4.5**	**–**	13.7	–
– cross currency swaps	**4.1**	**34.4**	30.2	1.2

Interest rate swaps
The notional principal amounts of the outstanding interest rate swap contracts at 31st December 2013 were US$210.1 million (2012: US$384.8 million).

At 31st December 2013, the fixed interest rates relating to interest rate swaps vary from 2.21% to 4.28% (2012: 1.84% to 4.28%).

The fair values of interest rate swaps are based on the estimated cash flows discounted at market rates ranging from 0.22% to 2.55% (2012: 0.31% to 1.26%) per annum.

Cross currency swaps
The contract amounts of the outstanding cross currency swap contracts at 31st December 2013 were US$1,756.3 million (2012: US$1,761.8 million).

25 Commitments

	2013 US$m	2012 US$m
Capital commitments		
Authorised not contracted	**497.9**	499.0
Contracted not provided		
– joint ventures	**395.3**	272.1
– others	**53.9**	67.1
	449.2	339.2
	947.1	838.2
Operating lease commitments		
Due within one year	**2.8**	2.1
Due between one and two years	**1.8**	1.9
Due between two and five years	**1.2**	0.2
	5.8	4.2

26 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.

27 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 2013 was US$4.7 million (2012: US$3.9 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 2013 amounted to US$19.0 million (2012: US$21.4 million).

The Group provided project consultancy services to Jardine Matheson group members in 2013 amounting to US$0.4 million (2012: Nil).

Jardine Matheson group members provided property construction, maintenance and other services to the Group in 2013 in aggregate amounting to US$53.9 million (2012: US$34.7 million).

The outstanding balances arising from the above services at 31st December 2013 were not material.

Hotel management services
Jardine Matheson group members provided hotel management services to the Group in 2013 amounted to US$2.9 million (2012: US$2.7 million).

The outstanding balances arising from the above services at 31st December 2013 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 (see Notes 17 and 19).

Directors' emoluments
Details of Directors' emoluments (being the key management personnel compensation) are shown on page 70 under the heading of 'Directors' Appointment, Retirement, Remuneration and Service Contracts'.

28 Summarised Balance Sheet of the Company

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

	2013 US$m	2012 US$m
Net operating assets		
Investments at cost		
Unlisted shares in subsidiaries	**4,481.7**	4,481.7
Net amounts due from subsidiaries	**941.9**	684.6
	5,423.6	5,166.3
Creditors and other accruals	**(18.4)**	(15.8)
	5,405.2	5,150.5
Total equity		
Share capital (see Note 21)	**235.3**	235.3
Revenue and other reserves		
Contributed surplus	**2,249.6**	2,249.6
Share premium	**386.9**	386.9
Revenue reserves	**2,533.4**	2,278.7
	5,169.9	4,915.2
Shareholders' funds	**5,405.2**	5,150.5

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.

29 Principal Subsidiaries, Associates and Joint Ventures

The principal subsidiaries, associates and joint ventures of the Group at 31st December 2013 are set out below.

	Attributable interests 2013 %	2012 %	Issued share capital		Main activities	Place of incorporation
Subsidiaries						
Hongkong Land China Holdings Ltd*	**100**	100	USD	200,000,000	Investment holding	Bermuda
Hongkong Land International Holdings Ltd*	**100**	100	USD	200,000,000	Investment holding	Bermuda
Hongkong Land Ltd*	**100**	100	USD	12,000	Group management	Bermuda
HK Glory Properties Ltd	**100**	100	USD	2	Property development	British Virgin Islands
HKL (Chater House) Ltd	**100**	100	HKD	1,500,000	Property investment	Hong Kong
HKL (Landmark Hotel) Ltd	**100**	100	HKD	2	Hotel investment	Hong Kong
HKL (Prince's Building) Ltd	**100**	100	HKD	200	Property investment	Hong Kong
Hongkong Land (Chongqing North) Development Co Ltd	**100**	100	HKD	3,980,000,000	Property development	Mainland China
Hongkong Land (Chongqing) Development Co Ltd	**100**	100	USD	479,990,000	Property development	Mainland China
The Hongkong Land Company, Ltd	**100**	100	HKD	1,293,180,006	Property investment	Hong Kong
The Hongkong Land Property Company, Ltd	**100**	100	HKD	200	Property investment	Hong Kong
King Kok Investment Ltd	**90**	90	USD	10,000	Property investment	Mauritius
Mulberry Land Company Ltd	**100**	100	HKD	200	Property investment	Hong Kong
Starsome Investments Ltd	**100**	100	USD	2	Investment holding	British Virgin Islands
Wangfu Central Real Estate Development Co Ltd	**95**	95	RMB	3,500,000,000	Property development	Mainland China
Central Building Ltd	**71**	71	USD	1,991,547	Property investment	Vietnam
Doan Ket International Co Ltd	**73.9**	73.9	USD	7,291,500	Property investment	Vietnam
HKL (Esplanade) Pte Ltd	**100**	100	SGD	150,000,000	Property investment	Singapore
HKL Treasury (Singapore) Pte Ltd	**100**	100	SGD	2	Finance	Singapore
The Hongkong Land Finance (Cayman Islands) Company Ltd	**100**	100	USD	2	Finance	Cayman Islands

* Owned directly

29 Principal Subsidiaries, Associates and Joint Ventures continued

	Attributable interests 2013 %	2012 %	Issued share capital		Main activities	Place of incorporation
Subsidiaries continued						
The Hongkong Land Notes Company Ltd	**100**	100	USD	2	Finance	British Virgin Islands
Hongkong Land Singapore (Pte) Ltd	**100**	100	SGD	100,000	Property management	Singapore
The Hongkong Land Treasury Services (Singapore) Pte Ltd	**100**	100	SGD	2	Finance	Singapore
Caseldine Investments Pte Ltd	**100**	100	SGD	1,000,000	Property development	Singapore
Kedron Investments Pte Ltd	**100**	100	SGD	1,000,000	Property development	Singapore
MCL Land Ltd	**100**	100	SGD	369,985,977	Property management	Singapore
MCL Land (Gateway) Pte Ltd	**100**	100	SGD	1,000,000	Property development	Singapore
MCL Land (Pantai View) Sdn Bhd	**100**	100	MYR	2,000,000	Property investment	Malaysia
MCL Land (Pasir Ris) Pte Ltd	**100**	100	SGD	1,000,000	Property development	Singapore
MCL Land (Prestige) Pte Ltd	**100**	100	SGD	1,000,000	Property development	Singapore
MCL Land (Prime) Pte Ltd	**100**	100	SGD	1,000,000	Property development	Singapore
MCL Land (Serangoon) Pte Ltd	**100**	100	SGD	1,000,000	Property development	Singapore
MCL Land (Warren) Pte Ltd	**100**	100	SGD	1,000,000	Property development	Singapore
Beijing Yee Zhi Real Estate Consultancy Co Ltd	**100**	100	USD	150,000	Property consultancy	Mainland China
Hongkong Land (Beijing) Management Co Ltd	**100**	100	USD	150,000	Property management	Mainland China
Hongkong Land (Chongqing) Management Co Ltd	**100**	100	USD	150,000	Property investment, development and management	Mainland China
Hongkong Land (One Central) Retail Property Management Ltd	**100**	100	MOP	25,000	Management and administration services	Macau
Hongkong Land (Property Management) Ltd	**100**	100	HKD	20	Property management	Hong Kong
PT Hongkong Land Consultancy and Management	**100**	100	IDR	300	Consultancy and management	Indonesia

29 Principal Subsidiaries, Associates and Joint Ventures continued

	Attributable interests 2013 %	2012 %	Issued share capital		Main activities	Place of incorporation
Associates and joint ventures						
Beijing Premium Real Estate Ltd	**40**	40	USD	12,000,000	Property development	Mainland China
Chengdu Premium Property Development Co Ltd	**50**	50	USD	699,980,000	Property development	Mainland China
China West Premier Housing Development Co Ltd	**50**	50	USD	533,960,015	Property development	Mainland China
Chongqing Central Park Ltd	**50**	–	HKD	2,320,000,000	Property development	Mainland China
Longhu Land Ltd	**50**	50	USD	12,000,000	Property development	Mainland China
Normelle Estates Ltd	**50**	50	HKD	10,000	Property investment	Hong Kong
Properties Sub F, Ltd	**46.6**	46.6	MOP	1,000,000	Property investment	Macau
Ampang Investments Pte Ltd	**40**	40	SGD	10	Hotel investment	Singapore
BFC Development LLP	**33.3**	33.3	SGD	6	Property investment	Singapore
Central Boulevard Development Pte Ltd	**33.3**	33.3	SGD	600	Property investment	Singapore
Gaysorn Land Company Ltd	**49**	49	THB	61,250,000	Property investments and operations	Thailand
Golden Quantum Acres Sdn Bhd	**50**	50	MYR	2,764,210	Property development	Malaysia
Jardine Gibbons Properties Ltd	**40**	40	BD	600,000 'A' 400,000 'B'	Property holding	Bermuda
MSL Properties Sdn Bhd	**50**	50	MYR	3,000,000	Property development	Malaysia
NorthPine Land Inc	**40**	40	Peso	1,224,635,200	Property investment	The Philippines
One Raffles Quay Pte Ltd	**33.3**	33.3	SGD	6	Property investment	Singapore
PT Bumi Parama Wisesa	**49**	49	IDR	1,800,000,000,000	Property investment	Indonesia
PT Jakarta Land	**50**	50	IDR	3,320,000,000	Property development	Indonesia
Sunrise MCL Land Sdn Bhd	**50**	50	MYR	2,000,000	Property development	Malaysia

Independent Auditors' Report

To the members of Hongkong Land Holdings Limited

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Hongkong Land Holdings Limited (the 'Company') and its subsidiaries (together the 'Group') which comprise the Consolidated Balance Sheet as at 31st December 2013 and the Consolidated Profit and Loss Account, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The Company's Directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and with the requirements of Section 90 of the Bermuda Companies Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31st December 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and with the requirements of the Bermuda Companies Act.

Report on Legal and Regulatory Requirements

We have nothing to report in respect of the following matters that under the UK Listing Rules we are required to review:
- Directors' Statement in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review.

Other Matters

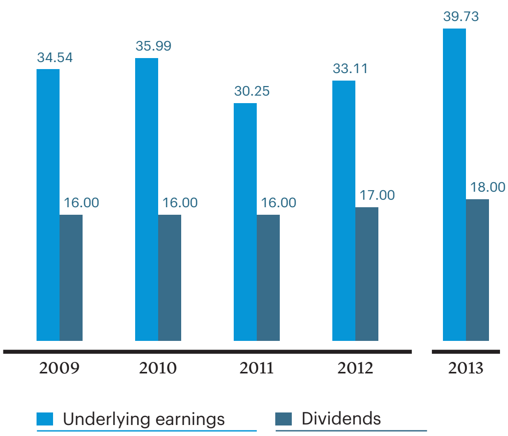
This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 90 of the Bermuda Companies Act and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to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

PricewaterhouseCoopers LLP
Chartered Accountants
London
United Kingdom
6th March 2014

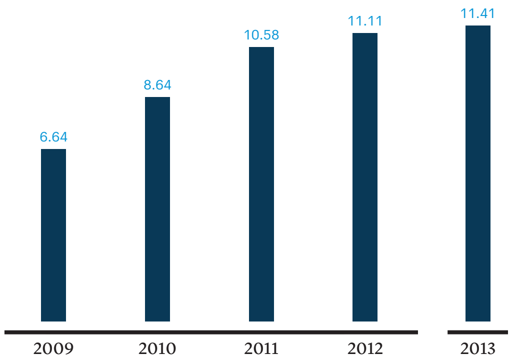
Five Year Summary

	2009 US$m	2010 US$m	2011 US$m	2012 US$m	**2013 US$m**
Profit attributable to shareholders	1,813	4,739	5,306	1,438	**1,190**
Underlying profit attributable to shareholders	777	810	703	776	**935**
Investment properties	14,818	18,036	22,530	23,494	**23,583**
Net debt	2,417	2,358	2,359	3,273	**3,025**
Shareholders' funds	14,936	19,457	24,739	26,148	**26,857**

	US$	US$	US$	US$	**US$**
Net asset value per share	6.64	8.64	10.58	11.11	**11.41**



Underlying earnings/dividends per share (US¢)



Net asset value per share (US$)

Responsibility Statement

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

a. the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, including International Accounting Standards and Interpretations adopted by the International Accounting Standards Board; and

b. the sections of this Report, including the Chairman's Statement, Chief Executive's Review and Principal Risks and Uncertainties, which constitute the management report include a fair review of all information required to be disclosed by the Disclosure and Transparency Rules 4.1.8 to 4.1.11 issued by the Financial Conduct Authority in the United Kingdom.

For and on behalf of the Board

Y.K. Pang
John R. Witt
Directors
6th March 2014

Corporate Governance

Hongkong Land Holdings Limited is incorporated in Bermuda. The Group's property interests are almost entirely in Asia. The Company's equity shares have a premium listing on the London Stock Exchange, and secondary listings in Bermuda and Singapore. A Special General Meeting has been convened for 8th April 2014 to seek shareholder approval for the transfer to a standard listing from a premium listing on the London Stock Exchange. The Company attaches importance to the corporate stability that is fundamental to the Group's ability to pursue a long-term strategy in Asian markets. It is committed to high standards of governance. Its approach, however, developed over many years, differs from that envisaged by the UK Corporate Governance Code (the 'UK Code'), which was originally introduced as a guide for United Kingdom incorporated companies listed on the London Stock Exchange. As provided in the Listing Rules issued by the Financial Conduct Authority in the United Kingdom (the 'FCA'), the Company's premium listed status requires that this Report address how the main principles of the UK Code have been applied by the Company, and explain the reasons for the different approach adopted by the Company as compared to the UK Code's provisions. The Company's governance differs from that contemplated by provisions of the UK Code on board balance and refreshment, director independence, board evaluation procedures, nomination and remuneration committees and the appointment of a senior independent director.

The Management of the Group

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

The Board

The Company currently has a Board of 17 Directors: the Chief Executive and Chief Financial Officer; seven executives of Jardine Matheson; and eight non-executive Directors. Their names and brief biographies appear on pages 18 and 19 of this Report. The Chairman has been appointed in accordance with the provisions of the Bye-laws of the Company, which provide that the chairman of Jardine Matheson, or any Director nominated by him, shall be the Chairman of the Company. The composition and operation of the Board reflect the Company's commitment to its long-term strategy, shareholding structure and tiered approach to oversight and management as described in this Report. These factors explain the balance on the Board between executive and non-executive Directors, the stability of the Board, the absence of nomination and remuneration committees and the conduct of Board evaluation procedures. The Board regards Asian business experience and relationships as more valuable attributes of its non-executive Directors than formal independence criteria. Accordingly the Board has not designated a 'senior independent director' as set out in the UK Code. Recommendations and decisions on remuneration result from consultations between the Chairman and other Directors as he considers appropriate.

Among the matters which the Board of the Company decides are the Group's business strategy, its annual budget, dividends and major corporate activities. Responsibility for implementing the Group's strategy is delegated to the Company's executive management, with decision-making authority within designated financial parameters delegated to the HKL finance committee. In addition, as part of the Company's tiered approach to oversight and management, certain Directors of the Company who do not serve on the board of HKL and who are based outside Asia make regular visits to Asia and Bermuda where they participate in four annual strategic reviews. All of these reviews precede the Board meetings. These Directors are not directly involved in the operational management of the Group's business activities, but their knowledge and close oversight of the Group's affairs reinforces the process by which business is reviewed before consideration by the Board.

The Board is scheduled to hold four meetings in 2014 and ad hoc procedures are adopted to deal with urgent matters. In 2013 one meeting was held in Bermuda and three were held in Asia. All current Directors who held office in 2013 attended all four Board meetings, save that Jenkin Hui, Simon Keswick, Lord Leach of Fairford, Anthony Nightingale and Lord Powell of Bayswater attended three meetings. The Board receives high quality, up to date information for each of its meetings, which has previously been considered and approved at meetings of the board of HKL. This information is also the subject of a strategy review in a cycle of meetings (in Bermuda or Asia, as appropriate) prior to consideration by the Board itself.

The division of responsibilities between the roles of Chairman, Managing Director and Chief Executive is well established. The role of the Chairman is to lead the Board as it oversees the Group's strategic and financial direction, while the principal role of the Managing Director is to act as chairman of HKL and of its finance committee. The responsibility for running the Group's business and all the executive matters affecting the Group rests with the Chief Executive.

Directors' Appointment, Retirement, Remuneration and Service Contracts

Candidates for appointment as executive Directors of the Company, as executive directors of HKL or as senior executives elsewhere in the Group may be sourced internally, from the Jardine Matheson group or externally using the services of specialist executive search firms. The aim is to appoint individuals who combine international best practice with adaptability to Asian markets.

Each new Director is appointed by the Board and, in accordance with Bye-law 92 of the Company's Bye-laws, each new Director is subject to retirement at the first Annual General Meeting after appointment. Thereafter, the Director will be subject to retirement by rotation pursuant to Bye-law 85 whereby one-third of the Directors retire at the Annual General Meeting each year. These provisions apply to both executive and non-executive Directors, but the requirement to retire by rotation pursuant to Bye-law 85 does not extend to the Chairman or Managing Director.

Lord Sassoon was appointed as a Director with effect from 23rd January 2013. In accordance with Bye-law 85, Charles Allen-Jones, Jenkin Hui, Sir Henry Keswick, Simon Keswick and Lord Powell of Bayswater retire by rotation at the Annual General Meeting and, being eligible, offer themselves for re-election. None of the Directors proposed for re-election has a service contract with the Company or its subsidiaries.

Simon Keswick stepped down as Chairman of the Company on 15th May 2013 and remains as a non-executive Director. He was succeeded as Chairman by Ben Keswick, who retains his position as Managing Director.

The Company's policy is to offer competitive remuneration packages to its senior executives. It is recognised that, due to the nature of the Group and its diverse geographic base, a number of its senior executives are required to be offered international terms and the nature of the remuneration packages is designed to reflect this.

Directors' fees, which are payable to all Directors other than the Chief Executive and the Chief Financial Officer, are decided upon by shareholders in general meeting as provided for by the Company's Bye-laws. For the year ended 31st December 2013, the Directors received US$6.7 million (2012: US$5.7 million) in Directors' fees and employee benefits, being US$0.8 million (2012: US$0.6 million) in Directors' fees, US$5.8 million (2012: US$5.0 million) in short-term employee benefits including salary, bonuses, accommodation and deemed benefits in kind and US$0.1 million (2012: US$0.1 million) in post-employment benefits. The information set out in this paragraph forms part of the audited financial statements.

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

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

Directors' Responsibilities in respect of the Financial Statements and Annual Report

The Directors are required under the Bermuda Companies Act 1981 to prepare financial statements for each financial year and to present them annually to the Company's shareholders at the Annual General Meeting. The financial statements should present fairly in accordance with International Financial Reporting Standards ('IFRS') the financial position of the Group at the end of the year and the results of its operations and its cash flows for the year then ended. The Directors consider that applicable accounting policies under IFRS, applied on a consistent basis and supported by prudent and reasonable judgements and estimates, have been followed in preparing the financial statements. The Board is also responsible for preparing the annual report and financial statements in such a manner that they, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

Code of Conduct, Inclusion and Diversity

The Group conducts business in a professional, ethical and even-handed manner. Its ethical standards are clearly set out in the Group's Code of Conduct, a set of guidelines to which every employee must adhere. The code requires that all Group companies comply with all laws of general application, all rules and regulations that are industry specific and proper standards of business conduct. The code prohibits the giving or receiving of illicit payments, and requires all employees to be treated fairly, impartially and with respect. It also requires that all managers must be fully aware of their obligations under the Code of Conduct and establish procedures to ensure compliance at all levels within their organisations. The Group has in place procedures by which employees can raise, in confidence, matters of serious concern in areas such as financial reporting or compliance.

Inclusion and diversity are encouraged within the Group. As a multinational Group with a broad range of businesses operating across Asia, the Group believes in promoting equal opportunities in recruiting, developing and rewarding its people regardless of race, gender, nationality, religion, sexual orientation or background. The scale and breadth of the Group's businesses necessitate that they seek the best people from the communities in which they operate most suited to their needs.

Report of the Audit Committee

The Board has established within HKL an audit committee (the 'Audit Committee'), the members of which are Adam Keswick, Mark Greenberg, James Riley and Giles White; they have extensive knowledge of the Group while at the same time not being directly involved in operational management. Ben Keswick stepped down from the Audit Committee on 15th May 2013, upon his appointment as Chairman of the Company becoming effective, and was succeeded as chairman of the Audit Committee by Adam Keswick. The Board considers that the members of the Audit Committee have, collectively, the requisite skills, knowledge and experience to enable it to discharge its responsibilities in a proper manner. The two Audit Committee meetings held during the year were attended by all the then current members. The chairman, chief executive and chief financial officer of HKL, together with representatives of the internal and external auditors, also attend the Audit Committee meetings by invitation.

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

At the request of the Board, the Audit Committee considered whether the annual report and financial statements of the Company for the year ended 31st December 2013, taken as a whole, were fair, balanced and understandable and provided the information necessary for shareholders to assess the Company's performance, business model and strategy. The Audit Committee is satisfied that this is the case.

The significant issues considered in relation to the financial statements, and for which the Audit Committee concluded appropriate and reasonable accounting estimates and judgements were made, are summarised below:

1. The Audit Committee considered whether it was appropriate for the financial statements to be prepared on the basis that the Company and the Group are going concerns. Comprehensive financial forecasts had been prepared and, based on these forecasts, cash resources and existing credit facilities, the Audit Committee considered that the Company and the Group have adequate resources to continue in business for the foreseeable future. Based on this review, the Directors continue to adopt the going concern basis in preparing the financial statements.
2. The Audit Committee reviewed the year-end valuations of the material investment properties, which are based on external valuations performed by independent valuers. The Audit Committee received confirmation that there was overall agreement between management and the external auditors concerning the valuations. The independence and objectivity of the valuers were also assessed and confirmed by the Audit Committee.
3. The Audit Committee reviewed the carrying values of the Group's properties held for sale with management and the external auditors and concluded that they were appropriate.
4. The Audit Committee received an update on developments in accounting standards and their current year impact on the Group, particularly IFRS 10 'Consolidated Financial Statements' and IAS 19 (amended 2011) 'Employee Benefits'. Developments that might impact future financial statements were noted and these will continue to be monitored and assessed.

The Audit Committee considered the external audit function with reviews conducted by the internal audit function and the Chief Financial Officer. The Audit Committee also considered the independence and objectivity of the external auditors, and as part of that process has reviewed and approved the level and nature of non-audit work performed. The Audit Committee found the performance, independence and objectivity of the external auditors to be satisfactory and recommended to the Board the re-appointment of the external auditors, PricewaterhouseCoopers, at the forthcoming Annual General Meeting. PricewaterhouseCoopers have been auditors of the Group since 1992 and the Board believes that their expertise, independence and understanding of the Group's extensive and complex business activities makes them best qualified to continue in their role.

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

The Audit Committee keeps under review the nature, scope and results of the audits conducted by the internal audit function.

Risk Management and Internal Control

The Board has overall responsibility for the Group's system of risk management and internal control. The system of internal control is designed to manage, rather than eliminate, business risk; to help safeguard the Group's assets against fraud and other irregularities; and to give reasonable, but not absolute, assurance against material financial misstatement or loss.

The principal risks and uncertainties facing the Company are set out on page 74.

The Board has delegated to the Audit Committee responsibility for reviewing areas of risk and uncertainty, the operation and effectiveness of the Group's system of internal control and the procedures by which these are monitored. The Audit Committee considers the system and procedures on a regular basis, and reports to the Board semi-annually.

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

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

The Company's policy on commercial conduct underpins the Group's internal control process, particularly in the area of compliance. The policy, as set out in the Code of Conduct, is reinforced and monitored by an annual compliance certification process.

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

Directors' Share Interests

The Directors of the Company in office on 20th March 2014 had interests (within the meaning of the Disclosure and Transparency Rules ('DTRs') of the FCA) as set out below in the ordinary share capital of the Company. These interests include those notified to the Company in respect of the Directors' connected persons (as that term is used in the DTRs in relation to companies incorporated outside the United Kingdom).

Y.K. Pang	38,000
Charles Allen-Jones	60,000
Simon Keswick	74,521
Dr Richard Lee	3,678,685
Anthony Nightingale	2,184

Substantial Shareholders

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

The Company has been informed of the holding of voting rights of 5% or more attaching to the Company's issued ordinary share capital by Jardine Strategic Holdings Limited ('Jardine Strategic'), which is directly interested in 1,176,616,646 ordinary shares carrying 50.01% of the voting rights. By virtue of its interest in Jardine Strategic, Jardine Matheson is also interested in the same ordinary shares. Apart from this shareholding, the Company is not aware of any holders of voting rights of 5% or more attaching to the issued ordinary share capital of the Company as at 20th March 2014.

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

Relations with Shareholders

The 2014 Annual General Meeting will be held at Rosewood Tucker's Point, Bermuda on 7th May 2014. The full text of the resolutions and explanatory notes in respect of the meeting are contained in the Notice of Meeting which accompanies this Report. All shareholders are invited to attend the Annual General Meeting and participate in communicating with the Company. The Company holds regular meetings with institutional shareholders. A corporate website is maintained containing a wide range of information of interest to investors at www.hkland.com.

Securities Purchase Arrangements

At the Annual General Meeting held on 15th May 2013, shareholders renewed the approval of a general mandate authorising the Directors to effect purchases by the Company or its subsidiaries of the Company's own ordinary shares of less than 15% in aggregate of its issued share capital.

Related Party Transactions

Details of transactions with related parties entered into by the Company during the course of the year are included in Note 27 to the financial statements on page 61. There were no transactions entered into by the Company during the course of the year to which the related party transaction rules of the FCA apply.

Principal Risks and Uncertainties

The Board has overall responsibility for risk management and internal control. The process by which the Group identifies and manages risk is set out in more detail on page 72 of the Corporate Governance section of this Report. The following are the principal risks and uncertainties facing the Company as required to be disclosed pursuant to the Disclosure and Transparency Rules issued by the Financial Conduct Authority in the United Kingdom and are in addition to the matters referred to in the Chairman's Statement and Chief Executive's Review.

Economic Risk

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

- recession, inflation, deflation and currency fluctuations;
- restrictions in the availability of credit, increases in financing and construction costs and business failures; and
- reductions in office and retail rents, office and retail occupancy and sales prices of, and demand for, residential developments.

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

Commercial Risk and Financial Risk

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

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

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

The steps taken by the Group to manage its exposure to financial risk are set out in the Financial Review on page 15 and Note 2 to the financial statements on pages 34 to 39.

Regulatory and Political Risk

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

Terrorism, Pandemic and Natural Disasters

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

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

Shareholder Information

Financial Calendar

2013 full-year results announced	6th March 2014
Share registers closed	24th to 28th March 2014
Annual General Meeting to be held	7th May 2014
2013 final dividend payable	14th May 2014
2014 half-year results to be announced	31st July 2014 *
Share registers to be closed	25th to 29th August 2014 *
2014 interim dividend payable	15th October 2014 *

* Subject to change

Dividends

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 2013 final dividend by notifying the United Kingdom transfer agent in writing by 25th April 2014. The sterling equivalent of dividends declared in United States dollars will be calculated by reference to a rate prevailing on 29th April 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.

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
Capita Registrars (Jersey) Limited
12 Castle Street
St Helier, Jersey JE2 3RT
Channel Islands

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

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

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

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Cosimo Jencks

Report of the Valuers

To Hongkong Land Holdings Limited

Dear Sirs

Revaluation of Investment Properties Held under Freehold and Leasehold

Further to your instructions, we have valued in our capacity as external valuers the investment properties held under freehold and leasehold as described in the consolidated financial statements of Hongkong Land Holdings Limited. We are of the opinion that the market value of the investment properties held under freehold in Cambodia and leasehold in China, Hong Kong, Singapore and Vietnam as at 31st December 2013, totalled US$23,570,400,000 (United States Dollars Twenty Three Billion Five Hundred Seventy Million and Four 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, 6th March 2014

Major Property Portfolio

at 31st December 2013

Commercial Investment Property

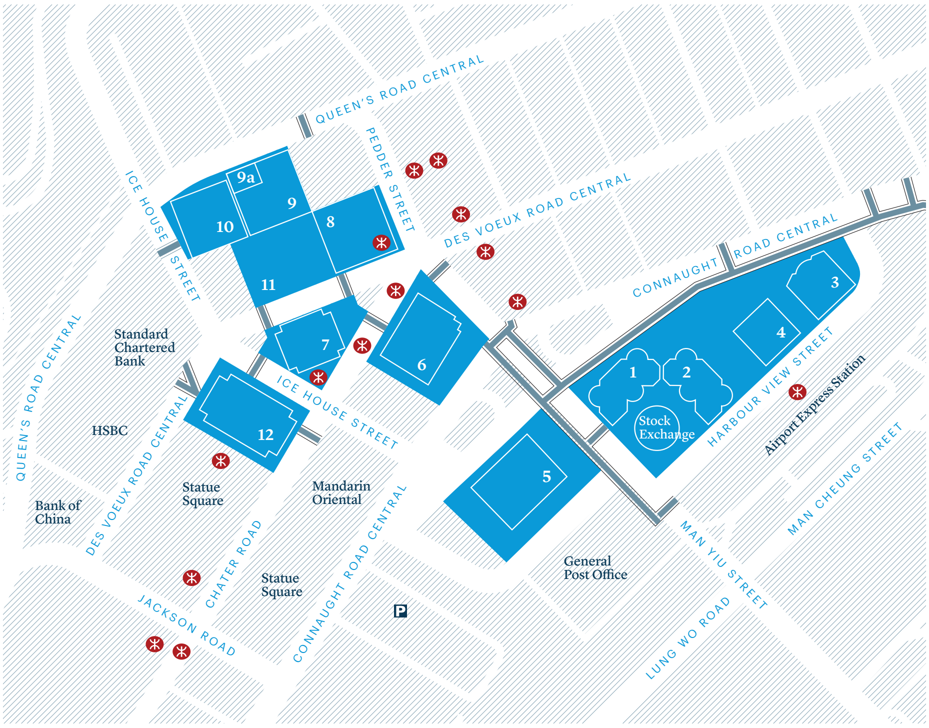
Completed development	Attributable interests %	Lettable area (100%) Total	Office	Retail
		(in thousands of square metres)		
Hong Kong				
Alexandra House	100	35	30	5
Chater House	100	43	39	4
Exchange Square	100	139		
One Exchange Square	100		53	–
Two Exchange Square	100		47	–
Three Exchange Square	100		30	–
Podium	100		–	5
The Forum	100		4	–
Jardine House	100	63	59	4
Gloucester Tower	100	44	44	–
Landmark Atrium	100	24	–	24
Edinburgh Tower	100	45	32	13
York House	100	10	10	–
Prince's Building	100	51	38	13
		454	386	68
Macau				
One Central	46.6	19	–	19
Singapore				
One Raffles Link	100	29	22	7
One Raffles Quay	33.3	124		
North Tower			71	–
South Tower			53	–
Marina Bay Financial Centre	33.3	285		
Tower 1			58	1
Tower 2			95	7
Tower 3			116	8
		438	415	23
Jakarta, Indonesia				
Wisma Metropolitan I	50	15	14	1
Wisma Metropolitan II	50	18	16	2
World Trade Center	50	42	36	6
World Trade Center II	50	60	56	4
		135	122	13
Bangkok, Thailand				
Gaysorn Plaza	49	17	5	12
Hanoi, Vietnam				
Central Building	71	4	4	–
63 L'y Thái Tô'	73.9	7	6	1
		11	10	1

Residential Development Property for Sale

Completed development	Attributable interests %	Location	Available units at 31st December 2013 (100%)
Hong Kong			
Serenade	100	Tai Hang Road	14
Mainland China			
Maple Place	90	Beijing	76
Macau			
The Residences & Apartments at Mandarin Oriental	46.6	Avenida Dr Sun Yat Sen	2
Singapore			
Marina Bay Suites	33.3	Central Boulevard	21

Under development	Attributable interests %	Location	Site area (100%) (in square metres)
Singapore			
Hallmark Residences	100	Ewe Boon Road	5,906
Palms@Sixth Avenue	100	Sixth Avenue	6,412
Uber 388	100	Upper East Coast Road	6,103
Terrasse	100	Hougang Avenue 2	30,196
Ripple Bay	100	Jalan Loyang Besar/ Pasir Ris Drive 4	27,055
J Gateway	100	Boon Lay Way	11,588
Jurong West	100	Jurong West Street 41	22,357
Mainland China			
Bamboo Grove	50	Chongqing	252,561
Landmark Riverside	50	Chongqing	323,955
Yorkville South	100	Chongqing	271,601
Yorkville North	100	Chongqing	526,458
Central Park	50	Chongqing	402,305
WE City	50	Chengdu	190,253
Park Life	50	Shenyang	331,358
One Capitol	50	Shenyang	375,398
One Island	50	Shenyang	253,553

Hong Kong – Central District



Hongkong Land properties

Public car park

Pedestrian bridges

Mass Transit Railway access

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

Hong Kong

Serenade

Macau

One Central

Indonesia

WTC

Anandamaya Residences*

Nava Park*

Thailand

Gaysorn

Vietnam

63 Lý Thái Tổ

Central Building

Cambodia

Central Mansions

Phnom Penh Site*

Philippines

Roxas Triangle Towers*

Beijing, China


Wangfujing Site*


CBD Site


Central Park

Beijing, China


Maple Place

Chongqing, China


Bamboo Grove


Landmark Riverside

Chongqing, China


Yorkville South

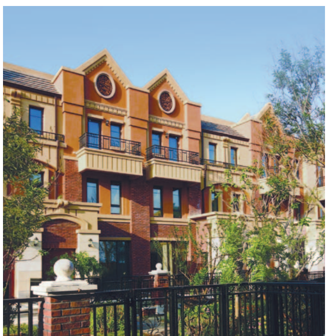

Yorkville North*

Chengdu, China


WE City

Shenyang, China


Park Life


One Capitol

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

Singapore


Marina Bay Financial Centre


One Raffles Quay


One Raffles Link


Marina Bay Suites


Este Villa

The Estuary


Hallmark Residences*


Palms@Sixth Avenue*


Terrasse*


Uber 388*

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

Hongkong Land Holdings Limited

Jardine House Hamilton Bermuda

www.hkland.com