



inspire : aspire

Building a Better and Greener Community




Annual Report 2021
Hongkong Land Holdings Limited

Front cover: ‘The Ring, Chongqing’, a new retail mall which combines nature with urban living, incorporating Hongkong Land’s principles of sustainability and vision to build a better and greener community.

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

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

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

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

Corporate Information

Directors

Ben Keswick Chairman

John Witt Managing Director

Robert Wong Chief Executive

Craig Beattie

(joined the Board on 1st September 2021)

Simon Dixon

(stepped down on 31st August 2021)

Adam Keswick

Anthony Nightingale

Christina Ong

Y.K. Pang

Lord Powell of Bayswater, KCMG

*(retired at the close of business
on 3rd March 2022)*

Prijono Sugiarto

James Watkins

(stepped down on 29th July 2021)

Percy Weatherall

*(retired at the close of business
on 3rd March 2022)*

Michael Wei Kuo Wu

Company Secretary

Jonathan Lloyd

Registered Office

Jardine House

33-35 Reid Street

Hamilton

Bermuda

Hongkong Land Limited

Directors

John Witt Chairman

Robert Wong Chief Executive

Craig Beattie Chief Financial Officer

*(appointed as Chief Financial Officer
and director on 1st September 2021)*

Simon Dixon

*(stepped down as Chief Financial Officer
and director on 31st August 2021)*

Graham Baker

Raymond M.J. Chow

Kenneth Foo

Robert L. Garman

David Hsu

David P. Lamb

(stepped down on 31st December 2021)

Ling Chang Feng

Anne O'Riordan

Y.K. Pang

Jeremy Parr

(will retire on 31st March 2022)

John Simpkins

(joined the board on 1st January 2022)

Raymond Wong

Corporate Secretary

Jonathan Lloyd

Highlights

- Stable underlying profit
- Resilient Investment Properties performance
- Higher residential profits in China
- 12 new development projects secured
- US\$500 million share buyback in progress

Results

	2021 US\$m	2020 US\$m	Change %
Underlying profit attributable to shareholders*	966	963	-
Loss attributable to shareholders	(349)	(2,647)	(87)
Shareholders' funds	34,584	35,709	(3)
Net debt	5,104	4,568	12
	US¢	US¢	%
Underlying earnings per share*	41.49	41.27	1
Earning per share	(15.00)	(113.43)	(87)
Dividends per share	22.00	22.00	-
	US\$	US\$	%
Net asset value per share	15.05	15.30	(2)

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

Chairman's Statement

Overview

Hongkong Land's performance remained resilient in 2021 despite the continued impact of the pandemic and related travel restrictions. Profits from the Group's Investment Properties business were in line with the prior year. Retail rental income increased during the year, although this was offset by lower office rents in Hong Kong. Increased residential sales completions in China resulted in a higher contribution from the Development Properties business. Good progress was made on replenishing the Group's land bank, with nine new projects secured in China and three in Singapore.

Performance

Underlying profit attributable to shareholders remained broadly in line with the prior year at US\$966 million.

Including net losses of US\$1,315 million resulting primarily from lower valuations of the Group's investment properties, the loss attributable to shareholders was US\$349 million in 2021. This compares to a loss of US\$2,647 million in 2020, which included a US\$3,610 million reduction in property valuations.

The net asset value per share at 31st December 2021 was US\$15.05, compared with US\$15.30 at the end of 2020.

The Directors are recommending a final dividend of US\$16.00 per share, providing a total dividend for the year of US\$22.00 per share, unchanged from last year.

Group Review

Investment Properties

The Group's Central office portfolio in Hong Kong continued to perform well overall. Despite the current market downturn, Central rents declined to a lesser extent than the broader market. At the end of 2021, physical vacancy was 5.2%, compared to 6.3% at the end of 2020, and on a committed basis it was 4.9%, compared to 5.9% at the end of 2020. Average office rents were HK\$117 per sq. ft in 2021, decreasing from HK\$120 per sq. ft in the prior year.

The Central LANDMARK retail portfolio remained effectively fully occupied and saw improved tenant sales due to a modest recovery in consumer sentiment. Average retail rents in 2021 increased to HK\$190 per sq. ft from HK\$164 per sq. ft in 2020, primarily due to the reduction of temporary rent relief provided to tenants, despite negative base rental reversions for the year.

The value of the Group's Hong Kong Investment Properties portfolio decreased by 5% compared to the prior year, due to lower open market rents, with no change in capitalisation rates.

In Singapore, positive rental reversions continued, with average office rents increasing to S\$10.3 per sq. ft in 2021 from S\$9.9 per sq. ft in 2020. On a committed basis, vacancy in the Group's office portfolio remained low at 2.9%, compared with 2.1% at the end of 2020. The value of the Group's Singapore Investment Properties portfolio increased by 1% compared to the prior year.

In Beijing, trading performance at WF CENTRAL continued to benefit from the strength of luxury retail sentiment in China, with tenant sales and footfall in 2021 exceeding those in 2020.

In Shanghai, construction is proceeding on schedule at the Group's 43%-owned prime 1.1 million sq. m. mixed-use development on the West Bund, with completion expected in multiple phases from 2023 to 2027.

Development Properties

In China, the profit contribution from the Group's Development Properties business increased compared to the prior year, due to more residential sales completions. Despite market sentiment weakening in the second half of the year amidst tightened credit conditions for the sector, contracted sales performance at the Group's projects remained satisfactory, reflecting the superior locations of its developments in Tier 1 and 2 cities. The Group's attributable interest in contracted sales in 2021 was US\$2,648 million, compared to US\$2,135 million in 2020. At 31st December 2021, the Group had an attributable interest of US\$2,853 million in sold but unrecognised contracted sales, compared with US\$2,584 million at the end of 2020.

In April 2021, the Group launched a seven-level shopping mall in Chongqing, with a net leasable area of 72,000 sq. m. under a new lifestyle retail brand – The Ring. This property is the first in a series of malls under development using the new brand.

In Singapore, Development Properties profits recognised in 2021 remained largely unchanged compared to the prior year. The fully sold 1,404-unit Parc Esta project is expected to be completed in 2022, while pre-sales at the 638-unit Leedon Green project reached 45% at the year end, with completion expected in 2023. The Group's attributable interest in contracted sales was US\$328 million, compared to US\$632 million in the prior year, which benefited from the sales launch of the Parc Esta project. It is too early to assess the impact of the cooling measures introduced in late 2021, after a strong recovery in the residential market.

In the rest of Southeast Asia, market sentiment has seen moderate improvements with the gradual reopening of borders across the region, while the recovery in construction activities continues.

Business Development

In China, decreased competition in the primary land market presented an opportunity for the Group to replenish its land bank in its core markets. During the year, eight primarily residential sites were acquired – all in cities where it already has a presence – with two wholly-owned projects in Chengdu, one each in Chongqing, Nanjing and Wuhan, as well as a joint venture in each of Chengdu, Chongqing and Wuhan. The Group's effective interest in these projects equates to a developable area of 977,000 sq. m.

The Group also secured a 50% interest in a mixed-use site in the Guanyinqiao CBD of Chongqing, with an attributable developable area of 131,000 sq. m. Completion is expected in 2025 and the development will feature a luxury retail mall incorporating the Group's CENTRAL brand name.

In addition to the new Chongqing project above, the Group has two other luxury retail properties under development, in Shanghai and Nanjing. It also has six premium lifestyle retail properties under development, in Chengdu, Chongqing, Hangzhou, Nanjing, Shanghai and Wuhan. The total estimated attributable net leasable area of these new retail projects is 259,000 sq. m. with completion expected from 2023 to 2026. Post completion, the Group's total retail attributable net leaseable area in China is expected to reach 425,000 sq. m.

The Group continues to be disciplined in the evaluation and selection of Development Properties opportunities in China. Despite the well-recognised evolution of the Chinese residential properties market, we believe that consistent and careful execution of our strategy will position the Group well to take advantage of expansion opportunities.

In Singapore, the Group secured two joint venture projects during the year, including an executive condominium site in the Tengah area and a predominantly residential site at Northumberland Road. The Group's effective interest in these projects equates to a developable area of 529,000 sq. ft.

These land acquisitions increase the Group's attributable developable area under development across all projects to 5.3 million sq. m., of which 3.3 million sq. m. are residential properties and 2.0 million sq. m. are commercial properties.

In February 2022, the Group acquired a 49% interest in a residential site in the Tanjong Katong area in Singapore with a developable area of 590,000 sq. ft, which is expected to yield a total of 640 units.

In February 2022, the Group, in partnership with Astra International, established a joint venture with LOGOS to manage and develop modern logistics warehouses in Indonesia, with an initial focus in the Greater Jakarta area.

Financing

The Group's financial position remains strong. Net debt at 31st December 2021 was US\$5.1 billion, up from US\$4.6 billion at the end of 2020, primarily due to the acquisition of new sites during the year. Net gearing at the end of the year was 15%, compared with 13% at the end of 2020. As at 31st December 2021, the Group had committed liquidity of US\$4.0 billion, compared to US\$4.3 billion at the end of 2020, with an average tenor of debt of 6.5 years, compared to 6.6 years at the end of 2020.

In September, the Group announced a US\$500 million share buyback programme, of which US\$272 million had been invested up to 28th February 2022.

Governance Enhancements

The Group has an ongoing focus on enhancing its governance, and in the past year it has made changes to the composition of its Board, to increase its diversity and bring greater sector expertise through the appointment of new independent non-executive directors. The Group has also established formal Audit, Remuneration and Nominations Committees.

People

On behalf of the Board, I would like to extend my gratitude to all of our colleagues for their continued commitment and dedication in upholding our reputation of providing high quality and innovative offerings to our tenants and customers, despite the challenges brought about by the pandemic.

James Watkins and Simon Dixon stepped down from the Board in July and August 2021, respectively, whilst Lord Powell of Bayswater and Percy Weatherall retired from the Board on 3rd March 2022. We are grateful to all of them for their contributions to the Group. Craig Beattie joined the Board as Chief Financial Officer on 1st September 2021. We are also pleased to welcome Lincoln K.K. Leong and Lily Jencks to the Board as Non-Executive Directors with effect from 4th March and 28th July 2022, respectively.

Outlook

The Group delivered a resilient performance in 2021, against the backdrop of continued macroeconomic challenges in the Group's key markets. While the profit contribution from the Group's prime Investment Properties portfolio is expected to largely remain stable in 2022, lower profits are anticipated from the Development Properties business, primarily due to the timing of sales completions in China.

Ben Keswick

Chairman
3rd March 2022

Chief Executive's Review

Hongkong Land produced a satisfactory result for the year, despite border restrictions and other challenges brought about by the pandemic, with underlying earnings remaining broadly unchanged from 2020. The stable contributions from the Group's Investment Properties were the result of improved trading performance at its luxury retail operations across Greater China, partially offset by negative rental reversions in Hong Kong. Results from Development Properties benefited from higher sales completions in China, despite lower margins being achieved.

Strategy

Hongkong Land is a landlord and a developer in China and Southeast Asia. The Group operates a portfolio of prime investment properties, which it develops and holds as long-term investments, and it also develops premium residential and commercial properties for sale.

The Group's Investment Properties are predominantly commercial and located in core business districts of key Asian gateway cities, with a concentration in Hong Kong and Singapore. Returns principally arise from rental income and long-term capital appreciation. The Investment Properties segment is the largest contributor to the Group's earnings given its relative size and maturity. It accounted for 83% of the Group's gross assets at the end of 2021 (2020: 86%) and contributed 60% of the Group's underlying operating profit before corporate expenses in 2021 (2020: 65%).

The Group's Development Properties are primarily premium residential and mixed-use developments located in China and in Singapore, with a growing presence in other Southeast Asian markets. Returns principally arise from trading profits in respect of the immediate sale of the residential and office components; and rental and trading profits for certain commercial elements of mixed-use sites that are disposed of, or reclassified to Investment Properties, after rents have stabilised. Development Properties accounted for 17% of the Group's gross assets at the end of 2021 (2020: 14%) and 40% of the Group's underlying operating profit before corporate expenses in 2021 (2020: 35%).

Geographically, China generates the bulk of the Group's earnings. Hong Kong, which predominantly comprises Investment Properties, accounted for 49% of the Group's underlying operating profit before corporate expenses (2020: 54%), while China, which predominantly comprises Development Properties, accounted for 33% (2020: 28%).

The Investment Properties portfolios in Hong Kong and Singapore provide a stable stream of recurring earnings and balance sheet strength that enables the Group to selectively pursue new long-term investment opportunities in key gateway cities across the region. Earnings from the Development Properties business are largely reinvested to replenish the Group's land bank where opportunities arise. The Group's share of capital allocated to new investments totalled US\$3.0 billion in 2021 (2020: US\$3.5 billion).

Hong Kong Investment Properties

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

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

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

in 2021

JP Morgan
KPMG
Mayer Brown
PricewaterhouseCoopers
Stock Exchange of Hong Kong

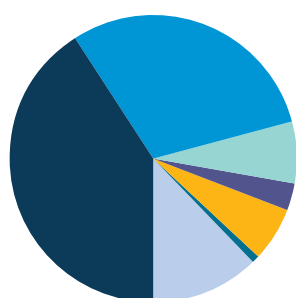
**Central Portfolio top five retail tenants
(in alphabetical order)**

in 2021

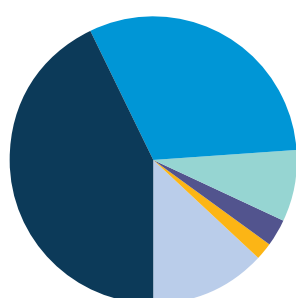
Dickson Concepts
Giorgio Armani
Hermes
Kering
LVMH Group

The Group's 54,000 sq. m. retail portfolio is integrated with its office buildings to create part of its distinctive and successful mixed-use business model. Tenants include numerous global luxury brand flagship stores, as well as

a number of leading restaurants. LANDMARK is firmly established as the iconic luxury shopping and fine dining destination in Hong Kong. Its success depends on the health of the broader Hong Kong economy, as well as on Hong Kong remaining an attractive destination for affluent visitors from across the region. The Group is working to ensure that, despite the current challenging conditions, it remains the clear market leader in the city in which global luxury brands are represented.



2017



2021

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

Other Investment Properties

Outside Hong Kong, the Group has similarly established itself as a leading provider of prime office and retail space.

In Singapore, Hongkong Land's attributable interests totalling 165,000 sq. m. – principally concentrated in the Marina Bay Area – include some of the finest Grade A office space in the market. In China, the Group's 49,000 sq. m. WF CENTRAL complex in Beijing is positioned as a premium retail and lifestyle destination, which includes a Mandarin Oriental hotel that has established itself as one of the most exclusive hotels in the city. In Indonesia, the Group has attributable interests of over 100,000 sq. m. of Grade A office space through its 50%-owned joint venture, Jakarta Land. In Cambodia, the EXCHANGE SQUARE complex comprises 26,000 sq. m. of office and retail space in the heart of Phnom Penh.

Our performance in these markets depends on the levels of demand for, and supply of, prime office and luxury retail space, both of which are influenced by global and regional macroeconomic conditions. The Group is committed to maintaining excellence in product quality and service to retain and attract tenants and customers and will continue to seek new opportunities to develop prime investment properties in key Asian gateway cities.

Development Properties

The Group has established a strong and profitable Development Properties business focused primarily on the premium residential market segment in China and in Southeast Asia. In China, the Group has a presence in seven key markets, namely Beijing, Chengdu, Chongqing, Hangzhou, Nanjing, Shanghai, and Wuhan, which are expected to continue benefiting from the growth of the middle class and long-term urbanisation trends. While the capital invested in this business is significantly lower than that invested in Investment Properties, the earnings derived from Development Properties enhance the Group's diversification, overall profits and return on capital. The Group's attributable interest in the developable area of its projects at the end of 2021 totalled 10.2 million sq. m., compared to 9.1 million sq. m. at the end of 2020. Of this, construction of approximately 48% had been completed at the end of 2021, compared to 43% at the end of 2020.

Annual returns from Development Properties fluctuate due to the nature of projects and the Group's accounting policy of recognising profits for sold properties on completion in a number of markets, including China. Demand is also dependent on overall economic conditions, which can be significantly affected by government policies and the availability of credit. Ongoing land acquisitions are necessary to build and maintain a stable income stream over the longer term.

Review of Investment Properties

Profits from Investment Properties in 2021 were broadly unchanged from 2020, as higher contributions from the Group's retail portfolio were offset by negative rental reversions in Hong Kong. The value of the Group's Investment Properties portfolio at 31st December 2021 declined by 5%, primarily due to lower market rents for the Hong Kong Central Portfolio, partially offset by higher valuations for its prime assets in Singapore and China.

Hong Kong

The Group's Central office portfolio, underpinned by its high quality and unique positioning, performed well despite rising office vacancies across Hong Kong. New leasing activity saw modest improvements throughout the year as a result of improved sentiment and a narrowing rental gap between Central and other parts of the city. Physical vacancy was 5.2% at the year end, compared to 6.3% at the end of 2020. On a committed basis, vacancy was 4.9%. Vacancy for the overall Central Grade A office market was 8.0% at the end of 2021, compared to 7.3% at the end of 2020. Rental reversions during the year were negative, reflecting the decrease in rents since the onset of the pandemic. The Group's average office rent in 2021 was HK\$117 per sq. ft, down from last year's average of HK\$120 per sq. ft. Financial institutions, legal firms and accounting firms occupy 82% of the Group's total leased office space. The weighted average lease expiry of the office portfolio at the end of 2021 stood at 4.2 years, compared to 4.6 years at the end of 2020.

Central Portfolio

at 31st December 2021

	Office	Retail
Capital value (US\$m)	22,765	3,787*
Gross revenue (US\$m)	768	218*
Equivalent yield (%)		
– One and Two Exchange Square	3.00	
– Landmark Atrium		4.50
Average unexpired term of leases (years)	4.2	1.8
Area subject to renewal/review in 2022 (%)	18	47

* Includes hotel

The Group's luxury retail portfolio in Hong Kong benefited from improved market sentiment compared to the prior year, despite the city's borders remaining largely closed to visitors. Vacancy, on both a physical and committed basis, remained low at 0.3%, unchanged from the end of 2020. Average retail rent in 2021 increased to HK\$190 per sq. ft from HK\$164 per sq. ft in 2020, predominantly due to a decrease in temporary rent relief provided to tenants, despite negative base rental reversions for the year.

In June 2021, the Group successfully launched Centricity Flex, a 25,000 sq. ft premium flexible office solution, at Edinburgh Tower in Central. Catering to the needs of the business community in Central that values efficiency, connectivity, and lifestyle experiences, the facility offers tenants access to private office suites, meeting rooms, an open work area, private work pods, event spaces, and a café.

The value of the Group's Investment Properties portfolio in Hong Kong at 31st December 2021, based on independent valuations, declined by 5% to US\$26.6 billion due to lower open market rents, with no change in capitalisation rates.

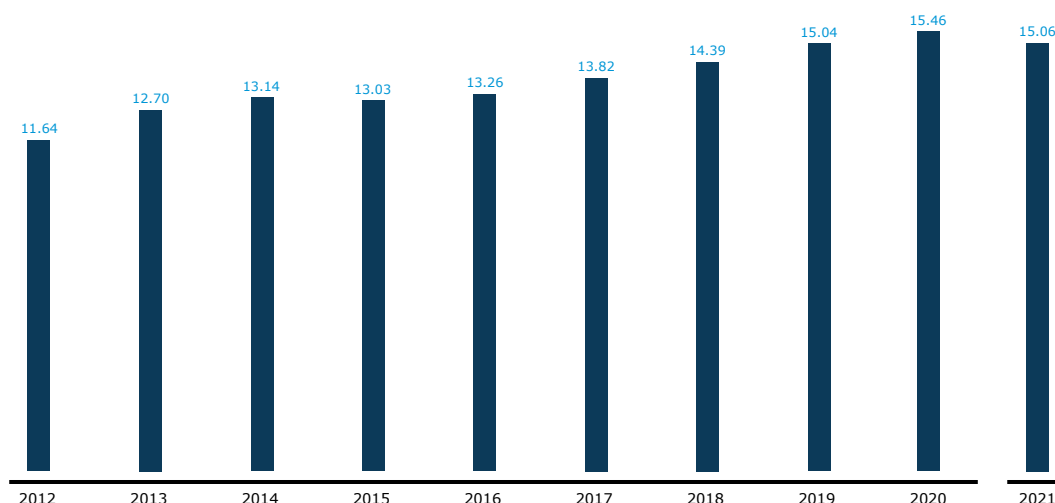
Singapore

New leasing activity at the Group's Singapore Portfolio showed signs of recovery in 2021. The Group's office portfolio continued to perform well, with positive rental reversions achieved during the year. Average office rent increased to S\$10.3 per sq. ft in 2021, up from S\$9.9 per sq. ft in the previous year. Vacancy was low at 2.9% on a committed basis, at the year end, compared to 2.1% at the end of 2020. Physical vacancy was 6.5% at the year end, compared to 2.1% at the end of 2020. Overall vacancy across the entire Grade A central business district was 8.6% at the end of 2021, compared to 6.8% at the end of 2020. Financial institutions, legal firms and accounting firms occupy 76% of the Group's total leased office space. The weighted average lease expiry of the office portfolio at 2021 year end stood at 3.4 years (2020: 3.8 years).

China

In Beijing, contributions from WF CENTRAL increased due to the strength of luxury retail sentiment in China and the Group's tenant repositioning efforts. Footfall and tenant sales in 2021 exceeded those from the prior year.

In Shanghai, planning and development of the Group's prime mixed-use development on the West Bund is proceeding on schedule. Completion is expected in phases from 2023 to 2027.



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

Other Investment Properties

Contributions from One Central Macau increased largely due to the relaxation of border restrictions with the Chinese mainland and the Group's tenant repositioning efforts. Occupancy was 91%, compared to 92% at the end of the prior year. Tenant sales rebounded strongly in 2021 compared to the prior year.

In Jakarta, the office portfolio remains resilient, despite the continued surplus of city-wide office supply and ongoing impact of the pandemic. Occupancy was 72% at the end of 2021, unchanged from 2020. On a committed basis, occupancy was 73%. The average net rent was US\$15.2 per sq. m. in 2021, compared to US\$15.8 per sq. m. in the prior year.

In Bangkok, planning of the Group's 49%-owned prime commercial joint-venture development in the central business district, secured in late 2017, continues to progress. This development has a gross floor area of 290,000 sq. m. and is expected to complete in 2027.

Performances at the Group's other investment properties were within expectations.

Review of Development Properties

Earnings from the Group's Development Properties segment were higher in 2021 than in 2020, primarily due to higher sales completions in China.

China

The Group's development properties in China comprise 36 projects in seven cities, of which 15 projects are in Chongqing. As at 31st December 2021, the Group's net investment in development properties in China was US\$6.3 billion, compared to US\$4.8 billion at the end of 2020.

While the Development Properties business is predominantly focused on the sale of residential properties, the Group is also developing luxury and premium lifestyle retail properties in China, and currently has a total of four such properties in operation, with a total attributable net leasable area of 166,000 sq. m. A further nine projects,

with an estimated attributable net leasable area of 259,000 sq. m. are expected to be launched from 2023 to 2026, as follows:

Project	City	Type	Attributable net leasable area (sq. m.)
JL Central	Nanjing	Luxury	23,000
Galaxy Midtown	Shanghai	Premium lifestyle	8,500
Yue City	Nanjing	Premium lifestyle	16,400
WE City	Chengdu	Premium lifestyle	25,800
Dream Land	Wuhan	Premium lifestyle	26,700
Central Avenue	Chongqing	Premium lifestyle	39,700
Guanyinqiao	Chongqing	Luxury	34,200
West Bund*	Shanghai	Luxury	59,800
Hangzhou Bay	Hangzhou	Premium lifestyle	24,900

* The West Bund luxury retail project is recognised under Investment Properties.

As a result of tightened credit conditions for the property sector, competition in the primary land market has reduced in the second half of the year. This provided an opportunity for the Group and other well capitalised developers to replenish their land bank. During the year, the Group secured five wholly-owned residential projects including two in Chengdu and one in each of Chongqing, Nanjing and Wuhan, as well as three joint-venture residential projects in Chengdu, Chongqing and Wuhan.

Market sentiment became more cautious in the second half of the year, although government support measures were introduced in recent weeks. The Group's share of total contracted sales in 2021 was US\$2,648 million, 24% higher than the US\$2,135 million achieved in the prior year. The Group's attributable interest in revenue recognised in 2021, including its share of revenue in joint ventures and associates, increased by 60% to US\$2,426 million from US\$1,518 million in 2020.

At 31st December 2021, the Group's attributable interest in sold but not yet recognised contracted sales amounted to US\$2,853 million, an increase of 10% from US\$2,584 million at the end of 2020.

Chongqing

Chongqing, the largest city in western China, remains the most significant market for the Group, representing some 33% of its Chinese Development Properties exposure. The Group has seven wholly-owned projects and eight 50%-owned joint ventures in the city.

The Group's attributable interest in 2021 revenue from property sales in Chongqing, including its share of revenue in joint ventures and associates, increased by 48% to US\$1,480 million, from US\$1,000 million in 2020. The Group's attributable interest in the developable area of its Chongqing projects at the end of 2021 totalled 4.9 million sq. m., compared to 4.3 million sq. m. at the end of 2020. Of this, construction of approximately 75% had been completed at the end of 2021, compared to 66% at the end of 2020.

During the year, the Group launched a seven-level shopping mall with a net leasable area of 72,000 sq. m. in Chongqing, under its new lifestyle retail series brand – The Ring. This represents the Group's first wholly-owned commercial development project in China.

The Group also secured a 50%-owned, predominantly commercial project in the Guanyinqiao CBD in Chongqing, with an attributable GFA of 131,000 sq. m. and expected completion in 2025.

Shanghai

Shanghai is the second largest market for the Group, representing some 18% of its Chinese Development Properties exposure. The Group has four joint venture projects in the city, including the trading component of the West Bund project.

The Group's attributable interest in the developable area of its Shanghai projects at the end of 2021 totalled 378,000 sq. m., compared to 383,000 sq. m. at the end of 2020. Of this, construction of approximately 40% had been completed at the end of 2021, compared to 31% at the end of 2020.

Nanjing

Nanjing is the third most significant market for the Group, representing some 17% of its Chinese Development Properties exposure. The Group has one wholly-owned project and three joint venture projects in the city.

The Group's attributable interest in the developable area of its Nanjing projects at the end of 2021 totalled 429,000 sq. m., compared to 336,000 from the prior year. Construction of approximately 33% of this had been completed at the end of 2021, compared to 39% at the end of 2020.

Singapore

Despite ongoing impact from the pandemic, residential market sentiment remained robust during the year, resulting in the introduction of cooling measures in late 2021 to moderate demand.

The wholly-owned 309-unit Margaret Ville residential project, with a developable area of 22,000 sq. m., was 100% pre-sold and completed during the year.

Construction of the wholly-owned 1,404-unit Parc Esta residential project, with a developable area of 98,000 sq. m., is on schedule and is expected to complete in 2022. As at January 2022, the project was fully pre-sold.

Development of the 50%-owned 638-unit Leedon Green residential project, with a developable area of 49,000 sq. m., is on schedule for completion in 2023. At the end of 2021, 45% of the units had been pre-sold.

The Group's attributable interest in contracted sales was US\$328 million in 2021, compared to US\$632 million in the prior year. The Group's attributable interest in revenue recognised in 2021 was US\$631 million, compared to US\$522 million in the prior year.

At 31st December 2021, the Group's attributable interest in sold but not yet recognised contracted sales amounted to US\$362 million, a decrease of 46% from US\$676 million at the end of 2020.

During the year, the Group secured two joint venture projects in Singapore, including an executive condominium site in the Tengah area and a predominantly residential site at Northumberland Road. The Group's effective interest in these projects equates to a developable area of 529,000 sq. ft.

In February 2022, the Group acquired a 49% interest in a residential site in the Tanjong Katong area with a developable area of 590,000 sq. ft and is expected to yield a total of 640 units.

Indonesia and Other Development Properties

In Indonesia, development activities have largely resumed, with market sentiment improving modestly towards the second half of the year. Nava Park, the Group's 49%-owned joint venture, is a 77-hectare site in the southwest of Jakarta. Upon completion in 2029, Nava Park will comprise a mix of landed houses, villas, mid-rise apartments, and low-rise commercial components. Of the 1,104 units that have been launched for sale, 92% had been pre-sold at the end of 2021.

Asya, a joint venture with Astra International, in which the Group now has a 50% attributable interest, is a 67-hectare site located in the east of Jakarta. The project will yield a developable area of approximately 481,000 sq. m., comprising landed houses, villas, apartments and low-rise commercial shophouses. It will be developed in multiple phases through to 2030. Of the 805 launched units, 57% had been pre-sold at the end of 2021.

Arumaya, the Group's 40%-owned joint venture with Astra International, is a 297-unit luxury condominium project located in South Jakarta. The project has a developable area of 24,000 sq. m., and is expected to complete in 2025. All of the units had been launched as at the end of 2021, with 10% of the units pre-sold.

Avania, the 50%-owned mixed-use development with Astra International situated in central Jakarta, will consist of over 650 high-end apartments and a Grade A office tower. The project has a developable area of 121,000 sq. m. and will be developed in two

phases through to 2027. The sales launch for the first phase of the project is expected to commence in 2022.

In February 2022, the Group, in partnership with Astra International, established a joint venture with LOGOS to manage and develop modern logistics warehouses in Indonesia, with an initial focus in the Greater Jakarta area.

In the rest of Southeast Asia, construction activities continue to progress despite pandemic-related disruptions. With borders gradually reopening, market sentiment has moderately improved and pre-sales performance is in line with expectations.

Sustainability

Hongkong Land has been a landlord and developer of premium properties for more than 130 years. We strive to set an example of good corporate citizenship by having a well-designed sustainability strategy and governance structure and adopting global best practices. Our continued growth and progress on sustainability initiatives are guided and monitored by the Group's Sustainability Committee, which reports to the Board. We are in a strong position to continue integrating sustainability initiatives into our operational and financing activities, investment analysis and risk assessments.

Climate Action

Over the past year, the Group focused much of its efforts on climate change and related risks. To mitigate the potential impact of climate change, a region-wide comprehensive climate risk assessment was conducted on the Group's commercial properties portfolio in order to improve business resilience and readiness for extreme weather events. The study considered the best and worst case scenarios developed by the Intergovernmental Panel on Climate Change, which assume global temperatures will rise by below 2°C or below 5°C by 2100 relative to pre-industrial levels, respectively. Physical and transition risks identified, as well as a preliminary adaptation action plan, were disclosed in line with the recommendations of the Task Force on Climate-related Financial Disclosures in the Group's 2020 Sustainability Report.

As part of Hongkong Land's commitment to accelerate its contributions on climate action, the Group announced in February 2022 its pledge to setting Science-Based Targets that are aligned with the 1.5°C pathway. We are leading the net zero transition by setting ambitious emission reduction targets. The targets, which remain subject to validation by the Science-Based Target initiative, will result in the Group committing to a 46% reduction of Scope 1 and 2 emissions by 2030 from 2019 levels and a 22% reduction in carbon intensity for Scope 3 emissions over the same period.

Green Buildings

Hongkong Land has a long history of reinvesting in existing assets and undertaking a robust green building certification programme. At the end of 2021, 93% of our commercial properties by floor area, including those held in joint ventures, achieved green building certification with all of our buildings in Hong Kong and Singapore achieving the highest possible ratings of BEAM Plus Platinum and Green Mark Platinum certifications respectively.

In recognition of our efforts to adhere to the highest health and safety standards, the Group was awarded the Facilities Management Team Award and COVID-19 Achievement Award at the CIBSE Hong Kong Awards 2021 in relation to the outstanding operational performance of the Hong Kong Central Portfolio.

Green Finance

In July 2021, the Group successfully issued its inaugural 10-year green bond, raising US\$500 million to fund its green buildings and related initiatives. The Group also had sustainability-linked loans with an aggregate facility amount of US\$1.9 billion at the end of 2021. The facilities index tiered discounts to interest rates against ESG targets, which incentivise the Group to demonstrate continuous improvements in energy efficiency, reducing food waste, and renewable energy generation, while maintaining green building certifications for the Group's Central Portfolio.

Corporate Social Responsibility

The Hongkong Land HOME FUND, which was established to focus on creating initiatives which benefit younger generations and our aspiration to foster a more inclusive

society, celebrated its first anniversary in November 2021. The fund and related CSR initiatives achieved a number of milestones during the year: including increasing the number of non-governmental organisations partnerships from three initially to more than 60 across the region; the establishment of the HERE2HELP volunteering team which contributed over 850 hours to serve 12,000 people in just six months; and the launch of a matching gift programme for tenants and employees in Hong Kong to support causes aligned to the vision of the HOME FUND.

Further details on the Group's approach to sustainability and related policies can be found on the Group's website at www.hkland.com/en/sustainability. The Group's sustainability performance for the financial year ended 31st December 2021 will be included in a standalone Sustainability Report to be published on the Group's website in the second quarter of 2022.

The Year Ahead

The Group continues to operate in an uncertain macroeconomic environment. Looking ahead to 2022, the Group's Investment Properties portfolio is expected to continue generating stable returns, subject to the pace of relaxation of pandemic restrictions. In the Development Properties business, despite the well-recognised evolution of the Chinese development properties market, we believe that consistent and careful execution of our strategy will position the Group well to take advantage of expansion opportunities. Contributions from China are, however, expected to be lower in 2022 due to the timing of sales completions, while contributions from Southeast Asia are expected to be broadly stable.

The foundation of Hongkong Land's success is in addressing the needs of its tenants and customers through the delivery of world-class and innovative offerings. These values are critical to the prolonged success of the Group and will remain our priority in order to maintain strong shareholder returns over the long-term.

Robert Wong

Chief Executive
3rd March 2022

Financial Review

Results

Underlying Business Performance

	2021 US\$m	2020 US\$m
Investment Properties	973	963
Development Properties	644	524
Corporate costs	(89)	(74)
Underlying operating profit	1,528	1,413
Net financing charges	(196)	(160)
Tax	(365)	(288)
Non-controlling interests	(1)	(2)
Underlying profit attributable to shareholders	966	963
Non-trading items	(1,315)	(3,610)
Loss attributable to shareholders	(349)	(2,647)
	US¢	US¢
Underlying earnings per share	41.49	41.27

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

The Group's operating profit from Investment Properties was US\$973 million, 1% higher than the previous year, primarily due to improved contributions from its retail operations. The two largest operating profit contributors within Investment Properties are the Hong Kong Central Portfolio (82%) and Singapore (12%).

In Hong Kong, there was a net 2% decrease in operating profit in 2021 primarily due to negative rental reversions for the Central office portfolio, with average rents decreasing by 3%. This was partially offset by a 16% increase in average rents for the LANDMARK, primarily due to the reduction of temporary rent relief provided to tenants, despite negative base rental reversions for the year.

In Singapore, Investment Properties operating profit was unchanged from the prior year.

In Beijing, trading performance at WF CENTRAL improved as demand for luxury goods increased and the mall gained market share. Tenant sales in 2021 were up by 42% when compared to the prior year.

Operating profits from Development Properties increased by 23% from the previous year to US\$644 million, primarily due to more sales completions on the Chinese mainland. The split of operating profits between countries was 82% from the Chinese mainland, 16% from Singapore and 4% from other markets in Southeast Asia.

In respect of revenue recognised on the Chinese mainland, the split by city was as follows:

City	Number of units handed over			
	2021		2020	
Chengdu	926	12.3%	525	8.9%
Chongqing	4,294	57.2%	3,199	54.4%
Hangzhou	395	5.3%	662	11.3%
Nanjing	1,424	19.0%	861	14.7%
Shanghai	453	6.0%	–	0%
Wuhan	16	0.2%	630	10.7%
Total	7,508	100%	5,877	100%

In Singapore, the Group's attributable interest in revenue recognised was US\$631 million, compared to US\$522 million in 2020. In other parts of Southeast Asia, operating profits from Development Properties remained largely unchanged compared to the prior year.

Net financing charges of US\$196 million were US\$36 million higher than the prior year primarily due to West Bund-related interest costs and higher average net debt. Weighted average borrowing costs were 3.1%, compared to 3.2% in the prior year.

The Group's tax charge increased to US\$365 million, with an effective tax rate of 27%, higher than the prior year 23% effective tax rate due to higher taxes on the Chinese mainland. This increase was due to higher development profits in 2021 as well as lower withholding taxes recorded in the prior year.

Non-Trading Items

In 2021, the Group had net non-trading losses of US\$1,315 million compared to US\$3,610 million in 2020. These arose principally on revaluations of the Group's investment properties by independent valuers (including its share of joint ventures) at 31st December each year.

The decrease in valuations came primarily from the Group's Central office portfolio in Hong Kong due to a decrease in open market rents, with no change in capitalisation rates. The Central Portfolio decreased in value by 5% in 2021 and 10% in 2020. At 31st December 2021, the value of the Central Portfolio was US\$26.6 billion.

Cash Flows

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

	2021 US\$m	2020 US\$m
Operating activities		
Operating profit, excluding non-trading items	943	959
Net interest	(173)	(178)
Tax paid	(157)	(268)
Payments for Development Properties sites	(1,205)	(184)
Expenditure on Development Properties projects	(373)	(435)
Sales proceeds from Development Properties	1,674	1,108
Dividends received from joint ventures	239	113
Others	(419)	(134)
	529	981
Investing activities		
Major renovations capex	(99)	(129)
(Investments in and advances to)/repayments from associates and joint ventures	(397)	599
Development expenditure	(2)	(4,499)
Disposal of subsidiaries and joint ventures	66	2,613
	(432)	(1,416)
Financing activities		
Dividends paid by the Company	(509)	(510)
Net drawdown of borrowings	76	1,458
Shares repurchase	(192)	-
Others	(5)	(5)
	(630)	943
Net (decrease)/increase in cash and cash equivalents	(533)	508
Cash and cash equivalents at 1st January	1,990	1,418
Effect of exchange rate changes	19	64
Cash and cash equivalents at 31st December	1,476	1,990

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

The net cash inflow from operating activities for the year were US\$529 million, compared with a net cash inflow of US\$981 million in the prior year. The decrease of US\$452 million was principally due to a greater number of Development Properties sites acquired during the year, partially offset by higher sales proceeds from Development Properties projects. Net outflows in others relates primarily to net working capital changes.

In 2021, US\$1,205 million was paid by the Group to acquire wholly-owned Development Properties sites, including Optics Valley Project in Wuhan (US\$672 million), Century Land in Chongqing (US\$322 million) and Grand Mansion in Nanjing (US\$119 million). Dividends received from joint ventures increased by US\$126 million to US\$239 million in 2021, predominately due to dividends from completed residential projects on the Chinese mainland.

Net cash outflows from investing activities were US\$432 million, compared to a net cash outflow of US\$1,416 million in the prior year. Net investments in the Group's joint venture projects totalled US\$397 million, compared to US\$599 million from net repayments in the prior year primarily due to more new joint venture Development Properties projects secured compared to the prior year. In 2020, development expenditure of US\$4,499 million was predominantly for the 100% acquisition of the West Bund site in Shanghai. This investment was subsequently sold down to a 43% interest which is recorded within the disposal of subsidiaries and other investments line. Capital expenditure of US\$99 million for major renovations principally relates to the Group's Central Portfolio in Hong Kong.

Under financing activities, the Company paid dividends of US\$509 million, being the 2020 final dividend of US\$16.00 per share and the 2021 interim dividend of US\$6.00 per share, unchanged compared to the prior year. The Group also spent US\$192 million in the purchase of its own shares in 2021, and had a net drawdown of borrowings of US\$76 million during the year.

Cash and cash equivalents were US\$514 million lower at the end of 2021. Taken together with an increase in borrowings, the Group's net debt at 31st December 2021 increased to US\$5,104 million, from US\$4,568 million at the beginning of the year.

Year-end debt summary*

	2021 US\$m	2020 US\$m
US\$ bonds/notes	2,606	2,122
HK\$ bonds/notes	1,631	1,657
HK\$ bank loans	430	945
S\$ bonds/notes	219	224
S\$ bank loans	389	399
RMB bank loans	973	862
THB bank loans	335	356
Gross debt	6,583	6,565
Cash	1,479	1,997
Net debt	5,104	4,568

* Before currency swaps

Capital Management

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

New Investments

During 2021, the Group committed to invest, based on its equity contribution and share of project level debt, US\$3.0 billion in new projects (2020: US\$3.5 billion). The Group continues to assess new investment opportunities, which are expected to be funded by a combination of internal resources and external financing from banks and the debt capital markets.

Capital Commitments

The Group is committed to retrofit and enhance its existing flagship assets on a consistent basis, as well as to continue growing our commercial and residential portfolios across the region. Outstanding capital commitments as at 31st December 2021 was US\$1,184 million (2020: US\$829 million), including the Group's share of the capital commitments of joint venture companies of US\$1,067 million (2020: US\$721 million).

Share Buy-back

In September 2021, the Group announced a US\$500 million share buy-back programme through the end of 2022 (or earlier). At 28th February 2022, 54% of the programme had been invested.

Dividends

The Board is recommending a final dividend of US¢16.00 per share for 2021, providing a total annual dividend of US¢22.00 per share, the same as last year. The final dividend will be payable on 11th May 2022, subject to approval at the Annual General Meeting to be held on 5th May 2022, to shareholders on the register of members at the close of business on 18th March 2022. No scrip alternative is being offered in respect of the dividend.

Treasury Policy

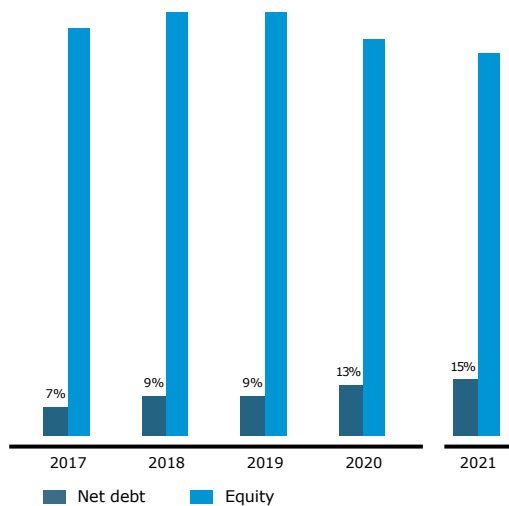
The Group manages its treasury activities within established risk management objectives and policies using a variety of techniques and instruments. The main objectives are to manage exchange, interest rate and liquidity risks and to provide a degree of certainty in respect of costs. The investment of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

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

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

Funding

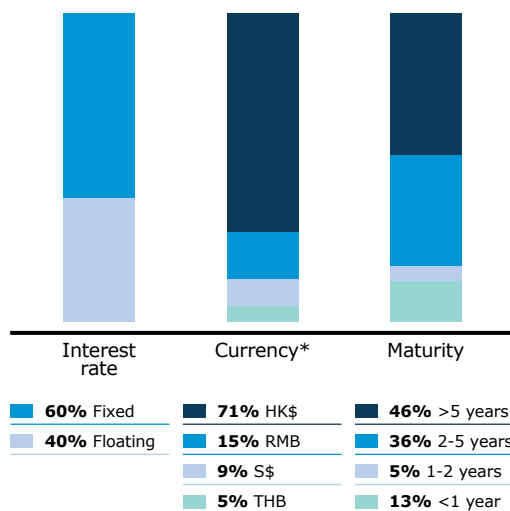
The Group is well financed with strong liquidity. Net gearing at the end of the year was 15%, compared with 13% at the end of 2020. Interest cover, calculated as the underlying operating profits, including the Group’s share of associates and joint ventures’ operating profits, divided by net financing charges including the Group’s share of associates and joint ventures’ net financing charges, was 7.8 times, down from 8.8 times in 2020. The decrease was mainly due to West Bund-related interest costs and higher average net debt during the year.



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.

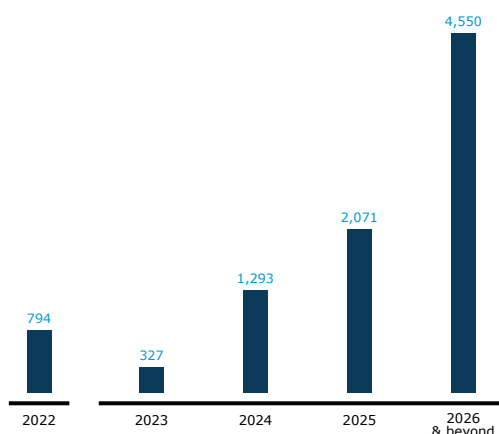
The average tenor of the Group’s debt was 6.5 years at 31st December 2021, down slightly from 6.6 years at the end of 2020. Approximately 60% of the Group’s borrowings were either fixed rate borrowings or covered by interest rate hedges with major credit worthy financial institutions and the remaining 40% were at floating rates. The percentage of fixed borrowings were increased during 2021 (from 52% at the end of 2020) to provide further protection against the risk of higher interest rates.



Debt profile at 31st December 2021

* After currency swaps

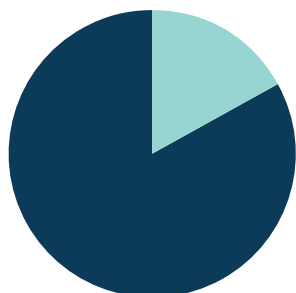
At 31st December 2021, the Group had total committed lines of approximately US\$9.1 billion. Of these lines, 51% were sourced from banks with the remaining 49% from the capital markets. At the end of 2021, the Group had drawn US\$6.6 billion of these lines leaving US\$2.5 billion of committed, but unused, facilities. Adding the Group’s year-end cash balances, the Group had overall liquidity at 31st December 2021 of US\$4.0 billion, down from US\$4.3 billion at the end of 2020.



Committed facility maturity at 31st December 2021 (US\$m)

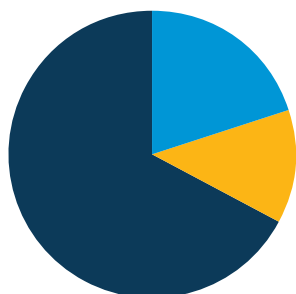
Gross Assets

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



83% Investment Properties
17% Development Properties

Gross assets by activity



67% Hong Kong
20% Chinese mainland and Macau
13% Southeast Asia

Gross assets by location

Principal Risks and Uncertainties

A review of the principal risks and uncertainties facing the Group is set out on pages 98 to 101.

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. There are no changes to the accounting policies as described in the 2021 annual financial statements.

Craig Beattie

Chief Financial Officer
3rd March 2022

Directors' Profiles

Ben Keswick Chairman

Ben Keswick, 49, joined the Board as Managing Director in April 2012 and held the position until June 2020. He has been Chairman since 2013. He was also managing director of Dairy Farm, Jardine Matheson and Mandarin Oriental from 2012 to 2020. Ben has held a number of executive positions since joining the Jardine Matheson group in 1998, including finance director and then chief executive officer of Jardine Pacific between 2003 and 2007 and group managing director of Jardine Cycle & Carriage until 2012. He is executive chairman of Jardine Matheson and chairman of Dairy Farm, Jardine Cycle & Carriage and Mandarin Oriental. Ben is also a director of Yonghui Superstores and a commissioner of Astra. He has an MBA from INSEAD.

John Witt* Managing Director

John Witt, 58, rejoined the Board as Managing Director in June 2020, having previously served as the Chief Financial Officer between 2010 and 2016. He has been with the Jardine Matheson group since 1993 and has held a number of senior finance positions, including group finance director of Jardine Matheson from 2016 to 2020. John is chairman of Jardine Matheson Limited, group managing director of Jardine Matheson and managing director of Dairy Farm and Mandarin Oriental. He is also a director of Jardine Pacific and Jardine Motors, and a commissioner and chairman of the executive committee of Astra. John is a Chartered Accountant and has an MBA from INSEAD.

Robert Wong* Chief Executive

Robert Wong, 60, joined the Board as Chief Executive in 2016. He joined the Group in 1985 and has extensive experience in property management and development. As a director of Hongkong Land Limited since 1996, he had prime responsibility for the Group's residential property business. He is a member of both The Royal Institution of Chartered Surveyors and The Hong Kong Institute of Surveyors.

Craig Beattie* Chief Financial Officer

Craig Beattie, 45, joined the Board as Chief Financial Officer in September 2021. He has previously held a number of senior finance positions in the Jardine Matheson group since joining from EY in the UK in 2006, including the chief financial officer of Mandarin Oriental from 2018 to 2021 and group treasurer of Jardine Matheson from 2016 to 2018. He is a Chartered Accountant.

Adam Keswick

Adam Keswick, 49, joined the Board in 2012. Having joined Jardine Matheson in 2001, he was appointed to the Jardine Matheson board in 2007 and was deputy managing director from 2012 to 2016. Adam is a director of Dairy Farm and Mandarin Oriental. He is also a director of Ferrari NV, Schindler and Yabuli China Entrepreneurs Forum and vice chairman of the supervisory board of Rothschild & Co.

Anthony Nightingale

Anthony Nightingale, 74, 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, Prudential, Shui On Land and Vitasoy, and a commissioner of Astra. He is chairperson of The Sailors Home and Missions to Seafarers in Hong Kong.

* Executive Director

Christina Ong

Christina Ong, 70, joined the Board in 2018. She is chairman and senior partner of Allen & Gledhill as well as co-head of its financial services department. She is a director of Oversea-Chinese Banking Corporation, SIA Engineering Company and Singapore Telecommunications. She is also a member of the Catalist Advisory Panel, Civil Aviation Authority of Singapore and the corporate governance advisory committee of the Monetary Authority of Singapore, and a trustee of The Stephen A. Schwarzman Scholars Trust.

Y.K. Pang

Y.K. Pang, 61, has been a Director of the Company since 2007. He was Chief Executive of the Group from 2007 to 2016. He is deputy managing director and chairman of Hong Kong of Jardine Matheson, and chairman of Jardine Pacific. He previously held a number of senior executive positions in the Jardine Matheson group, which he joined in 1984. Y.K. is also deputy chairman of Jardine Matheson Limited, and a director of Gammon, Jardine Matheson (China), Mandarin Oriental and Greatview. He is chairman of the Hong Kong Tourism Board and the Hong Kong Management Association, and a member of the Council and General Committee of the Hong Kong General Chamber of Commerce and the Employers' Federation of Hong Kong.

Lord Powell of Bayswater, KCMG[†]

Lord Powell, 80, 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 Sir John Major. He is a director of LVMH Moët Hennessy Louis Vuitton, Matheson & Co, and the Northern Trust Corporation. 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.

Prijono Sugiarto

Prijono Sugiarto, 61, joined the Board in 2020. He is the president commissioner of Astra and was the president and group CEO from 2010 to 2020. Prijono is the chairman of the German Indonesian Chamber of Commerce. In 2014, he was awarded Asia Business Leader of The Year from CNBC.

Percy Weatherall[†]

Percy Weatherall, 64, 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 Jardine Matheson. He is chairman of Corney & Barrow and the Nith District Salmon Fishery Board.

Michael Wei Kuo Wu

Michael Wu, 51, 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 and Jardine Matheson.

[†] Retired at the close of business on 3rd March 2022

Consolidated Profit and Loss Account

for the year ended 31st December 2021

	Note	Underlying business performance US\$m	2021 Non- trading items US\$m	Total US\$m	Underlying business performance US\$m	2020 Non- trading items US\$m	Total US\$m
Revenue	3	2,384.3	-	2,384.3	2,094.2	-	2,094.2
Net operating costs	4	(1,440.9)	2.6	(1,438.3)	(1,135.2)	1.0	(1,134.2)
Change in fair value of investment properties	9	-	(1,375.5)	(1,375.5)	-	(3,443.4)	(3,443.4)
Operating (loss)/profit		943.4	(1,372.9)	(429.5)	959.0	(3,442.4)	(2,483.4)
Net financing charges	5						
- financing charges		(222.2)	-	(222.2)	(194.9)	-	(194.9)
- financing income		67.0	-	67.0	79.0	-	79.0
		(155.2)	-	(155.2)	(115.9)	-	(115.9)
Share of results of associates and joint ventures	6						
- before change in fair value of investment properties		355.9	-	355.9	267.5	-	267.5
- change in fair value of investment properties	9	-	80.6	80.6	-	(175.4)	(175.4)
		355.9	80.6	436.5	267.5	(175.4)	92.1
(Loss)/profit before tax		1,144.1	(1,292.3)	(148.2)	1,110.6	(3,617.8)	(2,507.2)
Tax	7	(178.7)	(16.9)	(195.6)	(149.5)	4.9	(144.6)
(Loss)/profit after tax		965.4	(1,309.2)	(343.8)	961.1	(3,612.9)	(2,651.8)
Attributable to:							
Shareholders of the Company		966.0	(1,315.2)	(349.2)	963.3	(3,610.7)	(2,647.4)
Non-controlling interests		(0.6)	6.0	5.4	(2.2)	(2.2)	(4.4)
		965.4	(1,309.2)	(343.8)	961.1	(3,612.9)	(2,651.8)
		US¢		US¢	US¢		US¢
Earnings/(loss) per share (basic and diluted)	8	41.49		(15.00)	41.27		(113.43)

Consolidated Statement of Comprehensive Income

for the year ended 31st December 2021

	Note	2021 US\$m	2020 US\$m
Loss for the year		(343.8)	(2,651.8)
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plans		3.3	1.7
Tax on items that will not be reclassified	7	(0.5)	(0.3)
		2.8	1.4
Items that may be reclassified subsequently to profit or loss:			
Net exchange translation differences			
– net (loss)/gain arising during the year		(148.1)	400.9
Cash flow hedges			
– net loss arising during the year		(11.7)	(20.8)
– transfer to profit and loss		(0.1)	(0.4)
		(11.8)	(21.2)
Tax relating to items that may be reclassified	7	1.9	3.5
Share of other comprehensive income of associates and joint ventures	11	87.1	242.4
		(70.9)	625.6
Other comprehensive (expense)/income for the year, net of tax		(68.1)	627.0
Total comprehensive expense for the year		(411.9)	(2,024.8)
Attributable to:			
Shareholders of the Company		(419.4)	(2,025.1)
Non-controlling interests		7.5	0.3
		(411.9)	(2,024.8)

Consolidated Balance Sheet

at 31st December 2021

	Note	2021 US\$m	2020 US\$m
Net operating assets			
Fixed assets		127.8	125.2
Right-of-use assets		12.4	12.4
Investment properties	10	28,600.2	30,083.3
Associates and joint ventures	11	9,515.3	8,921.2
Non-current debtors	12	29.7	42.0
Deferred tax assets	13	67.7	35.5
Pension assets		1.8	0.7
		<hr/>	<hr/>
Non-current assets		38,354.9	39,220.3
Properties for sale	14	2,970.5	1,948.8
Current debtors	12	1,029.4	1,081.7
Current tax assets		28.3	14.4
Bank balances	15	1,479.5	1,996.6
		<hr/>	<hr/>
Current assets		5,507.7	5,041.5
Current creditors	16	(2,194.6)	(1,572.0)
Current borrowings	17	(865.3)	(689.5)
Current tax liabilities		(202.9)	(153.0)
		<hr/>	<hr/>
Current liabilities		(3,262.8)	(2,414.5)
Net current assets		2,244.9	2,627.0
Long-term borrowings	17	(5,717.9)	(5,875.4)
Deferred tax liabilities	13	(227.9)	(195.8)
Pension liabilities		-	(1.3)
Non-current creditors	16	(35.8)	(36.3)
		<hr/>	<hr/>
		34,618.2	35,738.5
		<hr/>	<hr/>
Total equity			
Share capital	18	229.8	233.4
Share premium		67.4	257.3
Revenue and other reserves		34,286.6	35,218.4
		<hr/>	<hr/>
Shareholders' funds		34,583.8	35,709.1
Non-controlling interests		34.4	29.4
		<hr/>	<hr/>
		34,618.2	35,738.5
		<hr/>	<hr/>

Approved by the Board of Directors

Robert Wong
Craig Beattie

Directors

3rd March 2022

Consolidated Statement of Changes in Equity

for the year ended 31st December 2021

	Note	Share capital US\$m	Share premium US\$m	Revenue reserves US\$m	Hedging reserves US\$m	Exchange reserves US\$m	Attributable to shareholders of the Company US\$m	Attributable to non-controlling interests US\$m	Total equity US\$m
2021									
At 1st January		233.4	257.3	34,881.2	(21.6)	358.8	35,709.1	29.4	35,738.5
Total comprehensive (expense)/income		-	-	(346.4)	1.4	(74.4)	(419.4)	7.5	(411.9)
Dividends paid by the Company	19	-	-	(513.4)	-	-	(513.4)	-	(513.4)
Dividends paid to non-controlling shareholders		-	-	-	-	-	-	(0.9)	(0.9)
Unclaimed dividends forfeited		-	-	1.0	-	-	1.0	-	1.0
Disposal of subsidiaries		-	-	-	-	-	-	(1.6)	(1.6)
Repurchase of shares		(3.6)	(189.9)	-	-	-	(193.5)	-	(193.5)
At 31st December		229.8	67.4	34,022.4	(20.2)	284.4	34,583.8	34.4	34,618.2
2020									
At 1st January		233.4	257.3	38,039.8	8.3	(292.0)	38,246.8	43.0	38,289.8
Total comprehensive (expense)/income		-	-	(2,646.0)	(29.9)	650.8	(2,025.1)	0.3	(2,024.8)
Dividends paid by the Company	19	-	-	(513.4)	-	-	(513.4)	-	(513.4)
Dividends paid to non-controlling shareholders		-	-	-	-	-	-	(0.9)	(0.9)
Unclaimed dividends forfeited		-	-	0.8	-	-	0.8	-	0.8
Disposal of subsidiaries		-	-	-	-	-	-	(13.0)	(13.0)
At 31st December		233.4	257.3	34,881.2	(21.6)	358.8	35,709.1	29.4	35,738.5

Consolidated Cash Flow Statement

for the year ended 31st December 2021

	Note	2021 US\$m	2020 US\$m
Operating activities			
Operating loss		(429.5)	(2,483.4)
Depreciation and amortisation	4	16.3	15.3
Change in fair value of investment properties	10	1,375.5	3,443.4
Gain on disposal of subsidiaries and joint ventures	4	(37.6)	(7.2)
(Increase)/decrease in properties for sale		(991.6)	164.2
Decrease in debtors		52.4	19.1
Increase in creditors		633.3	162.5
Interest received		43.2	42.3
Interest and other financing charges paid		(215.8)	(220.1)
Tax paid		(156.7)	(267.9)
Dividends from associates and joint ventures		239.1	112.9
Cash flows from operating activities		528.6	981.1
Investing activities			
Major renovations expenditure		(98.9)	(129.1)
Developments capital expenditure		(1.5)	(4,499.1)
(Investments in and advances to)/repayments from associates and joint ventures	20a	(397.1)	599.0
Proceeds received for disposal of subsidiaries		5.7	4,619.0
Deposits refunded for disposal of subsidiaries		–	(2,005.7)
Proceeds received for disposal of joint ventures		59.6	–
Cash flows from investing activities		(432.2)	(1,415.9)
Financing activities			
Drawdown of borrowings		1,840.0	3,726.9
Repayment of borrowings		(1,764.1)	(2,268.8)
Principal elements of lease payments		(3.3)	(4.6)
Repurchase of shares		(191.9)	–
Dividends paid by the Company		(509.1)	(509.6)
Dividends paid to non-controlling shareholders		(0.9)	(0.9)
Cash flows from financing activities		(629.3)	943.0
Net cash (outflow)/inflow		(532.9)	508.2
Cash and cash equivalents at 1st January		1,990.4	1,418.0
Effect of exchange rate changes		18.6	64.2
Cash and cash equivalents at 31st December	20b	1,476.1	1,990.4

Notes to the Financial Statements

1 Basis of Preparation

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

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

The Group has adopted the Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (effective 1st January 2021) for the annual reporting period commencing 1st January 2021. The amendments provide practical expedient from certain requirements under the IFRSs as a result of the reform which affect the measurement of financial assets, financial liabilities and lease liabilities, and a number of reliefs for hedging relationships. The Group applied the amendments from 1st January 2021 and there is no significant impact on the Group's consolidated financial statements.

Apart from the above, there are no other amendments which are effective in 2021 and relevant to the Group's operations that have a significant impact on the Group's results, financial position and accounting policies.

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

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

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

2 Segmental Information

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

	Investment properties US\$m	Development properties US\$m	Corporate US\$m	Total US\$m
2021				
Revenue	1,097.6	1,286.7	-	2,384.3
Net operating costs	(261.6)	(1,090.2)	(89.1)	(1,440.9)
Share of operating profit of associates and joint ventures	136.8	447.8	-	584.6
Underlying operating profit	<u>972.8</u>	<u>644.3</u>	<u>(89.1)</u>	<u>1,528.0</u>
Net financing charges				
– subsidiaries				(155.2)
– share of associates and joint ventures				(40.5)
				<u>(195.7)</u>
Tax				
– subsidiaries				(178.7)
– share of associates and joint ventures				(186.5)
				<u>(365.2)</u>
Non-controlling interests				
– subsidiaries				0.6
– share of associates and joint ventures				(1.7)
				<u>(1.1)</u>
Underlying profit attributable to shareholders				<u>966.0</u>
Non-trading items				
– change in fair value of investment properties				(1,317.8)
– gain on disposal of subsidiaries				2.1
– asset impairment reversal				0.5
				<u>(1,315.2)</u>
Loss attributable to shareholders				<u>(349.2)</u>

2 Segmental Information continued

	Investment properties US\$m	Development properties US\$m	Corporate US\$m	Total US\$m
2020				
Revenue	1,073.5	1,020.7	-	2,094.2
Net operating costs	(238.0)	(822.4)	(74.8)	(1,135.2)
Share of operating profit of associates and joint ventures	127.8	325.9	-	453.7
Underlying operating profit	963.3	524.2	(74.8)	1,412.7
Net financing charges				
- subsidiaries				(115.9)
- share of associates and joint ventures				(44.2)
				(160.1)
Tax				
- subsidiaries				(149.5)
- share of associates and joint ventures				(138.2)
				(287.7)
Non-controlling interests				
- subsidiaries				2.2
- share of associates and joint ventures				(3.8)
				(1.6)
Underlying profit attributable to shareholders				963.3
Non-trading items				
- change in fair value of investment properties				(3,611.7)
- gain on disposal of subsidiaries				1.0
				(3,610.7)
Loss attributable to shareholders				(2,647.4)

	Revenue		Underlying operating profit		Underlying profit attributable to shareholders	
	2021 US\$m	2020 US\$m	2021 US\$m	2020 US\$m	2021 US\$m	2020 US\$m
By geographical location						
Hong Kong and Macau	989.6	986.7	813.4	813.3	813.4	813.3
Chinese mainland	781.0	537.4	540.4	414.6	532.3	404.8
Southeast Asia and others	613.7	570.1	263.3	259.6	261.3	257.9
Corporate, net financing charges and tax	-	-	(89.1)	(74.8)	(641.0)	(512.7)
	2,384.3	2,094.2	1,528.0	1,412.7	966.0	963.3

2 Segmental Information continued

	Segment assets			Segment liabilities US\$m	Unallocated assets and liabilities US\$m	Total assets and liabilities US\$m
	Investment properties US\$m	Development properties for sale US\$m	Others US\$m			
By business						
2021						
Investment Properties	34,406.8	-	494.3	(762.9)	-	34,138.2
Development Properties	-	10,464.9	666.9	(3,517.4)	-	7,614.4
Unallocated assets and liabilities	-	-	-	-	(7,134.4)	(7,134.4)
	<u>34,406.8</u>	<u>10,464.9</u>	<u>1,161.2</u>	<u>(4,280.3)</u>	<u>(7,134.4)</u>	<u>34,618.2</u>
2020						
Investment Properties	36,093.2	-	374.4	(751.0)	-	35,716.6
Development Properties	-	9,001.2	450.5	(2,920.2)	-	6,531.5
Unallocated assets and liabilities	-	-	-	-	(6,509.6)	(6,509.6)
	<u>36,093.2</u>	<u>9,001.2</u>	<u>824.9</u>	<u>(3,671.2)</u>	<u>(6,509.6)</u>	<u>35,738.5</u>
By geographical location						
2021						
Hong Kong and Macau	27,367.5	208.8	157.1	(557.2)	-	27,176.2
Chinese mainland	2,440.3	8,291.1	655.1	(3,338.9)	-	8,047.6
Southeast Asia and others	4,599.0	1,965.0	349.0	(384.2)	-	6,528.8
Unallocated assets and liabilities	-	-	-	-	(7,134.4)	(7,134.4)
	<u>34,406.8</u>	<u>10,464.9</u>	<u>1,161.2</u>	<u>(4,280.3)</u>	<u>(7,134.4)</u>	<u>34,618.2</u>
2020						
Hong Kong and Macau	28,971.1	154.8	158.8	(565.5)	-	28,719.2
Chinese mainland	2,466.5	6,948.1	401.6	(2,768.5)	-	7,047.7
Southeast Asia and others	4,655.6	1,898.3	264.5	(337.2)	-	6,481.2
Unallocated assets and liabilities	-	-	-	-	(6,509.6)	(6,509.6)
	<u>36,093.2</u>	<u>9,001.2</u>	<u>824.9</u>	<u>(3,671.2)</u>	<u>(6,509.6)</u>	<u>35,738.5</u>

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

3 Revenue

	2021	2020
	US\$m	US\$m
Rental income	946.7	937.6
Service income and others	182.3	147.5
Sales of properties		
– recognised at a point in time	687.6	484.3
– recognised over time	567.7	524.8
	1,255.3	1,009.1
	2,384.3	2,094.2

Total variable rents included in rental income amounted to US\$29.2 million (2020: US\$19.9 million).

The maturity analysis of lease payments, showing the undiscounted lease payments to be received after the balance sheet date are as follow:

	2021	2020
	US\$m	US\$m
Within one year	789.8	800.8
Between one and two years	594.9	601.0
Between two and five years	732.9	788.9
Beyond five years	206.6	280.1
	2,324.2	2,470.8

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

Contract balances

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

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

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

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

	2021	2020
	US\$m	US\$m
Contract assets (see Note 12)	447.8	290.3
Contract liabilities (see Note 16)	(972.0)	(487.0)

At 31st December 2021, costs to fulfil contracts and costs to obtain contracts amounted to US\$97.3 million (2020: US\$364.2 million) and US\$5.5 million (2020: US\$17.1 million), and US\$446.3 million (2020: US\$412.1 million) and US\$18.5 million (2020: US\$17.2 million) have been recognised in profit and loss during the year respectively.

3 Revenue continued**Revenue recognised in relation to contract liabilities**

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

	2021 US\$m	2020 US\$m
Properties for sale	372.8	167.8

Revenue expected to be recognised on unsatisfied contracts with customers

The timing of revenue to be recognised on unsatisfied performance obligations relating to properties for sale at 31st December 2021:

	2021 US\$m	2020 US\$m
Within one year	879.4	1,058.0
Between one and two years	405.0	86.4
Between two and three years	–	68.6
	1,284.4	1,213.0

4 Net Operating Costs

	2021 US\$m	2020 US\$m
Cost of sales	(1,283.9)	(982.6)
Other income	16.0	31.2
Administrative expenses	(208.5)	(190.0)
Gain on disposal of subsidiaries and joint ventures	37.6	7.2
Asset impairment reversal	0.5	–
	(1,438.3)	(1,134.2)

The following charges are included in net operating costs:

Cost of properties for sale recognised as expense	(1,039.5)	(769.1)
Operating expenses arising from investment properties	(219.3)	(191.5)
Depreciation of fixed assets	(12.6)	(10.8)
Depreciation of right-of-use assets	(3.7)	(4.5)
Employee benefit expense		
– salaries and benefits in kind	(188.0)	(173.6)
– defined contribution pension plans	(2.1)	(1.8)
– defined benefit pension plans	(1.8)	(1.9)
	(191.9)	(177.3)
Auditors' remuneration		
– audit	(2.3)	(2.2)
– non-audit services	(1.0)	(0.7)
	(3.3)	(2.9)

The number of employees at 31st December 2021 was 2,880 (2020: 2,686).

In relation to the COVID-19 pandemic, the Group received government grants of US\$0.2 million (2020: US\$9.6 million) for the year ended 31st December 2021. These subsidies were accounted for as other income.

5 Net Financing Charges

	2021 US\$m	2020 US\$m
Interest expense		
– bank loans and overdrafts	(59.4)	(65.1)
– other borrowings	(148.0)	(139.6)
Total interest expense	(207.4)	(204.7)
Interest capitalised	4.9	22.2
	(202.5)	(182.5)
Commitment and other fees and exchange differences	(19.7)	(12.4)
Financing charges	(222.2)	(194.9)
Financing income	67.0	79.0
	(155.2)	(115.9)

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

6 Share of Results of Associates and Joint Ventures

	2021 US\$m	2020 US\$m
By business		
Investment Properties	88.4	75.2
Development Properties	267.5	192.3
Underlying business performance	355.9	267.5
Non-trading items:		
Change in fair value of investment properties	80.6	(175.4)
	436.5	92.1

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\$2,094.8 million (2020: US\$1,294.9 million).

7 Tax

Tax charged to profit and loss is analysed as follows:

	2021 US\$m	2020 US\$m
Current tax	(191.1)	(164.5)
Deferred tax		
– changes in fair value of investment properties	(16.9)	4.9
– other temporary differences	12.4	15.0
	(4.5)	19.9
	(195.6)	(144.6)
Reconciliation between tax expense and tax at applicable tax rate:		
Tax at applicable tax rate	71.5	409.4
Change in fair value of investment properties not deductible in determining taxable profit	(240.1)	(562.6)
Income not subject to tax	36.4	30.7
Expenses not deductible in determining taxable profit	(13.9)	(12.1)
Withholding tax	(4.4)	27.3
Land appreciation tax in Chinese mainland	(38.6)	(30.2)
Tax losses arising in the year not recognised	(8.7)	(6.7)
Others	2.2	(0.4)
	(195.6)	(144.6)
Tax relating to components of other comprehensive income is analysed as follows:		
Remeasurements of defined benefit plans	(0.5)	(0.3)
Cash flow hedges	1.9	3.5
	1.4	3.2

The applicable tax rate for the year of 12.2% (2020: 15.8%) represents the weighted average of the rates of taxation prevailing in the territories in which the Group operates.

Share of tax charge of associates and joint ventures of US\$198.2 million (2020: US\$125.9 million) is included in share of results of associates and joint ventures.

8 Earnings per Share

Earnings per share are calculated on loss attributable to shareholders of US\$349.2 million (2020: US\$2,647.4 million) and on the weighted average number of 2,328.3 million (2020: 2,333.9 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:

	2021		2020	
	US\$m	Earnings per share US¢	US\$m	Earnings per share US¢
Underlying profit attributable to shareholders	966.0	41.49	963.3	41.27
Non-trading items (see Note 9)	(1,315.2)		(3,610.7)	
Loss attributable to shareholders	(349.2)	(15.00)	(2,647.4)	(113.43)

9 Non-trading Items

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

	2021 US\$m	2020 US\$m
Change in fair value of investment properties	(1,375.5)	(3,443.4)
Tax on change in fair value of investment properties	(16.9)	4.9
Gain on disposal of subsidiaries	2.1	1.0
Asset impairment reversal	0.5	-
	2.6	1.0
Share of results of associates and joint ventures		
– change in fair value of investment properties	92.3	(187.7)
– tax on change in fair value of investment properties	(11.7)	12.3
	80.6	(175.4)
Non-controlling interests	(6.0)	2.2
	(1,315.2)	(3,610.7)

10 Investment Properties

	Completed commercial properties US\$m	Under development commercial properties US\$m	Completed residential properties US\$m	Total US\$m
2021				
At 1st January	29,767.0	44.3	272.0	30,083.3
Exchange differences	(153.8)	–	(1.9)	(155.7)
Additions	56.0	–	0.4	56.4
Disposal of subsidiaries	(8.3)	–	–	(8.3)
(Decrease)/increase in fair value	(1,378.2)	(2.5)	5.2	(1,375.5)
At 31st December	<u>28,282.7</u>	<u>41.8</u>	<u>275.7</u>	<u>28,600.2</u>
Freehold properties				136.6
Leasehold properties				<u>28,463.6</u>
				<u>28,600.2</u>
2020				
At 1st January	32,867.1	49.7	274.4	33,191.2
Exchange differences	201.2	433.4	1.2	635.8
Additions	116.3	4,504.7	0.3	4,621.3
Disposal of subsidiaries	–	(4,921.6)	–	(4,921.6)
Transfer	6.0	(6.0)	–	–
Decrease in fair value	(3,423.6)	(15.9)	(3.9)	(3,443.4)
At 31st December	<u>29,767.0</u>	<u>44.3</u>	<u>272.0</u>	<u>30,083.3</u>
Freehold properties				159.8
Leasehold properties				<u>29,923.5</u>
				<u>30,083.3</u>

The Group measures its investment properties at fair value. The fair values of the Group's investment properties at 31st December 2021 and 2020 have been determined on the basis of valuations carried out by independent valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. The Group engaged Jones Lang LaSalle to value its commercial investment properties in Hong Kong, Chinese mainland, Singapore, Vietnam and Cambodia which are either freehold or held under leases with unexpired lease terms of more than 20 years. The valuations, which conform to the International Valuation Standards issued by the International Valuation Standards Council and the HKIS Valuation Standards issued by the Hong Kong Institute of Surveyors, were arrived at by reference to the net income, allowing for reversionary potential, of each property. The Report of the Valuers is set out on page 105. The valuations are comprehensively reviewed by the Group.

At 31st December 2021, investment properties of US\$1,040.3 million (2020: US\$964.4 million) were pledged as security for borrowings (see Note 17).

10 Investment Properties continued

Fair value measurements of residential properties using no significant unobservable inputs

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

Fair value measurements of commercial properties using significant unobservable inputs

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

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

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

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

Information about fair value measurements using significant unobservable inputs at 31st December 2021:

Location of properties	Fair value US\$m	Valuation method	Range of significant unobservable inputs	
			Prevailing market rent per month US\$	Capitalisation/ discount rate %
Hong Kong	26,551.6	Income capitalisation	6.0 to 28.2 per square foot	2.75 to 5.00
Chinese mainland	1,040.3	Income capitalisation	114.0 per square metre	3.75
Singapore	588.1	Income capitalisation	7.4 to 7.8 per square foot	3.35 to 4.80
Vietnam and Cambodia	102.7	Discounted cash flow	18.6 to 42.8 per square metre	12.50 to 15.00
Total	28,282.7			

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.

11 Associates and Joint Ventures

	2021 US\$m	2020 US\$m
Unlisted associates		
– share of attributable net assets	112.4	60.8
– amounts due from associates	424.4	422.8
	536.8	483.6
Unlisted joint ventures		
– share of attributable net assets	5,996.6	6,021.0
– amounts due from joint ventures	2,981.9	2,416.6
	8,978.5	8,437.6
	9,515.3	8,921.2
By business		
Investment Properties	5,025.9	5,132.1
Development Properties	4,489.4	3,789.1
	9,515.3	8,921.2

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

Amounts due from joint ventures bear interests at rates ranging from approximately 0% to 10% per annum and are repayable within one to fourteen years.

Movements of associates and joint ventures during the year:

	Associates		Joint ventures	
	2021 US\$m	2020 US\$m	2021 US\$m	2020 US\$m
At 1st January	483.6	264.5	8,437.6	6,961.6
Exchange differences	(9.8)	(14.8)	(62.8)	(15.7)
Share of results after tax and non-controlling interests	19.0	4.2	417.5	87.9
Share of other comprehensive income after tax and non-controlling interests	7.1	29.2	80.0	213.2
Dividends received and receivable	(0.8)	(0.8)	(238.9)	(110.8)
Investments in and advances to/(repayments from) associates and joint ventures	37.7	201.3	368.1	(817.5)
Disposal	–	–	(23.0)	–
Transfer from subsidiaries on partial disposal of interest	–	–	–	2,118.9
At 31st December	536.8	483.6	8,978.5	8,437.6

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 2021 and 2020:

Name of entity	Nature of business	Country of incorporation/ principal place of business	% of ownership interest	
			2021	2020
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

11 Associates and Joint Ventures continued

Summarised financial information for 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
2021				
Non-current assets	1,202.2	3,732.4	2,885.3	2,900.1
Current assets				
Cash and cash equivalents	31.3	11.1	23.8	9.6
Other current assets	38.2	3.1	2.7	4.5
Total current assets	69.5	14.2	26.5	14.1
Non-current liabilities				
Financial liabilities (excluding trade payables)	-	(1,264.7)	(1,209.1)	(777.9)
Other non-current liabilities (including trade payables)	(130.7)	-	(20.9)	(214.0)
Total non-current liabilities	(130.7)	(1,264.7)	(1,230.0)	(991.9)
Current liabilities				
Financial liabilities (excluding trade payables)	-	(0.7)	(8.8)	(2.3)
Other current liabilities (including trade payables)	(42.2)	(54.9)	(39.7)	(46.4)
Total current liabilities	(42.2)	(55.6)	(48.5)	(48.7)
Net assets	1,098.8	2,426.3	1,633.3	1,873.6
2020				
Non-current assets	1,261.1	3,700.1	2,875.4	2,807.7
Current assets				
Cash and cash equivalents	81.1	12.4	22.9	15.4
Other current assets	35.4	3.2	2.1	4.0
Total current assets	116.5	15.6	25.0	19.4
Non-current liabilities				
Financial liabilities (excluding trade payables)	-	(1,293.5)	(1,257.9)	(801.9)
Other non-current liabilities (including trade payables)	(133.6)	-	(21.5)	(204.0)
Total non-current liabilities	(133.6)	(1,293.5)	(1,279.4)	(1,005.9)
Current liabilities				
Financial liabilities (excluding trade payables)	-	(0.8)	(12.9)	(5.0)
Other current liabilities (including trade payables)	(54.1)	(62.4)	(35.4)	(48.7)
Total current liabilities	(54.1)	(63.2)	(48.3)	(53.7)
Net assets	1,189.9	2,359.0	1,572.7	1,767.5

11 Associates and Joint Ventures continued**Summarised financial information for material joint ventures** continued

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

	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
2021				
Revenue	82.0	156.8	122.5	112.1
Depreciation and amortisation	(4.8)	-	-	-
Interest income	0.1	-	-	-
Interest expense	-	(31.3)	(23.4)	(13.3)
Profit from underlying business performance	39.4	86.2	69.4	65.9
Tax	(4.6)	(14.3)	(11.6)	(11.0)
Profit after tax from underlying business performance	34.8	71.9	57.8	54.9
Profit/(loss) after tax from non-trading items	(41.8)	114.2	73.7	133.9
Profit/(loss) after tax	(7.0)	186.1	131.5	188.8
Other comprehensive expense	(6.9)	(52.6)	(13.0)	(27.8)
Total comprehensive income/(expense)	(13.9)	133.5	118.5	161.0
Group's share of dividends received and receivable from joint ventures	37.8	22.1	19.3	18.3
2020				
Revenue	48.0	151.3	118.8	113.2
Depreciation and amortisation	(6.7)	-	-	-
Interest income	0.3	0.1	0.1	0.1
Interest expense	(0.1)	(35.1)	(27.7)	(16.0)
Profit from underlying business performance	14.2	81.5	64.7	69.4
Tax	(1.6)	(13.7)	(11.0)	(11.9)
Profit after tax from underlying business performance	12.6	67.8	53.7	57.5
Loss after tax from non-trading items	(85.1)	(123.3)	(86.6)	(92.8)
Loss after tax	(72.5)	(55.5)	(32.9)	(35.3)
Other comprehensive income	5.1	41.9	1.2	18.9
Total comprehensive expense	(67.4)	(13.6)	(31.7)	(16.4)
Group's share of dividends received and receivable from joint ventures	-	23.2	18.0	19.3

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

11 Associates and Joint Ventures continued

Reconciliation of summarised financial information

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

	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
2021				
Net assets	1,098.8	2,426.3	1,633.3	1,873.6
Interest in joint ventures (%)	49.0	33.3	33.3	33.3
Group's share of net assets in joint ventures	538.4	808.8	544.4	624.5
Amounts due from joint ventures	-	421.6	-	38.0
Carrying value	538.4	1,230.4	544.4	662.5
2020				
Net assets	1,189.9	2,359.0	1,572.7	1,767.5
Interest in joint ventures (%)	49.0	33.3	33.3	33.3
Group's share of net assets in joint ventures	583.0	786.3	524.2	589.2
Amounts due from joint ventures	-	431.2	-	37.1
Carrying value	583.0	1,217.5	524.2	626.3

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.

	2021 US\$m	2020 US\$m
Share of profit	252.2	164.5
Share of other comprehensive income	114.5	190.3
Share of total comprehensive income	366.7	354.8
Carrying amount of interests in these joint ventures	6,002.8	5,486.6

At 31st December 2021, the Group's commitments to provide funding to its joint ventures, if called, amounted to US\$1,067.3 million (2020: US\$720.9 million).

There were no contingent liabilities relating to the Group's interests in the joint ventures at 31st December 2021 and 2020.

12 Debtors

	2021	2020
	US\$m	US\$m
Trade debtors	63.9	53.2
Contract assets (see Note 3)	447.8	290.3
Other debtors		
– third parties	484.8	725.2
– associates and joint ventures	62.6	55.0
	1,059.1	1,123.7
Non-current	29.7	42.0
Current	1,029.4	1,081.7
	1,059.1	1,123.7
By geographical area of operation		
Hong Kong and Macau	139.2	152.8
Chinese mainland	220.8	186.0
Southeast Asia and others	699.1	784.9
	1,059.1	1,123.7

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

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

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

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

12 Debtors continued

The loss allowance as at 31st December 2021 and 2020:

	Below 30 days US\$m	Between 31 and 60 days US\$m	Between 61 and 120 days US\$m	More than 120 days US\$m	Total US\$m
2021					
Expected loss rate (%)	-	-	10	48	1
Gross carrying amount – trade debtors	60.4	0.9	1.1	3.1	65.5
Gross carrying amount – contract assets	447.8	-	-	-	447.8
Loss allowance	-	-	(0.1)	(1.5)	(1.6)
2020					
Expected loss rate (%)	-	1	10	18	1
Gross carrying amount – trade debtors	39.8	6.3	6.1	2.8	55.0
Gross carrying amount – contract assets	290.3	-	-	-	290.3
Loss allowance	(0.6)	(0.1)	(0.6)	(0.5)	(1.8)

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

Other debtors are further analysed as follows:

	2021 US\$m	2020 US\$m
Costs to fulfil contracts (see Note 3)	97.3	364.2
Costs to obtain contracts (see Note 3)	5.5	17.1
Prepayments	238.9	176.4
Derivative financial instruments	22.4	33.4
Amounts due from associates and joint ventures	62.6	55.0
Others	120.7	134.1
	547.4	780.2

13 Deferred Tax Assets and Liabilities

	Tax losses US\$m	Accelerated capital allowances US\$m	Revaluation surpluses of investment properties US\$m	Other temporary differences US\$m	Total US\$m
2021					
At 1st January	9.2	(97.9)	(23.3)	(48.3)	(160.3)
Exchange differences	0.1	0.5	(0.4)	1.2	1.4
Credited/(charged) to profit and loss	0.2	5.1	(16.9)	7.1	(4.5)
Credited to other comprehensive income	-	-	-	1.4	1.4
Disposal of subsidiaries	-	1.8	-	-	1.8
	<u>9.5</u>	<u>(90.5)</u>	<u>(40.6)</u>	<u>(38.6)</u>	<u>(160.2)</u>
At 31st December	9.5	(90.5)	(40.6)	(38.6)	(160.2)
Deferred tax assets	9.5	-	-	58.2	67.7
Deferred tax liabilities	-	(90.5)	(40.6)	(96.8)	(227.9)
	<u>9.5</u>	<u>(90.5)</u>	<u>(40.6)</u>	<u>(38.6)</u>	<u>(160.2)</u>
2020					
At 1st January	4.1	(92.3)	(27.5)	(68.3)	(184.0)
Exchange differences	0.3	(0.4)	(0.7)	(4.1)	(4.9)
Credited/(charged) to profit and loss	4.8	(5.2)	4.9	15.4	19.9
Credited to other comprehensive income	-	-	-	3.2	3.2
Disposal of subsidiaries	-	-	-	5.5	5.5
	<u>9.2</u>	<u>(97.9)</u>	<u>(23.3)</u>	<u>(48.3)</u>	<u>(160.3)</u>
At 31st December	9.2	(97.9)	(23.3)	(48.3)	(160.3)
Deferred tax assets	9.2	-	-	26.3	35.5
Deferred tax liabilities	-	(97.9)	(23.3)	(74.6)	(195.8)
	<u>9.2</u>	<u>(97.9)</u>	<u>(23.3)</u>	<u>(48.3)</u>	<u>(160.3)</u>

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\$31.4 million (2020: US\$23.1 million) arising from unused tax losses of US\$135.8 million (2020: US\$100.9 million) have not been recognised in the financial statements. Included in the unused tax losses, US\$15.0 million (2020: US\$14.8 million) have no expiry date and the balance will expire at various dates up to and including 2026.

14 Properties for Sale

	2021 US\$m	2020 US\$m
Properties under development	2,058.7	1,741.0
Completed properties	961.6	239.6
	<u>3,020.3</u>	<u>1,980.6</u>
Provision for impairment	(49.8)	(31.8)
	<u>2,970.5</u>	<u>1,948.8</u>

At 31st December 2021, properties under development which were not scheduled for completion within the next 12 months amounted to US\$1,658.6 million (2020: US\$1,098.0 million).

15 Bank Balances

	2021 US\$m	2020 US\$m
Deposits with banks and financial institutions	1,364.0	1,847.3
Bank balances	115.5	149.3
	<u>1,479.5</u>	<u>1,996.6</u>
By currency		
Chinese renminbi	654.3	1,306.1
Hong Kong dollar	47.3	59.4
Malaysian ringgit	29.0	30.4
Singapore dollar	530.5	373.4
United States dollar	214.7	224.0
Others	3.7	3.3
	<u>1,479.5</u>	<u>1,996.6</u>

The weighted average interest rate on deposits with banks and financial institutions is 0.7% (2020: 0.9%) per annum.

16 Creditors

	2021	2020
	US\$m	US\$m
Trade creditors	791.2	622.3
Other creditors	150.9	174.4
Tenants' deposits	272.7	281.6
Derivative financial instruments	17.6	16.1
Rent received in advance	19.9	21.2
Contract liabilities – properties for sale (see Note 3)	972.0	487.0
Lease liabilities	6.1	5.7
	2,230.4	1,608.3
Non-current	35.8	36.3
Current	2,194.6	1,572.0
	2,230.4	1,608.3
By geographical area of operation		
Hong Kong and Macau	601.8	609.2
Chinese mainland	1,503.5	859.5
Southeast Asia and others	125.1	139.6
	2,230.4	1,608.3

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

17 Borrowings

	2021		2020	
	Carrying amount US\$m	Fair value US\$m	Carrying amount US\$m	Fair value US\$m
Current				
Bank overdrafts	3.4	3.4	6.2	6.2
Bank loans	86.0	86.0	100.3	100.3
Current portion of long-term borrowings				
– bank loans	155.5	155.5	516.8	516.8
– notes	620.4	623.5	66.2	66.2
	865.3	868.4	689.5	689.5
Long-term				
Bank loans	1,882.2	1,882.2	1,939.1	1,939.1
Notes	3,835.7	4,059.4	3,936.3	4,275.4
	5,717.9	5,941.6	5,875.4	6,214.5
	6,583.2	6,810.0	6,564.9	6,904.0
Secured	870.9		801.6	
Unsecured	5,712.3		5,763.3	
	6,583.2		6,564.9	

17 Borrowings continued

The fair values are based on market prices or are estimated using the expected future payments discounted at market interest rates ranging from 0.5% to 4.9% (2020: 0.3% to 4.9%) per annum. This is in line with the definition of 'observable current market transactions' under the fair value measurement hierarchy. The fair value of current borrowings approximates their carrying amounts, as the impact of discounting is not significant.

Secured borrowings at 31st December 2021 and 2020 were certain subsidiaries' bank borrowings which were secured against their investment properties and properties for sale.

The movements in borrowings are as follow:

	Bank overdrafts US\$m	Long-term borrowings US\$m	Short-term borrowings US\$m	Total US\$m
2021				
At 1st January	6.2	5,875.4	683.3	6,564.9
Exchange differences	-	(40.9)	(3.4)	(44.3)
Transfer	-	(715.0)	715.0	-
Change in fair value	-	(8.8)	(1.7)	(10.5)
Change in bank overdrafts	(2.8)	-	-	(2.8)
Drawdown of borrowings	-	1,684.9	155.1	1,840.0
Repayment of borrowings	-	(1,077.7)	(686.4)	(1,764.1)
At 31st December	<u>3.4</u>	<u>5,717.9</u>	<u>861.9</u>	<u>6,583.2</u>
2020				
At 1st January	6.0	4,299.9	709.3	5,015.2
Exchange differences	-	88.6	(12.3)	76.3
Transfer	-	(518.0)	518.0	-
Change in fair value	-	15.1	-	15.1
Change in bank overdrafts	0.2	-	-	0.2
Drawdown of borrowings	-	3,550.1	176.8	3,726.9
Repayment of borrowings	-	(1,560.3)	(708.5)	(2,268.8)
At 31st December	<u>6.2</u>	<u>5,875.4</u>	<u>683.3</u>	<u>6,564.9</u>

17 Borrowings continued

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

	Weighted average interest rates %	Fixed rate borrowings		Floating rate borrowings US\$m	Total US\$m
		Weighted average period outstanding Years	US\$m		
By currency					
2021					
Hong Kong dollar	3.2	6.9	3,676.7	990.2	4,666.9
Singapore dollar	2.3	13.7	285.3	323.1	608.4
Chinese renminbi	4.8	-	-	973.1	973.1
Thai baht	1.5	-	-	334.8	334.8
			<u>3,962.0</u>	<u>2,621.2</u>	<u>6,583.2</u>
2020					
Hong Kong dollar	3.1	7.4	3,142.3	1,581.7	4,724.0
Singapore dollar	2.2	14.7	291.8	330.5	622.3
Chinese renminbi	4.9	-	-	862.3	862.3
Thai baht	1.8	-	-	356.3	356.3
			<u>3,434.1</u>	<u>3,130.8</u>	<u>6,564.9</u>

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:

	2021 US\$m	2020 US\$m
Floating rate borrowings	2,621.2	3,130.8
Fixed rate borrowings		
- within one year	267.0	-
- between one and two years	245.8	267.4
- between two and three years	199.5	248.2
- between three and four years	644.5	199.2
- between four and five years	38.5	646.2
- beyond five years	2,566.7	2,073.1
	<u>3,962.0</u>	<u>3,434.1</u>
	<u>6,583.2</u>	<u>6,564.9</u>

17 Borrowings continued

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

	Maturity	2021		2020	
		Current US\$m	Non-current US\$m	Current US\$m	Non-current US\$m
Medium term notes					
HK\$500m 12-year notes at 4.28%	2021	–	–	66.2	–
HK\$410m 10-year notes at 3.86%	2022	52.6	–	–	52.8
US\$500m 10-year notes at 4.50%*	2022	503.1	–	–	504.8
HK\$305m 10-year notes at 3.00%	2022	39.1	–	–	39.3
HK\$200m 10-year notes at 2.90%	2022	25.6	–	–	25.8
HK\$1,100m 10-year notes at 3.95%	2023	–	140.8	–	141.5
HK\$300m 10-year notes at 3.95%	2023	–	38.4	–	38.6
US\$400m 10-year notes at 4.625%*	2024	–	406.8	–	414.3
HK\$300m 15-year notes at 4.10%	2025	–	38.4	–	38.6
US\$600m 15-year notes at 4.50%*	2025	–	606.1	–	607.6
HK\$302m 15-year notes at 3.75%	2026	–	38.6	–	38.8
HK\$785m 15-year notes at 4.00%	2027	–	99.8	–	100.2
HK\$473m 15-year notes at 4.04%	2027	–	60.6	–	60.9
HK\$200m 15-year notes at 3.95%	2027	–	25.6	–	25.7
HK\$300m 15-year notes at 3.15%	2028	–	38.1	–	38.3
HK\$325m 15-year notes at 4.22%	2028	–	41.5	–	41.7
HK\$450m 10-year notes at 3.83%	2028	–	57.6	–	57.9
HK\$355m 10-year notes at 3.75%	2028	–	45.3	–	45.6
HK\$400m 15-year notes at 4.40%	2029	–	50.8	–	51.1
HK\$550m 10-year notes at 2.93%	2029	–	70.4	–	70.8
US\$600m 10-year notes at 2.875%*	2030	–	595.1	–	594.7
HK\$800m 20-year notes at 4.11%	2030	–	102.6	–	103.2
US\$500m 10-year notes at 2.25%*	2031	–	495.3	–	–
HK\$375m 10-year notes at 1.957%	2031	–	47.9	–	–
HK\$200m 20-year notes at 4.125%	2031	–	25.4	–	25.5
HK\$240m 20-year notes at 4.00%	2032	–	30.3	–	30.5
HK\$863m 12-year notes at 2.83%	2032	–	109.7	–	110.3
HK\$700m 15-year notes at 4.12%	2033	–	89.1	–	89.6
HK\$604m 15-year notes at 3.67%	2034	–	77.1	–	77.5
HK\$400m 15-year notes at 2.72%	2035	–	50.8	–	51.1
HK\$400m 15-year notes at 2.90%	2035	–	50.7	–	50.9
HK\$400m 15-year notes at 2.90%	2035	–	50.7	–	50.9
HK\$800m 15-year notes at 2.65%	2035	–	101.4	–	102.0
S\$150m 20-year notes at 3.95%	2038	–	109.0	–	111.3
S\$150m 20-year notes at 3.45%	2039	–	109.9	–	112.4
HK\$250m 30-year notes at 5.25%	2040	–	31.9	–	32.1
		620.4	3,835.7	66.2	3,936.3

* Listed on the Singapore Exchange

18 Share Capital

	Ordinary shares in millions		2021	2020
	2021	2020	US\$m	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	2,333.9	2,333.9	233.4	233.4
Repurchased and cancelled	(36.4)	-	(3.6)	-
At 31st December	2,297.5	2,333.9	229.8	233.4

During the year, the Company repurchased 36.4 million ordinary shares from the stock market at a cost of US\$193.5 million, which was resulted in a charge of US\$3.6 million to share capital and US\$189.9 million to share premium.

19 Dividends

	2021	2020
	US\$m	US\$m
Final dividend in respect of 2020 of US\$16.00 (2019: US\$16.00) per share	373.4	373.4
Interim dividend in respect of 2021 of US\$6.00 (2020: US\$6.00) per share	140.0	140.0
	513.4	513.4

A final dividend in respect of 2021 of US\$16.00 (2020: US\$16.00) per share amounting to a total of US\$367.6 million (2020: US\$373.4 million) is proposed by the Board. The dividend proposed will not be accounted for until it has been approved at the 2022 Annual General Meeting. The amount will be accounted for as an appropriation of revenue reserves in the year ending 31st December 2022.

20 Notes to Consolidated Cash Flow Statement

a) (Investments in and advances to)/repayments from associates and joint ventures

	2021	2020
	US\$m	US\$m
By business		
Investment Properties	(20.9)	(0.9)
Development Properties	(376.2)	599.9
	(397.1)	599.0
By geographical location		
Chinese mainland	(277.6)	572.4
Southeast Asia and others	(119.5)	26.6
	(397.1)	599.0

20 Notes to Consolidated Cash Flow Statement continued

b) Cash and cash equivalents

	2021	2020
	US\$m	US\$m
Bank balances (see Note 15)	1,479.5	1,996.6
Bank overdrafts (see Note 17)	(3.4)	(6.2)
	<u>1,476.1</u>	<u>1,990.4</u>

21 Derivative Financial Instruments

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

	2021		2020	
	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	–	1.4	–	3.3
– cross currency swaps	9.9	16.2	9.7	12.8
	<u>9.9</u>	<u>16.2</u>	<u>9.7</u>	<u>12.8</u>
Designated as fair value hedges				
– interest rate swaps	–	–	1.7	–
– cross currency swaps	12.5	–	22.0	–
	<u>12.5</u>	<u>–</u>	<u>22.0</u>	<u>–</u>

Interest rate swaps

The notional principal amounts of the outstanding interest rate swap contracts designated as fair value hedges and cash flow hedges at 31st December 2021 were nil (2020: US\$64.5 million) and US\$66.6 million (2020: US\$68.1 million) respectively.

The fair values of interest rate swaps are based on the estimated cash flows discounted at market rates ranging from 0.2% to 0.7% (2020: 0.2% to 0.4%) per annum.

Cross currency swaps

The contract amounts of the outstanding cross currency swap contracts at 31st December 2021 were US\$2,600.0 million (2020: US\$2,100.0 million).

22 Capital Commitments

	2021 US\$m	2020 US\$m
Authorised not contracted	1.7	3.9
Contracted not provided		
– contributions to joint ventures	1,067.3	720.9
– others	114.5	104.0
	1,181.8	824.9
	1,183.5	828.8

23 Contingent Liabilities

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

24 Related Party Transactions

Jardine Strategic Limited ('JSL') became the parent company of the Group following the completion of the simplification of the Group's parent company structure in April 2021. Jardine Strategic Holdings Limited and JMH Bermuda Limited, a wholly-owned subsidiary of the Group's ultimate parent company, Jardine Matheson Holdings Limited ('JMH'), amalgamated under the Bermuda Companies Act to form JSL, a wholly-owned subsidiary of JMH. Both JMH and JSL are incorporated in Bermuda.

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

Management fee

The management fee payable by the Group, under an agreement entered into in 1995, to Jardine Matheson Limited ('JML') in 2021 was US\$4.8 million (2020: US\$4.8 million), being 0.5% per annum of the Group's underlying profit in consideration for management consultancy services provided by JML, a wholly-owned subsidiary of JMH.

Property and other services

The Group rented properties to Jardine Matheson group members. Gross rents on such properties in 2021 amounted to US\$19.5 million (2020: US\$19.3 million).

The Group provided project management services and property management services to Jardine Matheson group members in 2021 amounting to US\$3.4 million (2020: US\$3.7 million).

Jardine Matheson group members provided property maintenance and other services to the Group in 2021 in aggregate amounting to US\$48.7 million (2020: US\$63.1 million).

Hotel management services

Jardine Matheson group members provided hotel management services to the Group in 2021 amounting to US\$3.6 million (2020: US\$1.6 million).

Outstanding balances with associates and joint ventures

Amounts of outstanding balances with associates and joint ventures are included in associates and joint ventures, debtors and creditors as appropriate (see Notes 11, 12 and 16).

Directors' emoluments

Details of Directors' emoluments (being the key management personnel compensation) are shown on page 94 under the heading of 'Remuneration Outcomes in 2021'.

25 Summarised Balance Sheet of the Company

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

	2021 US\$m	2020 US\$m
Net operating assets		
Investments at cost		
Unlisted shares in subsidiaries	4,481.7	4,481.7
Amounts due from subsidiaries	2,209.9	2,328.5
	<u>6,691.6</u>	<u>6,810.2</u>
Creditors and other accruals	(38.4)	(35.1)
	<u>6,653.2</u>	<u>6,775.1</u>
Total equity		
Share capital (see Note 18)	229.8	233.4
Revenue and other reserves		
Contributed surplus	2,249.6	2,249.6
Share premium	67.4	257.3
Revenue reserves	4,106.4	4,034.8
	<u>6,423.4</u>	<u>6,541.7</u>
Shareholders' funds	<u>6,653.2</u>	<u>6,775.1</u>

Subsidiaries are shown at cost less amounts provided.

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

26 Principal Subsidiaries, Associates and Joint Ventures

The principal subsidiaries, associates and joint ventures of the Group at 31st December 2021 are set out below.

	Attributable interest		Issued share capital	Main activities	Place of incorporation	
	2021 %	2020 %				
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
Blossom Noble (HK) Limited	100	-	HKD	156,000,001	Property investment	Hong Kong
Grateful Point (HK) Limited	100	-	HKD	171,000,001	Property investment	Hong Kong
The Hongkong Land Company, Ltd	100	100	HKD	2,147,317,117	Investment holding	Hong Kong
The Hongkong Land Property Company, Ltd	100	100	HKD	200	Property investment	Hong Kong
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
HKL (The Forum) Limited	100	-	HKD	2,543,592,818	Property investment	Hong Kong
HKL (Three EXSQ) Limited	100	-	HKD	16,502,250,316	Property investment	Hong Kong
Hongkong Land (HK) Investments Ltd	100	100	HKD	4,033,804,249	Investment holding	Hong Kong
Hongkong Land (West Bund) Development Limited	100	100	HKD	11,216,548,649.45	Investment holding	Hong Kong
Violet Castle (HK) Limited	100	-	HKD	55,200,001	Property investment	Hong Kong
Hongkong Land (Chengdu) Ruilong Development Co. Ltd.	100	-	RMB	10,000,000	Property development	Chinese mainland
Hongkong Land (Chengdu) Xinchang Development Co. Ltd.	100	-	RMB	10,000,000	Property development	Chinese mainland
Hongkong Land (Chongqing) Development Co Ltd	100	100	USD	550,990,000	Property development	Chinese mainland
Hongkong Land (Chongqing) Investment and Holding Co Ltd	100	100	USD	2,200,000,000	Investment holding	Chinese mainland
Hongkong Land (Chongqing) Xincheng Development Co Ltd	100	100	RMB	900,000,000	Property development	Chinese mainland
Hongkong Land (Chongqing North) Development Co Ltd	100	100	HKD	3,980,000,000	Property development	Chinese mainland
Hongkong Land (Chongqing North) Management Co. Ltd.	100	-	RMB	124,830,400	Property management	Chinese mainland
Hongkong Land (Chongqing) Xingmao Development Co. Ltd.	100	-	RMB	820,000,000	Property management	Chinese mainland
Hongkong Land (Chongqing) Xingyi Development Co Ltd	100	100	RMB	480,000,000	Property development	Chinese mainland

* Owned directly

26 Principal Subsidiaries, Associates and Joint Ventures continued

	Attributable interest		Issued share capital	Main activities	Place of incorporation
	2021 %	2020 %			
Subsidiaries continued					
Hongkong Land (Hangzhou) Heyue Investment and Development Co Ltd	100	100	RMB	706,000,000	Property development Chinese mainland
Hongkong Land (Nanjing) Xuanzhi Development Co. Ltd.	100	-	RMB	50,000,000	Property development Chinese mainland
Hongkong Land (Nantong) Management Co. Ltd.	100	-	RMB	10,000,000	Management Chinese mainland
Hongkong Land (Shanghai) Asset Management Co. Ltd.	100	-	RMB	50,000,000	Investment holding Chinese mainland
Hongkong Land (Shanghai) Zhibin Management Co. Ltd.	100	-	RMB	10,000,000	Property investment Chinese mainland
Hongkong Land (Wuhan) Xinghui Development Co. Ltd.	100	-	RMB	1,500,000,000	Property development Chinese mainland
Hongkong Land (Wuhan) Xingyao Development Co. Ltd.	100	-	RMB	10,000,000	Property development Chinese mainland
Wangfu Central Real Estate Development Co Ltd	84	84	RMB	3,500,000,000	Property investment Chinese mainland
HKL (Esplanade) Pte Ltd	100	100	SGD	150,000,000	Property investment Singapore
HKL Treasury (Singapore) Pte Ltd	100	100	SGD	2	Finance Singapore
			SGD	94,033,342 [†]	
Hongkong Land (Singapore) Pte Ltd	100	100	SGD	100,000	Project management Singapore
			SGD	519,525,895 [†]	
The Hongkong Land Treasury Services (Singapore) Pte Ltd	100	100	SGD	2	Finance Singapore
MCL Land Limited	100	100	SGD	511,736,041	Investment holding Singapore
MCL Land (Everbright) Pte Ltd	100	100	SGD	4,000,000	Property development Singapore
MCL Land (Regency) Pte Ltd	100	100	SGD	3,000,000	Property development Singapore
Hongkong Land (Premium Development) Ltd	100	100	Riels	4,000,000	Property investment Cambodia
MCL Land (Quinn) Sdn Bhd	100	100	MYR	2,764,210	Property development Malaysia
MCL Land (Century Gardens) Sdn Bhd	100	100	MYR	29,117,145	Investment holding Malaysia
MCL Land (Pantai View) Sdn Bhd	100	100	MYR	29,000,000	Property investment Malaysia
MCL Land (Malaysia) Sdn Bhd	100	100	MYR	4,010,000	Property development Malaysia
HKL (Thai Developments) Ltd	100	100	Baht	2,592,000,000	Investment holding Thailand
Doan Ket International Co Ltd	73.9	73.9	USD	7,292,000	Property investment Vietnam

[†] Preference shares

26 Principal Subsidiaries, Associates and Joint Ventures continued

	Attributable interest		Issued share capital		Main activities	Place of incorporation
	2021 %	2020 %				
Subsidiaries continued						
HKL (Treasury Services) Ltd	100	100	USD	1	Finance	British Virgin Islands
The Hongkong Land Notes Co Ltd	100	100	USD	2	Intra-group financing	British Virgin Islands
The Hongkong Land Finance (Cayman Islands) Co Ltd	100	100	USD	2	Intra-group financing	Cayman Islands
Associates and joint ventures						
Normelle Estates Ltd	50	50	HKD	10,000	Property investment	Hong Kong
Properties Sub F, Ltd	49	49	MOP	1,000,000	Property investment	Macau
Beijing Landmark Trinity Real Estate Development Co Ltd	30	30	RMB	2,800,000,000	Property development	Chinese mainland
Chengdu Premium Property Development Co Ltd	50	50	USD	699,980,000	Property development	Chinese mainland
Chengdu Ruipeng Property Co. Ltd.	50	-	RMB	5,000,000	Property development	Chinese mainland
Chongqing Central Park Co Ltd	50	50	HKD	4,640,000,000	Property development	Chinese mainland
Chongqing Lijia Development Co Ltd	50	50	RMB	533,596,100	Property development	Chinese mainland
Chongqing Shunyun Development Co. Ltd.	50	-	RMB	50,000,000	Property development	Chinese mainland
Chongqing Yirun Huacheng Development Co. Ltd.	50	-	RMB	1,070,000,000	Property development	Chinese mainland
China West Premier Housing Development Co Ltd	50	50	USD	569,960,000	Property development	Chinese mainland
Hangzhou Kesheng Property Development Co Ltd	30	30	RMB	50,000,000	Property development	Chinese mainland
Hangzhou Keyi Property Development Co Ltd	30	30	RMB	150,000,000	Property development	Chinese mainland
Hongkong Land (Chengdu) Xingyi Development Co Ltd	33	33	RMB	50,000,000	Property development	Chinese mainland
Hongkong Land Longfor (Chongqing) Hongmao Development Co Ltd	50	50	RMB	2,000,000,000	Property development	Chinese mainland
Longfor Hongkong Land (Chongqing) Development Co Ltd	50	50	RMB	1,275,920,000	Property development	Chinese mainland
Longfor Hongkong Land (Chongqing) Real Estate Management Co Ltd	50	-	RMB	155,000,000	Property management	Chinese mainland
Nanjing Shengxiangyuan Property Development Co Ltd	33	33	RMB	4,227,500,000	Property development	Chinese mainland

26 Principal Subsidiaries, Associates and Joint Ventures continued

	Attributable interest		Issued share capital	Main activities	Place of incorporation
	2021 %	2020 %			
Associates and joint ventures continued					
Nanjing Xinyeezhi Property Development Co Ltd	50	50	USD	750,000,000	Property development Chinese mainland
Nanjing Yeezhi Jiangbei Property Development Co Ltd	50	50	RMB	1,500,000,000	Property development Chinese mainland
Shanghai Puchen Property Co. Ltd.	43	85	RMB	850,000,000	Property development Chinese mainland
Shanghai Xinqiaogao Development Co Ltd	26.7	26.7	RMB	4,000,000,000	Property development Chinese mainland
Shanghai Xujing Property Co Ltd	50	50	RMB	4,200,000,000	Property development Chinese mainland
Shanghai Yibin Property Co. Ltd.	43	43	RMB	30,200,000,000	Property development Chinese mainland
Shanghai Yihui Development Co Ltd	50	50	RMB	830,000,000	Property development Chinese mainland
Wuhan Dream Land Investment and Development Co Ltd	50	50	RMB	1,200,000,000	Property development Chinese mainland
Wuhan Yeezhi Minghong Development Co Ltd	66	66	RMB	600,000,000	Property development Chinese mainland
Yeezhi Yuexiang (Chongqing) Development Co Ltd	50	50	RMB	260,000,000	Property development Chinese mainland
Asia Radiant Pte Ltd	50	50	SGD	4,000,000	Property development Singapore
BFC Development LLP	33.3	33.3	SGD	N/A	Property investment Singapore
Central Boulevard Development Pte Ltd	33.3	33.3	SGD	6	Property investment Singapore
Maximus Commercial SG Pte. Ltd.	50	-	SGD	2	Property development Singapore
Maximus Residential SG Pte. Ltd.	50	-	SGD	2	Property development Singapore
One Raffles Quay Pte Ltd	33.3	33.3	SGD	6	Property investment Singapore
Taurus Properties SG Pte. Ltd.	50	-	SGD	2	Property development Singapore
Universal Estate Pte Ltd	50	50	SGD	2	Investment Holding Singapore
PT Astra Modern Land	33.5	33.5	IDR	3,870,000,000,000	Property development Indonesia
PT Award Global Infinity	50	50	IDR	297,982,000,000	Property development Indonesia
PT Brahmayasa Bahtera	40	40	IDR	166,000,000,000	Property development Indonesia
PT Bumi Parama Wisesa	49	49	IDR	1,150,000,000,000	Property development Indonesia
PT Jakarta Land	50	50	IDR	3,320,000,000	Property investment Indonesia
Sunrise MCL Land Sdn Bhd	50	50	MYR	2,000,000	Property development Malaysia
RHK Land Corporation	40	-	Peso	2,800,000,000	Property development The Philippines
Roxas Land Corporation	40	40	Peso	1,065,000,000	Property development The Philippines
Central and Hongkong Land Co Ltd	49	49	THB	4,986,250,000	Property development Thailand
CPN and HKL Co Ltd	49	49	THB	4,000,000	Property development Thailand
HKL Noble (Wireless) Co., Ltd.	74	-	THB	100,000	Property development Thailand

26 Principal Subsidiaries, Associates and Joint Ventures continued

	Attributable interest		Issued share capital	Main activities	Place of incorporation
	2021 %	2020 %			
Associates and joint ventures continued					
PFHKL 1 Co Ltd	49	49	THB	5,000,000	Property development Thailand
PFHKL 2 Co Ltd	49	49	THB	5,000,000	Property development Thailand
PFHKL 3 Co Ltd	49	49	THB	5,000,000	Property development Thailand
PFHKL 4 Co., Ltd.	49	49	THB	5,000,000	Property development Thailand
PFHKL 5 Co., Ltd.	49	49	THB	5,000,000	Property development Thailand
PFHKL 6 Co., Ltd.	49	49	THB	5,000,000	Property development Thailand
Gaysorn Land Co Ltd	49	49	THB	61,250,000	Property investment Thailand
S36 Property Co Ltd	49	49	THB	800,000,000	Property development Thailand
NDC An Khang Joint Stock Co	70	70	VND	2,861,000,000,000	Property development Vietnam
Jardine Gibbons Properties Ltd	40	40	BD	600,000 'A' 400,000 'B'	Property investment Bermuda

27 Principal Accounting Policies**Basis of consolidation**

- i) The consolidated financial statements include the financial statements of the Company, its subsidiaries, and the Group's interests in associates and joint ventures.
- ii) A subsidiary is an entity over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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

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

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

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

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

27 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 other investments measured at fair value through other comprehensive income are recognised in other comprehensive income as part of the gains and losses arising from changes in their fair value. 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 is stated after deducting the carrying amount of goodwill relating to the entity sold.

27 Principal Accounting Policies continued

Fixed assets and depreciation

The building component of owner-occupied leasehold properties are stated at cost less accumulated depreciation and impairment. Owner-occupied portions of multi-purpose properties are accounted for as tangible fixed assets unless the portion is considered insignificant, in which case this portion is treated as part of investment properties. Other fixed assets are stated at cost less amounts provided for depreciation.

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

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

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

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

Leases

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

i) As a lessee

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

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

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

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

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

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

27 Principal Accounting Policies continued

Leases continued

i) As a lessee continued

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

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

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

ii) As a lessor

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

Investment properties

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

Properties for sale

Properties for sale, which comprise land and buildings held for resale, are stated at the lower of cost and net realisable value. The cost of properties for sale comprises land cost, construction and other development costs, and borrowing costs.

Debtors

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

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

Cash and cash 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.

27 Principal Accounting Policies continued

Provisions

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

Borrowings and borrowing costs

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

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

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

Current and deferred tax

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

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

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

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

Pension obligations

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

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

27 Principal Accounting Policies continued

Derivative financial instruments

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

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

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

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

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

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

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

27 Principal Accounting Policies continued

Offsetting financial instruments

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

Non-trading items

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

Earnings per share

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

Dividends

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

Revenue recognition

i) Properties for sale

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

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

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

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

ii) Investment properties

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

iii) Service income

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

27 Principal Accounting Policies continued

Pre-operating costs

Pre-operating costs are expensed as they are incurred.

Government grants

Grants from government are recognised at their fair values where there is reasonable assurance that the grants will be received, and the Group will comply with the conditions associated with the grants.

Grants that compensate the Group for expenses incurred are recognised in the profit and loss as other income on a systematic basis in the period in which the expenses are recognised. Unconditional grants are recognised in the profit and loss as other income when they become receivable.

Grants related to assets are deducted in arriving at the carrying value of the related assets.

28 Standards and Amendments Issued but Not Yet Effective

A number of new standard and amendments effective for accounting periods beginning after 2021 have been published and will be adopted by the Group from their effective dates. The Group is currently assessing the potential impact of these standard and amendments but expects their adoption will not have a significant impact on the Group's consolidated financial statements. The more important standard and amendments are set out below.

- i) Amendment to IFRS 9: 'Fees in the '10 per cent' Test for Derecognition of Financial Liabilities' (effective from 1st January 2022) clarifies the requirement to derecognise the original financial liability and recognise a new financial liability where there is an exchange between an existing borrower and lender of debt instrument with substantially different terms. The amendments clarifies that the terms are substantially different if the discounted present value of the cash flows under the new terms using the original effective interest rate, including any fees paid net of any fees received, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. The Group will apply the amendment from 1st January 2022, but it is not expected the adoption will have a significant impact on the Group's consolidated financial statements.
- ii) Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract (effective from 1st January 2022) clarifies that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. The Group will apply the amendment from 1st January 2022, but it is not expected the adoption will have a significant impact on the Group's consolidated financial statements.
- iii) Amendment to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective 1st January 2023) requires companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts taxable and deductible temporary differences. They typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The Group is assessing the potential impact on the Group's consolidated financial statements.

29 Financial Risk Management

Financial risk factors

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

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

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

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

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

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

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

- i) The credit value/debit value adjustment on the interest rate swaps which is not matched by the loan;
- ii) Differences in critical terms between the interest rate swaps and loans; and
- iii) The effects of the forthcoming reforms to IBORs, because these might take effect at a different time and have a different impact on the hedged item (the floating-rate debt) and the hedging instrument (the interest rate swap used to hedge the debt).

The ineffectiveness during 2021 or 2020 in relation to interest rate swaps was not material.

29 Financial Risk Management continued

Financial risk factors continued

i) Market risk

Foreign exchange risk

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

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

Currency risks as defined by IFRS 7 arise on account of monetary assets and liabilities being denominated in a currency that is not the functional currency. At 31st December 2021, there are no significant monetary balances held by group companies that are denominated in a non-functional currency other than the cross-currency swap contracts with contract amounts of US\$2,600 million (2020: US\$2,100 million). Differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration.

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

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed partly by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities, and partly through fixed rate borrowings and the use of derivative financial instruments such as interest rate swaps. The Group monitors interest rate exposure on a monthly basis by currency and business unit, taking into consideration proposed financing and hedging arrangements. The Group's guideline is to maintain 40% to 60% of its gross borrowings in fixed rate instruments. At 31st December 2021, the Group's interest rate hedge was 60% (2020: 52%) with an average tenor of seven years (2020: eight years). The interest rate profile of the Group's borrowings after taking into account hedging transactions are set out in Note 17.

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

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

29 Financial Risk Management continued

Financial risk factors continued

i) Market risk continued

Interest rate risk continued

At 31st December 2021, if interest rates had been 100 basis points higher/lower with all other variables held constant, the Group's profit after tax would have been US\$2 million (2020: US\$2 million) lower/higher, and hedging reserve would have been US\$108 million (2020: US\$82 million) higher/lower, as a result of fair value changes to cash flow hedges. The sensitivity analysis has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in those interest rates which have the most impact on the Group, specifically the United States, Hong Kong, Chinese mainland and Singapore rates, over the period until the next annual balance sheet date. In the case of effective fair value hedges, changes in fair value of the hedged item caused by interest rate movements balance out in profit and loss account against changes in the fair value of the hedging instruments. Changes in market interest rates affect the interest income or expense of non-derivative variable-interest financial instruments, the interest payments of which are not designated as hedged items of cash flow hedges against interest rate risks. As a consequence, they are included in the calculation of profit after tax sensitivities. Changes in the market interest rate of financial instruments that were designated as hedging instruments in a cash flow hedge to hedge payment fluctuations resulting from interest rate movements affect the hedging reserves and are therefore taken into consideration in the equity-related sensitivity calculations.

ii) Credit risk

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

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

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

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

29 Financial Risk Management continued

Financial risk factors continued

iii) Liquidity risk

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

At 31st December 2021, total committed and uncommitted borrowing facilities amounted to US\$9,292 million (2020: US\$9,069 million) of which US\$6,583 million (2020: US\$6,565 million) was drawn down. Undrawn committed facilities, in the form of revolving credit and term loan facilities, totalled US\$2,541 million (2020: US\$2,356 million). Undrawn uncommitted facilities in the form of revolving credit loan facilities, amounted to US\$168 million (2020: US\$148 million).

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 flows US\$m
2021							
Borrowings	1,068.8	509.4	717.7	1,307.9	742.2	3,524.0	7,870.0
Creditors	928.5	16.8	0.2	0.2	0.2	2.3	948.2
Net settled derivative financial instruments	(1.4)	(0.4)	-	-	-	-	(1.8)
Gross settled derivative financial instruments							
- inflow	583.5	74.0	456.6	651.1	28.5	1,213.4	3,007.1
- outflow	(572.4)	(67.6)	(453.6)	(646.5)	(29.9)	(1,209.4)	(2,979.4)
2020							
Borrowings	903.1	929.7	398.8	603.2	2,022.4	3,060.3	7,917.5
Creditors	780.3	18.9	0.2	0.2	0.5	2.3	802.4
Net settled derivative financial instruments	(1.4)	(1.4)	(0.5)	-	-	-	(3.3)
Gross settled derivative financial instruments							
- inflow	85.3	572.6	62.8	445.5	639.8	678.2	2,484.2
- outflow	(74.3)	(564.6)	(56.6)	(445.6)	(638.8)	(681.4)	(2,461.3)

None of the undiscounted borrowings at 31st December 2021 are impacted by the IBORs reform.

29 Financial Risk Management continued**Capital management**

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

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

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

The ratios at 31st December 2021 and 2020 are as follows:

	2021	2020
Gearing ratio (%)	15	13
Interest cover (times)	8	9

Fair value estimation

- i) Financial instruments that are measured at fair value in the balance sheet based on inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly ('observable current market transactions')

The fair values of derivative financial instruments are determined using rates quoted by the Group's bankers at the balance sheet date. The rates for interest rate swaps and forward foreign exchange contracts are calculated by reference to market interest rates and foreign exchange rates.

	Observable current market transactions	
	2021	2020
	US\$m	US\$m
Assets		
Derivative designated at fair value		
– through other comprehensive income	9.9	9.7
– through profit and loss	12.5	23.7
	22.4	33.4
Liabilities		
Derivative designated at fair value		
– through other comprehensive income	(17.6)	(16.1)

There were no changes in valuation techniques during the year.

29 Financial Risk Management continued

Fair value estimation continued

ii) Financial instruments that are not measured at fair value

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

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

Financial instruments by category

The fair values of financial assets and financial liabilities, together with carrying amounts at 31st December 2021 and 2020 are as follows:

	Fair value of hedging instruments US\$m	Financial assets at amortised costs US\$m	Other financial liabilities US\$m	Total carrying amount US\$m	Fair value US\$m
2021					
Financial assets measured at fair value					
Derivative financial instruments	22.4	-	-	22.4	22.4
Financial assets not measured at fair value					
Debtors	-	247.2	-	247.2	247.2
Bank balances	-	1,479.5	-	1,479.5	1,479.5
	-	1,726.7	-	1,726.7	1,726.7
Financial liabilities measured at fair value					
Derivative financial instruments	(17.6)	-	-	(17.6)	(17.6)
Financial liabilities not measured at fair value					
Borrowings	-	-	(6,583.2)	(6,583.2)	(6,810.0)
Trade and other payable excluding non-financial liabilities	-	-	(948.2)	(948.2)	(948.2)
	-	-	(7,531.4)	(7,531.4)	(7,758.2)

29 Financial Risk Management continued**Fair value estimation** continued**Financial instruments by category** continued

	Fair value of hedging instruments US\$m	Financial assets at amortised costs US\$m	Other financial liabilities US\$m	Total carrying amount US\$m	Fair value US\$m
2020					
Financial assets measured at fair value					
Derivative financial instruments	33.4	-	-	33.4	33.4
Financial assets not measured at fair value					
Debtors	-	242.3	-	242.3	242.3
Bank balances	-	1,996.6	-	1,996.6	1,996.6
	-	2,238.9	-	2,238.9	2,238.9
Financial liabilities measured at fair value					
Derivative financial instruments	(16.1)	-	-	(16.1)	(16.1)
Financial liabilities not measured at fair value					
Borrowings	-	-	(6,564.9)	(6,564.9)	(6,904.0)
Trade and other payable excluding non-financial liabilities	-	-	(802.4)	(802.4)	(802.4)
	-	-	(7,367.3)	(7,367.3)	(7,706.4)

30 Critical Accounting Estimates and Judgements

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable according to circumstances and conditions available. The existing and potential impacts arising from climate change and the COVID-19 pandemic have been considered when applying estimates and assumptions in the preparation of the financial statements, including the Group's assessment of impairment of assets and the independent valuers' valuation of the Group's investment properties. Given the uncertainty of the impact of COVID-19, the actual results may differ from these accounting estimates.

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

Investment properties

The fair values of investment properties are determined by independent valuers on an open market for existing use basis calculated on the discounted net income allowing for reversionary potential. For investment properties in Hong Kong, Chinese mainland and Singapore, capitalisation rates in the range of 2.75% to 3.35% for office (2020: 2.75% to 3.50%) and 3.75% to 5.00% for retail (2020: 3.75% to 5.00%) 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.

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

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.

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

30 Critical Accounting Estimates and Judgements continued

Income taxes

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

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

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

Revenue recognition

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

Non-trading items

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

Interest rate benchmark reform

Following the financial crisis, the reform and replacement of benchmark interest rates such as US\$ LIBOR and other interbank offered rates ('IBORs') has become a priority for global regulators. There is currently uncertainty around the timing and precise nature of these changes.

To transition existing contracts and agreements that reference IBORs (including US\$ LIBOR) to risk free rates ('RFRs') such as US\$ LIBOR to Secured Overnight Financing Rate, adjustments for term differences and credit differences might need to be applied to RFRs, to enable the two benchmark rates to be economically equivalent on transition.

Group Treasury is managing the Group's IBORs transition plan. There are no outstanding contracts at 31st December 2021 impacted by the IBORs reform.

Independent Auditors' Report

To the members of Hongkong Land Holdings Limited

Report on the audit of the Group financial statements

Opinion

In our opinion, Hongkong Land Holdings Limited's Group (the 'Group') financial statements (the 'financial statements'):

- give a true and fair view of the state of the Group's affairs as at 31st December 2021 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 1981 (Bermuda).

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated Balance Sheet as at 31st December 2021; the Consolidated Profit and Loss Account, the Consolidated Statement of Comprehensive Income, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity for the year then ended; and the Notes to the Financial Statements, which include a description of the significant accounting policies ('the Principal Accounting Policies').

Certain required disclosures have been presented in the Corporate Governance section, rather than in the Notes to the Financial Statements. These disclosures are cross-referenced from the financial statements and are identified as audited.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the Financial Reporting Council's ('FRC's') Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

Materiality

- Overall Group materiality: US\$259.0 million (2020: US\$268.0 million), based on 0.75% of the net assets (2020: 0.75% of the net assets).
- Specific Group materiality, applied to balances and transactions not related to investment properties: US\$57.0 million (2020: US\$55.0 million) which represents 5% of underlying profit before tax (2020: 5% of underlying profit before tax).

Audit scope

- A full scope audit was performed on ten entities. These subsidiaries accounted for 95% of the Group's revenue, 82% of the Group's loss before tax, 73% of the Group's underlying profit before tax and 77% of the Group's net assets;
- Full scope audits of six joint ventures were also performed which accounted for a further 10% of the Group's loss before tax, 11% of the Group's underlying profit before tax and 4% of the Group's net assets.

Key audit matter

- Valuation of investment properties

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Capability of the audit in detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined in the Auditors' responsibilities for the audit of the financial statements section, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Independent Auditors' Report

Our audit approach continued

Capability of the audit in detecting irregularities, including fraud continued

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to, but were not limited to, the Companies Act 1981 (Bermuda), the Listing Rules, tax regulations, employment regulations, health and safety regulation and equivalent local laws and regulations applicable to significant reporting component teams, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 1981 (Bermuda).

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries and management bias in accounting estimates and judgements. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:

- Gaining an understanding of the legal and regulatory framework applicable to the Group and the industries in which its businesses operate, and considering the risk of any acts by the Group which may be contrary to applicable laws and regulations, including fraud;
- Discussions with management and internal audit, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Understanding the results of whistleblowing procedures and related investigations. We focused on known and suspected instances of non-compliance with laws and regulations that could give rise to a material misstatement in the Group and company financial statements, including, but not limited to, the Companies Act 1981 (Bermuda), the Listing Rules, tax legislation, employment regulation, health and safety regulation and equivalent local laws and regulations applicable to significant reporting component teams;
- Review of reporting component auditors' work, including any matters reported by component auditors' relating to non-compliance with laws and regulations or fraud;
- Challenging assumptions and judgements made by management in their significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In particular, in relation to the valuation of investment properties (see related key audit matter below); and
- We did not identify any key audit matters relating to irregularities, including fraud. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals, and evaluated whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The impact of COVID-19, which was a key audit matter last year, is no longer included because the impact is now included within the valuation of investment properties key audit matter. Otherwise, the key audit matter below is consistent with last year.

Our audit approach continued

Key audit matters continued

Key audit matter

Valuation of investment properties

Refer to Note 30 (Critical Accounting Estimates and Judgements) and Note 10 (Investment Properties) to the consolidated financial statements.

The fair value of the Group's investment properties amounted to US\$28,600.2 million at 31st December 2021, with a revaluation loss of US\$1,375.5 million recognised as a non-trading item in the consolidated profit and loss account for the year. The Group's property portfolio principally consists of commercial properties.

The valuation of the Group's investment property portfolio is inherently subjective due to, among other factors, the individual nature of each property, its location, prevailing market returns and the expected future rentals for that particular property.

The valuations were carried out by third party valuers (the 'valuers'). There is inherent estimation uncertainty in determining a property's valuation as, the valuers make assumptions, judgements and estimates in key areas. Valuations are principally derived using the income capitalisation method. Judgements are made in respect of capitalisation rates and market rents. There are also wider challenges currently facing the real estate sector as a result of the ongoing impact of COVID-19, which further contributed to the estimation uncertainty as at 31st December 2021.

We focused on the valuation of investment properties due to the significant judgements and estimates involved in determining the valuations.

How our audit addressed the key audit matter

We understood management's controls and processes for determining the valuation of investment properties and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgement involved in determining assumptions to be applied.

We assessed the valuers' qualifications and their expertise, considering whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work. We found no evidence to suggest that the objectivity of the valuers in their performance of the valuations was compromised.

Our work focused on the highest value properties in the portfolio, namely the buildings in the central business district of Hong Kong.

We read the valuation reports covering the majority of the Group's investment property portfolio to consider whether the valuation methodology used was appropriate for each property and suitable for use in determining the carrying value. We performed testing, on a sample basis, on the input data used in the valuation process to satisfy ourselves of the accuracy of the property information supplied to the valuers by management, for example agreement of lease terms to tenancy agreements and other supporting documents.

We understood and assessed the Group's controls over data used in the valuation of the investment property portfolio and management's review of the valuations.

The audit team, including our valuation specialists, attended meetings with the valuers at which the valuations, key assumptions and climate change risk considerations were discussed. We compared the capitalisation rates used by the valuers with an estimated range of expected rates, determined via reference to published benchmarks and market information. We evaluated year-on-year movements in capital value with reference to publicly available information and rentals with reference to prevailing market rents. We evaluated whether the assumptions used were appropriate in light of the evidence provided by relevant transactions during the year.

With the support of our internal valuation experts, we also questioned the external valuers as to the extent to which recent market transactions and expected rental values which they made use of in deriving their valuations took into account the impact of climate change and related ESG considerations.

We confirmed that the assumptions supporting the valuation of investment properties included consideration of the ongoing impact of COVID-19.

Overall, we concluded that the assumptions used in the valuations were appropriate.

We also assessed the adequacy of the disclosures related to the valuation of investment properties in the context of IFRS disclosure requirements and were satisfied that appropriate disclosure has been made.

Independent Auditors' Report

Our audit approach continued

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which it operates.

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

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed by members of the Group engagement team or by component auditors from member firms within the PwC Network operating under our instruction. Where the work was performed by component auditors, we determined the level of involvement necessary for us to have in the audit work at those components to be able to conclude whether sufficient, appropriate audit evidence had been obtained as a basis for our opinion on the financial statements as a whole. The Group engagement team was involved in the significant reporting entities in scope for Group reporting during the audit cycle. In light of the continued restrictions on travel as a response to COVID-19, the lead Group audit partner and other senior team members were involved throughout the year through the regular use of video conference calls and other forms of communication to direct and oversee the audit, including the remote review of the work of component teams.

A full scope audit of the complete financial information was performed for ten subsidiaries. These subsidiaries, together with procedures performed on centralised functions and at the Group level (on the consolidation and other areas of significant judgement), accounted for 95% of the Group's revenue, 82% of the Group's loss before tax, 73% of the Group's underlying profit before tax and 77% of the Group's net assets. Full scope audits of the complete financial information were also performed for six principal joint ventures which accounted for a further 10% of the Group's loss before tax, 11% of the Group's underlying profit before tax and 4% of the Group's net assets. This gave us the evidence we needed for our opinion on the financial statements as a whole.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall Group materiality	US\$259.0 million (2020: US\$268.0 million)
How we determined it	0.75% of net assets (2020: 0.75% of net assets)
Rationale for benchmark applied	A key determinant of the Group's value is investment property. As net assets is the primary measure used by the shareholders in assessing the performance of the Group, we set an overall Group materiality level based on net assets.

We set a specific materiality level of US\$57.0 million (2020: US\$55.0 million) for items not related to the carrying value of investment properties and their related fair value changes (either wholly owned or held within joint ventures). This equates to 5% of underlying profit before tax.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was US\$0.8 million to US\$55.5 million (2020: US\$2.1 million to US\$49.5 million).

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2020: 75%) of overall materiality, amounting to US\$194.0 million (2020: US\$201.0 million) for the items related to investment properties and US\$42.0 million (2020: US\$41.0 million) for items not related to carrying value of investment properties in the Group financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount in the middle of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit in respect of investment property related items above US\$12.0 million (2020: US\$13.0 million) as well as misstatements below this amount that, in our view, warranted reporting for qualitative reasons. For all other account balances and transactions, we agreed with the Audit Committee that we would report to them misstatements identified during our audit above US\$2.8 million (2020: US\$2.7 million) as well as misstatements below that amount that in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the Directors' assessment of the Group's ability to continue to adopt the going concern basis of accounting included:

- Evaluating the inherent risks to the Group's and its businesses' business models and analysed how those risks might affect the Group's financial resources or ability to continue operations over the going concern period;
- Assessing management's base case and severe but plausible downside scenario models supporting the Board's going concern assessment, evaluating the process by which the assessments have been drawn up, ensuring that the calculations in the model were mathematically accurate and that the overall methodology used was appropriate;
- Considering sensitivities over the level of available financial resources indicated by the Group's financial forecasts taking account of reasonably possible, but not unrealistic, adverse effects that could arise from adverse trading conditions as a result of COVID-19 and impact the Group's liquidity position over the going concern period;
- Evaluating the committed financing facilities currently available to the Group and ensuring that the models appropriately included all contractual debt repayments and committed capital expenditures; and
- Agreeing the cash on hand and available facilities included in the going concern assessment to our year end audit work.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

As not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Responsibility Statement and the Corporate Governance section, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

Independent Auditors' Report

Responsibilities for the financial statements and the audit continued

Auditors' responsibilities for the audit of the financial statements continued

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 90 of the Companies Act 1981 (Bermuda), and for no other purpose. We do not, in giving 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, including without limitation under any contractual obligations of the company, save where expressly agreed by our prior consent in writing.

Partner responsible for the audit

The engagement partner on the audit resulting in this independent auditors' report is John Waters.

Other matter

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

PricewaterhouseCoopers LLP

Chartered Accountants

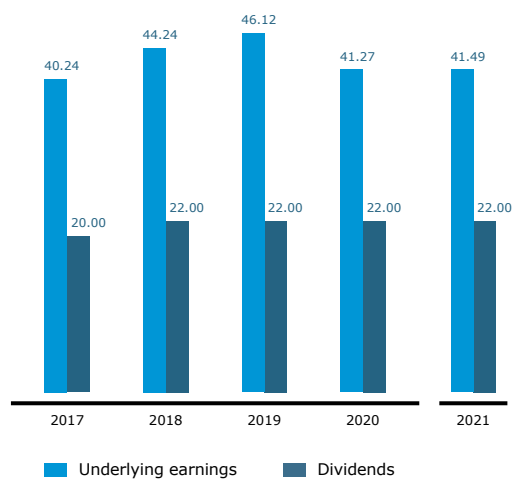
London

3rd March 2022

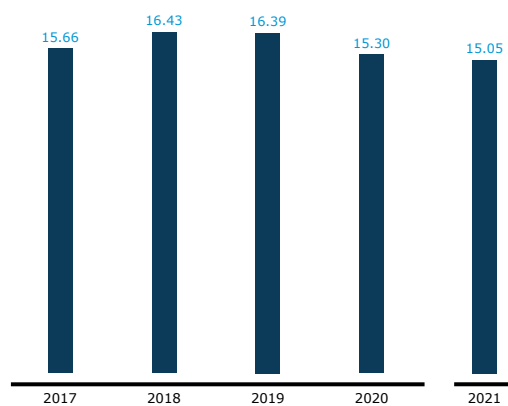
Five Year Summary

	2017 US\$m	2018 US\$m	2019 US\$m	2020 US\$m	2021 US\$m
Profit/(loss) attributable to shareholders	5,614	2,457	198	(2,647)	(349)
Underlying profit attributable to shareholders	947	1,036	1,076	963	966
Investment properties	32,481	33,712	33,191	30,083	28,600
Net debt	2,549	3,564	3,591	4,568	5,104
Shareholders' funds	36,842	38,342	38,247	35,709	34,584

	US\$	US\$	US\$	US\$	US\$
Net asset value per share	15.66	16.43	16.39	15.30	15.05



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 the Principal Risks and Uncertainties, which constitute the management report, include a fair review of all information required to be disclosed by the Disclosure Guidance and Transparency Rules 4.1.8 to 4.1.11 issued by the Financial Conduct Authority in the United Kingdom.

For and on behalf of the Board

Robert Wong

Craig Beattie

Directors

3rd March 2022

Corporate Governance

Overview of Governance Approach

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

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

Group Structure

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

The Company is incorporated in Bermuda. The Company's property interests are held almost entirely in Asia. The Company's equity shares have as their primary listing a standard listing on the Main Market of the London Stock Exchange (the 'LSE'), and the Company's primary regulator is the Financial Conduct Authority in the United Kingdom (the 'FCA').

The Disclosure Guidance and Transparency Rules (the 'DTRs') issued by the FCA require that this Report addresses all relevant information about the company's corporate governance practices beyond the requirements under Bermuda law.

The Company also has secondary listings in Singapore and Bermuda. As the Company has only secondary listings on these exchanges, the listing rules of such exchanges are not generally applicable. Instead, the Company must release the same information as it is required to release under the rules applicable to it as a standard listed company on the LSE, in compliance with the rules applicable to those exchanges in Singapore and Bermuda.

Governance and Legal Framework

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

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

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

The Company's standard listing in London means that it is bound by many of the same rules as premium-listed companies under the UK Listing Rules, the DTRs, the UK Market Abuse Regulation ('MAR') and the Prospectus Regulation Rules, including in relation to continuous disclosure, periodic financial reporting, disclosure of interests in shares, market abuse and the publication and content of prospectuses in connection with admission to trading or offering securities to the public. The Company is also subject to regulatory oversight from the FCA, as the Company's principal securities regulator, and is required to comply with the Admission and Disclosure Standards of the Main Market of the LSE. The Company and its Directors are also subject to legislation and regulations in Singapore relating to insider dealing.

The Company is not required to comply with the UK Corporate Governance Code (the 'Code'), which applies to all premium-listed companies and sets out the governance principles and provisions expected to be followed by companies subject to the Code.

When the shareholders approved the Company's move to a standard listing from a premium listing in 2014, the Company stated that it intended to maintain certain governance principles on the basis as was then applicable to the Company's premium listing. As a result, the Company has adopted several governance principles (the 'Governance Principles') based on the then applicable requirements for a premium listing, which go further than the standard listing requirements.

Governance and Legal Framework continued

The key elements of the Governance Principles are as follows:

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

The Management of the Group

The Board

The Board is responsible for ensuring that the Group is appropriately managed and achieves the strategic objectives it sets in a way supported by the right culture, values and behaviours throughout the Group.

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

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

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

The Company sees the value of regularly reviewing the effectiveness of its processes and making improvements where appropriate. The Board will therefore be establishing a Board evaluation review process.

Board Composition and Operational Management

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

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

The Company has a dedicated executive management team led by the Chief Executive. However, the Memorandum of Association of the Company provides for the chairman of Jardine Matheson to be, or to appoint, the Managing Director of the Company. Reflecting this, and the Jardine Matheson group's 52% interest in the Company's share capital, the Chief Executive and the Managing Director meet regularly. Similarly, the board of HKL and its finance committee are chaired by the Managing Director. They include Hongkong Land Group executives and Jardine Matheson's deputy managing director, group finance director and group general counsel.

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

As at 3rd March 2022, the Company comprises 12 Directors, three of whom (25%) – Christina Ong, Prijono Sugiarto and Michael Wu – are regarded as Independent Non-Executive Directors. In addition, three further Non-Executive Directors – Anthony Nightingale, Lord Powell of Bayswater and Percy Weatherall – do not have any executive responsibilities, nor have they been an employee of the Company or the Group within the past five years, and they are sufficiently distanced from the day-to-day operations of the Company for the Company to take the view that they are Independent Non-Executive Directors, even though they have served on the Board for over nine years. The names of all the Directors and brief biographies appear on pages 22 and 23 of this Report.

On 18th February 2022, it was announced that Lord Powell of Bayswater and Percy Weatherall would retire as Directors on 3rd March 2022 from the Board, and that Lincoln K.K. Leong and Lily Jencks would join the Board on 4th March 2022 and 28th July 2022, respectively. With the addition of Lincoln K.K. Leong the number of Independent Non-Executive Directors increases to five (45%) out of 11 Directors.

Ben Keswick has been Chairman of the Board since 16th May 2013. John Witt has held the role of Managing Director from 15th June 2020. Robert Wong has been Chief Executive since 1st August 2016. Ben Keswick previously held the roles of Chairman and Managing Director combined from 16th May 2013. The Board considers that there is a clear division of responsibilities among the Chairman, the Managing Director and the Chief Executive to ensure an appropriate balance of power and authority.

Chairman

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

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

Managing Director

The Managing Director acts as chairman of HKL and of its finance committee, as well as being a member of the Company's Nominations Committee and the remuneration committee established in HKL. In addition, he has responsibility for representing Jardine Matheson, as the major shareholder in the Company, in its oversight of the day-to-day management by the Chief Executive and his leadership team of the business.

Chief Executive

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

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

Non-Executive Directors

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

Board Meetings

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

In 2021, due to travel restrictions imposed due to the pandemic, it was necessary to hold all four Board meetings virtually.

The Board receives high quality, up to date information for each of its meetings, which is provided to Directors via a secure online board information portal. The Company reviews the information provided to the Board regularly, to ensure that it remains relevant to the needs of the Board in carrying out its duties.

The Directors of the Company who do not serve on the board of HKL and who are based outside Asia will usually visit Asia and Bermuda to discuss the Group's business and participate in the four strategic reviews that precede the regular Board meetings. In 2021, all of these strategic reviews were held virtually due to the pandemic. These Directors are not directly involved in the operational management of the Group's business activities, but their knowledge of the Group's affairs, as well as their experience of the wider Jardine Matheson group, provide significant value to the ongoing review by the Company of the Group's business and reinforces the Board oversight process.

Board Attendance

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

	Meetings eligible to attend	Attendance
Current Directors of the Company		
Non-Executive Directors		
Ben Keswick	4/4	100%
Adam Keswick	4/4	100%
Anthony Nightingale	4/4	100%
Christina Ong	4/4	100%
Y.K. Pang	4/4	100%
Lord Powell of Bayswater	4/4	100%
Prijono Sugiarto	4/4	100%
Percy Weatherall	4/4	100%
Michael Wu	4/4	100%
Executive Directors		
John Witt	4/4	100%
Robert Wong	4/4	100%
Craig Beattie ¹	1/1	100%
Former Directors of the Company		
Simon Dixon ²	3/3	100%
James Watkins ³	3/3	100%

1 Craig Beattie joined the Board as Chief Financial Officer on 1st September 2021.

2 Simon Dixon stepped down as Chief Financial Officer on 31st August 2021.

3 James Watkins stepped down as a Director on 29th July 2021.

Appointment and Retirement of Directors

The Board appoints each new Director, and the Nominations Committee has been established to assist the Board in such matters. In accordance with the Company's Bye-laws, each new Director is subject to retirement and re-appointment at the first AGM after appointment. After that, Directors are subject to retirement by rotation requirements under the Bye-laws, whereby one-third of the Directors retire at the AGM each year. These provisions apply to both Executive and Non-Executive Directors, but the requirement to retire by rotation does not extend to the Chairman or Managing Director.

James Watkins retired from the Board on 29th July 2021. Simon Dixon stepped down as Chief Financial Officer on 31st August 2021, and Craig Beattie joined the Board in his place on 1st September 2021.

In accordance with Bye-law 85, Adam Keswick and Anthony Nightingale will retire by rotation at this year's AGM and, being eligible, offer themselves for re-election. In accordance with Bye-law 92, Craig Beattie and Lincoln K.K. Leong will also retire and, being eligible, offer themselves for re-election. Craig Beattie has a service contract with a subsidiary of Jardine Matheson that has a notice period of six months. None of the other Directors proposed for re-election has a service contract with the Company or its subsidiaries.

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

Company Secretary

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

Committees

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

Nominations Committee

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

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

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

Insurance and Indemnification

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

Delegations of Authority

The Group has in place an organisational structure with defined lines of responsibility and delegation of authority. There are established policies and procedures for financial planning and budgeting, information and reporting systems, assessment of risk, and monitoring 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.

Directors' Responsibilities in respect of the Financial Statements

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

Substantial Shareholders

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

The Company has been informed of the holding of voting rights of 5% or more attaching to the Company's issued ordinary share capital by Jardine Strategic Limited ('Jardine Strategic'), which is directly interested in 1,176,616,646 ordinary shares carrying 51.57% of the voting rights. By virtue of its interest in Jardine Strategic, Jardine Matheson is also interested in the same ordinary shares. Apart from this shareholding, the Company is not aware of any holders of voting rights of 5% or more attaching to the Company's issued ordinary share capital as of 3rd March 2022.

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

Related Party Transactions

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

Securities Purchase Arrangements

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

During the year, the Company repurchased and cancelled a total of 36,394,550 of its ordinary shares for an aggregate cost of US\$194 million. The ordinary shares, which were repurchased in the market, represented some 1.6% of the Company's issued ordinary share capital before repurchase.

Annual General Meeting

The 2022 AGM will be held on 5th May 2022. 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. In addition, a corporate website is maintained containing a wide range of information of interest to investors at www.hkland.com.

Group Policies

Code of Conduct

The Group conducts business in a professional, ethical and even-handed manner. Its ethical standards are set out in its Code of Conduct, a set of guidelines to which every employee must adhere. It is reinforced and monitored by an annual compliance certification process and modelled on the Jardine Matheson group's code of conduct. The Code of Conduct requires that all Group companies comply with all laws of general application, all rules and regulations that are industry-specific and proper standards of business conduct. The Code of Conduct prohibits the giving or receiving of illicit payments. It 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 Company's policy on commercial conduct underpins the Group's internal control process, particularly in the area of compliance. The policy is also set out in the Group's Code of Conduct.

Data Privacy

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

Whistleblowing Policy

The Group has a whistleblowing policy covering how employees can report matters of serious concern. The Audit Committee is responsible for overseeing the effectiveness of the formal procedures for colleagues to raise such matters and is required to review any reports made under those procedures referred to it by the internal audit function. In addition, the Group has a whistleblowing service managed by an independent service provider to supplement existing whistleblowing channels to assist employees and third parties in reporting suspected illegal or unethical behaviour or other matters of serious concern and is intended to help foster an inclusive, safe and respectful workplace. The service, which is available 24 hours in multiple languages, accessible through phone hotline or online, and as anonymous submissions, may be used by colleagues to report a matter of concern to a manager supervisor, Human Resources, Executive Directors or Legal representative. The reports are treated confidentially and any retaliation against a person reporting a potential breach of the Code in good faith will not be tolerated.

Inclusion and Diversity

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

Bullying, intimidation, discrimination, and harassment of others has no place in the Group and will not be tolerated.

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

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

The Company keeps the composition of its Board and senior management positions under review to ensure that it adapts to the changing business landscape. The Company recognises that gender diversity is an important issue, and this is something it is actively focused on, with consistent improvement in this area. As of July 2021, nearly a quarter of colleagues at the CEO level or the level below are female, 39% of our management are women, and 56% of the latest intake of graduate trainees are women.

The Group has a Diversity and Equal Opportunity Policy.

Remuneration Report

Message from the Board/Remuneration Committee

The Board is pleased to present shareholders with the 2021 Remuneration Report. This report sets out the Group's approach to remuneration for its executives and directors, particularly the link between the Group's strategy and its remuneration framework, the link between performance and reward, and remuneration outcomes for senior executives.

The Group's Remuneration Philosophy and Framework for Rewarding Staff

The remuneration outcomes in 2021 reflect the intended operation of the remuneration framework.

At the heart of the Group's remuneration framework is our commitment to deliver competitive remuneration for excellent performance to attract the best and motivate and retain talented individuals while aligning the interests of executives and shareholders.

It does this through:

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

The Company's policy is to offer competitive remuneration packages to its senior executives. The remuneration packages are designed to reflect the nature of the Group and its diverse geographic base.

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

Remuneration Committee

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

In March 2021, HKL, the Group's Management Company, established a Remuneration Committee (the 'Remuneration Committee') to assist the Board in remuneration matters. The key responsibilities of the Remuneration Committee are to:

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

The Remuneration Committee consists of a minimum of three members, selected by the Chairman of the Board. The Chairman of the Board is the chairman of the Committee. The current members of the Remuneration Committee are Ben Keswick, John Witt, Y.K. Pang, Graham Baker and John Nolan (Jardines group human resources director). The Chief Executive and the Head of Human Resources will generally attend meetings of the Remuneration Committee. The Remuneration Committee meets annually and more often if necessary, with its meetings aligned with the key events in the Group's annual remuneration cycle, or by circulation of Committee circular reviews and recommends to the Board for approval as it deems appropriate.

How Remuneration Framework is Linked to the Business Strategy

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

Remuneration Outcomes in 2021

For the year ended 31st December 2021, the Directors received from the Group US\$10.3 million (2020: US\$9.1 million) in Directors' fees and employee benefits, being:

- US\$0.7 million (2020: US\$0.8 million) in Directors' fees;
- US\$7.9 million (2020: US\$8.1 million) in short-term employee benefits, including salary, bonuses, accommodation and deemed benefits in kind; and
- US\$1.7 million (2020: US\$0.2 million) in post-employment benefits.

The information set out in the section above headed 'Remuneration Outcomes in 2021' forms part of the audited financial statements.

Share Schemes

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

Directors' Share Interests

The Directors of the Company in office on 3rd March 2022 had interests* as set out below in the ordinary share capital of the Company. These interests include those notified to the Company regarding the Directors' closely associated persons*.

Robert Wong	400,000
Anthony Nightingale	2,184
Y.K. Pang	738,000

* Within the meaning of MAR

In addition, Robert Wong held share options regarding 1,950,000 ordinary shares issued pursuant to the Company's notional share option plan.

Audit Committee Report

Audit Committee

The Board has established within HKL an Audit Committee (the 'Audit Committee'), the current members of which are Y.K. Pang (Chairman of the Audit Committee), Graham Baker, Jeremy Parr and John Witt. None of them is directly involved in operational management. Graham Baker is also a member of the Committee with recent financial experience and expertise. In addition, Graham Baker has a deep understanding of risk management.

On 18th February 2022, it was announced that Lincoln K.K. Leong would join and become Chairman of the Audit Committee on 4th March 2022. As a result the Audit Committee will be chaired by an Independent Non-Executive Director. Lincoln K.K. Leong will be another member of the Audit Committee with recent financial and risk management experience and expertise.

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

Audit Committee continued

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

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

Before completion and announcement of the half-year and year-end results, a review of the 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 external auditors also have access to the full Board when necessary, in addition to the Chief Executive, the Chief Financial Officer and other senior executives.

The matters considered by the Audit Committee during 2021 included:

- Reviewing the 2020 annual financial statements and 2021 half-yearly financial statements, with particular focus on the impact of COVID-19, provisioning and impairment assessments, assumptions that underpinned key valuation models and effectiveness of financial controls;
- Reviewing the actions and judgements of management in relation to changes in accounting policies and practices to ensure clarity of disclosures and compliance with new accounting standards;
- Receiving reports from internal audit function on the status of the control environment of the Group and its business divisions, and progress made in resolving matters identified in the reports;
- Reviewing the principal risks, evolving trends and emerging risks that affect the Group, and monitoring changes to the risk profile, as well as the effectiveness of risk management measures and crisis management arrangements;
- Receiving updates on the cybersecurity threat landscape and the Group's cybersecurity environment, risk management approach, training, priorities and control effectiveness;
- Receiving reports from risk management and legal functions on key legal matters and compliance and code of conduct issues, and the actions taken in addressing those issues and strengthening controls;
- Reviewing the annual internal audit plan and status updates;
- Reviewing and approving the revised terms of reference of the Group's internal audit and risk management functions;
- Reviewing the biennial assessment of the effectiveness of PwC;
- Reviewing the Group's governance approach to cybersecurity management, data security and privacy management across its businesses;
- Reviewing the independence, audit scope and fees of PwC, and recommending their re-appointment as the external auditor; and
- Conducting a review of the terms of reference of the Audit Committee.

Members of the Former Audit Committee	Meetings eligible to attend	Attendance
Current Directors of the Company		
John Witt	2/2	100%
Y.K. Pang	2/2	100%
Directors of HKL		
Graham Baker	2/2	100%
Jeremy Parr	2/2	100%

Risk Management and Internal Control

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

The Audit Committee considers the systems and procedures regularly and reports to the Board semi-annually. The internal control systems are designed to manage, rather than eliminate, business risk; to help safeguard the Group’s assets against fraud and other irregularities; and give reasonable, but not absolute, assurance against material financial misstatement or loss.

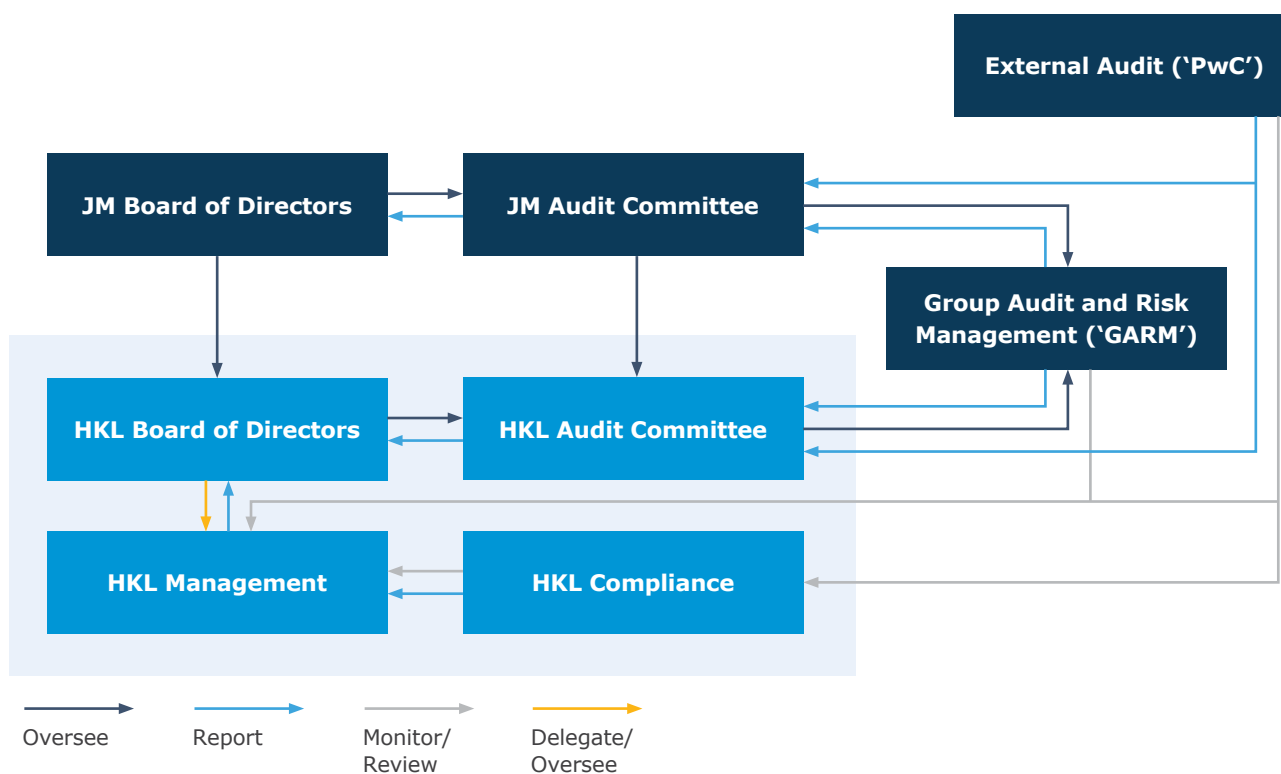
Executive management is responsible for implementing the systems of internal control throughout the Group.

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

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

The Company’s principal risks and uncertainties are set out on pages 98 to 101.

Risk Governance Structure



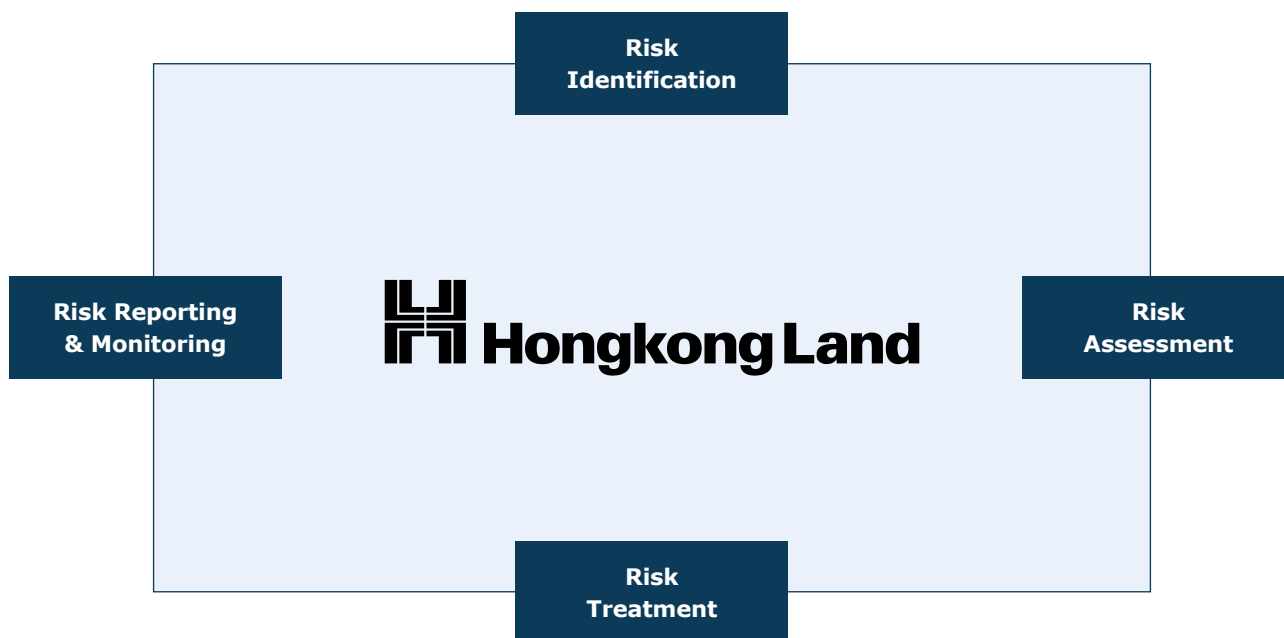
Each business unit is responsible for:

- Identifying and assessing principal risks and uncertainties to which it is exposed;
- Implementing the most appropriate actions to mitigate and control those risks to an acceptable level;
- Providing adequate resources to minimise, offset or transfer the effects of any loss that may occur while managing acceptable risk/benefit relationships;
- Monitoring the effectiveness of the systems of risk management and internal control; and
- Reporting periodically to its board of directors and the Group’s Audit and Risk Management function (Group Audit and Risk Management or ‘GARM’) on the principal risks and uncertainties.

The Company regularly communicate information and guidelines for reporting principal risks and uncertainties. In addition, risk management initiatives, such as training and sharing sessions, are undertaken by each business unit.

Risk Management Framework

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



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

Risk Identification	<ul style="list-style-type: none"> • Identify and document the Group's exposure to uncertainty with existing strategic objectives • Adopt structured and methodical techniques to identify critical risks
Risk Assessment	<ul style="list-style-type: none"> • Evaluate risks by estimating likelihood, financial and reputational damage, and the speed at which the risk materialises, based on its inherent and residual level • Determine risk rating using the risk heatmap, with four levels of residual risk status
Risk Treatment	<ul style="list-style-type: none"> • Tolerate – accept if within the Group's risk appetite • Terminate – dispose or avoid risks were no appetite • Risks may be accepted if mitigated to an appropriate level via: <ul style="list-style-type: none"> • Transfer – take out insurance or share risk through contractual arrangements with business partners • Treat – redesign or monitor existing controls or introduce new controls
Risk Reporting & Monitoring	<ul style="list-style-type: none"> • Periodic review of principal risks and uncertainties • Setting key risk indicators to enhance monitoring and mitigation of risks • Regular reporting of principal risks and uncertainties from business units to the Group's Board of Directors via Audit Committee and Group Audit and Risk Management

Principal Risks and Uncertainties

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

Economic Risk

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

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

Mitigation Measures

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

Commercial Risk

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

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

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

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

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

Mitigation Measures

- Utilise market intelligence and deploy digital strategies for business-to-consumer businesses.
- Establish customer relationship management programme and digital commerce capabilities.
- Engage in longer-term contracts and proactively approach suppliers for contract renewals.
- Re-engineer existing business processes.

Principal Risks and Uncertainties continued

Financial and Treasury Risk

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

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

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

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

Mitigation Measures

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

The detailed steps taken by the Group to manage its exposure to financial risk are set out in the Financial Review on page 19 and Note 29 to the financial statements on pages 68 to 74.

Regulatory and Political Risk

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

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

Mitigation Measures

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

Key Contracts Risk

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

Mitigation Measures

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

Principal Risks and Uncertainties continued

Pandemic, Terrorism and Natural Disasters Risk

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

Mitigation Measures

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

Cybersecurity Risk

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

Mitigation Measures

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

People Risk

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

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

Mitigation Measures

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

Principal Risks and Uncertainties continued

Investment, Strategic Transactions and Partnerships Risk

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

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

Mitigation Measures

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

Environmental and Climate Risk

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

Mitigation Measures

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

Mitigation measures in respect of environmental and climate risks:

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

Effectiveness Review of Risk Management and Internal Control Systems

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

Shareholder Information

Financial Calendar

2021 full-year results announced	3rd March 2022
Shares quoted ex-dividend	17th March 2022
Share registers closed	21st to 25th March 2022
Annual General Meeting to be held	5th May 2022
2021 final dividend payable	11th May 2022
2022 half-year results to be announced	28th July 2022*
Shares quoted ex-dividend	18th August 2022*
Share registers to be closed	22nd to 26th August 2022*
2022 interim dividend payable	12th October 2022*

* Subject to change

Dividends

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

Shareholders on the Jersey Branch Register

Shareholders registered on the Jersey branch register will have the option to elect for their dividends to be paid in Sterling. These shareholders may make new currency elections for the 2021 final dividend by notifying the United Kingdom transfer agent in writing by 22nd April 2022. The Sterling equivalent of dividends declared in United States Dollars will be calculated by reference to a rate prevailing on 27th April 2022.

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

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

Shareholders who are on CDP's Direct Crediting Service ('DCS')

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

Shareholders who are not on CDP's DCS

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

Registrars and Transfer Agent

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

Principal Registrar

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

Jersey Branch Registrar

Link Market Services (Jersey) Limited, 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

Link Group, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL, United Kingdom

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

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Report of the Valuers

To Hongkong Land Holdings Limited

Dear Sirs

Revaluation of Investment Properties Held under Freehold and Leasehold

Further to your instructions, we have valued in our capacity as external valuers the investment properties held under freehold and leasehold as described in the consolidated financial statements of Hongkong Land Holdings Limited. We are of the opinion that the market value of the investment properties held under freehold in Cambodia and leasehold in China, Hong Kong, Singapore and Vietnam as at 31st December 2021, totalled US\$28,587,400,000 (United States Dollars Twenty-Eight Billion Five Hundred Eighty-Seven 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, 28th January 2022

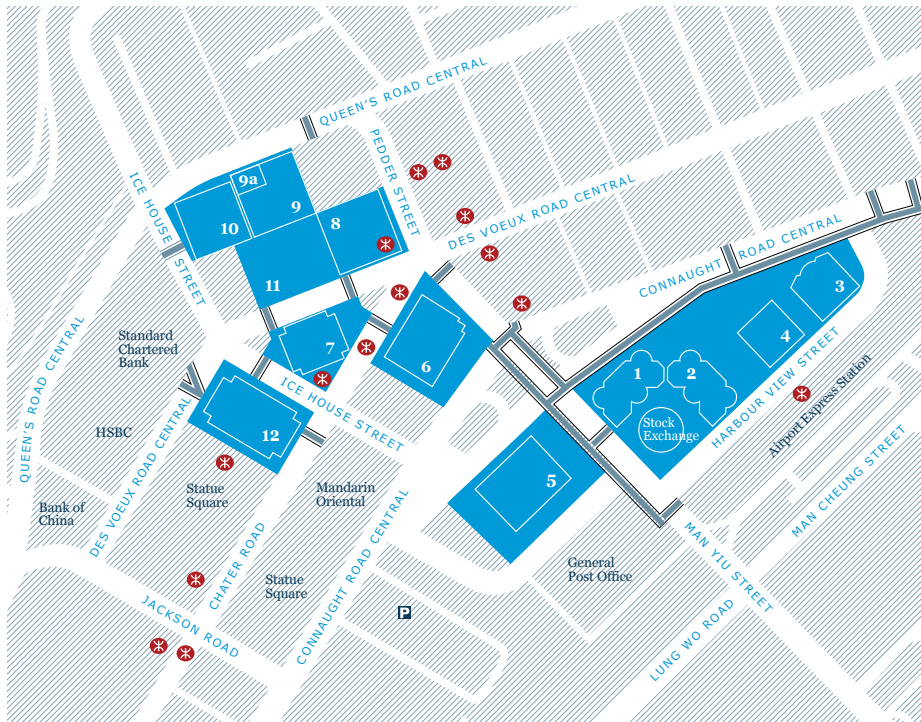
Major Property Portfolio

at 31st December 2021

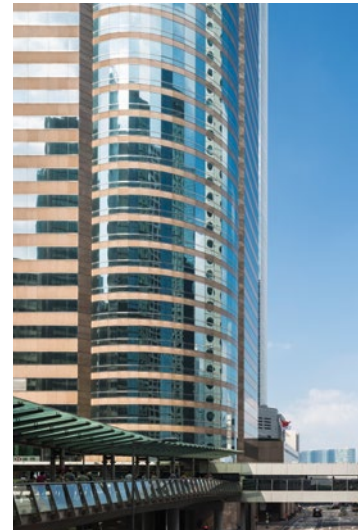
Operational Investment Properties	Attributable interest %	Location	Lettable area of the property (in thousands of square metres)		
			Total	Office	Retail
Alexandra House	100	Hong Kong	35	30	5
Chater House	100	Hong Kong	43	39	4
Exchange Square	100		139		
One Exchange Square		Hong Kong		53	–
Two Exchange Square		Hong Kong		47	–
Three Exchange Square		Hong Kong		30	–
Podium		Hong Kong		–	5
The Forum		Hong Kong		4	–
Jardine House	100	Hong Kong	63	59	4
Gloucester Tower	100	Hong Kong	42	42	–
Landmark Atrium	100	Hong Kong	26	–	26
Edinburgh Tower	100	Hong Kong	45	32	13
York House	100	Hong Kong	10	10	–
Prince's Building	100	Hong Kong	52	38	14
WF CENTRAL	84	Beijing	42	–	42
One Central	49	Macau	19	–	19
One Raffles Link	100	Singapore	29	23	6
One Raffles Quay	33.3		123		
North Tower		Singapore		71	–
South Tower		Singapore		52	–
Marina Bay Financial Centre	33.3		285		
Tower 1		Singapore		57	3
Tower 2		Singapore		95	6
Tower 3		Singapore		116	8
World Trade Centre 1	50	Jakarta	42	36	6
World Trade Centre 2	50	Jakarta	60	56	4
World Trade Centre 3	50	Jakarta	73	69	4
World Trade Centre 5	50	Jakarta	15	14	1
World Trade Centre 6	50	Jakarta	19	17	2
EXCHANGE SQUARE	100	Phnom Penh	26	17	9
Gaysorn	49	Bangkok	17	5	12
63 Ly Thai To	73.9	Hanoi	7	6	1

Development Properties	Attributable interest %	Location	Developable area of the property		
			Total	Construction completed	Under construction/ to be developed
			(in thousands of square metres)		
Artisan Bay	33	Chengdu	155	155	–
WE City	50	Chengdu	921	707	214
Beryl Grove	100	Chongqing	133	–	133
Central Avenue	50	Chongqing	1,122	839	283
Century Land	100	Chongqing	177	–	177
Harbour Tale	50	Chongqing	114	110	4
Landmark Riverside	50	Chongqing	1,231	889	342
Re City	50	Chongqing	748	–	748
River One	100	Chongqing	161	161	–
Scholar's Mansion	50	Chongqing	318	218	100
The Pinnacle	100	Chongqing	125	125	–
Yorkville North	100	Chongqing	1,116	1,104	12
Hangzhou Bay	30	Hangzhou	788	148	640
The Riverside	100	Hangzhou	73	–	73
Grand Mansion	100	Nanjing	93	–	93
JL Central	50	Nanjing	252	–	252
Yue City	33	Nanjing	251	50	201
Galaxy Midtown	26.7	Shanghai	384	–	384
Irvine Bay	50	Shanghai	64	64	–
West Bund	43	Shanghai	288	–	288
Dream Land	50	Wuhan	493	87	406
Lakeward Mansion	66	Wuhan	226	–	226
Leedon Green	50	Singapore	49	–	49
Parc Esta	100	Singapore	98	–	98
Piccadilly Grand	50	Singapore	37	–	37
Tengah Garden Walk	50	Singapore	62	–	62
Arumaya	40	Jakarta	24	–	24
Asya	50	Jakarta	481	56	425
Avania	50	Jakarta	131	–	131
Nava Park	49	Jakarta	443	168	275
King Kaew	49	Bangkok	178	–	178
Nonthaburi	49	Bangkok	434	16	418
The Esse Sukhumbvit 36	49	Bangkok	38	38	–

Hong Kong – Central District



- Hongkong Land properties
- P 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 | | | |

Cambodia



Central Mansions



EXCHANGE SQUARE

Beijing, China



CBD Z3 Project*



Central Park



WF CENTRAL

Chengdu, China



Artisan Bay*



Dongjiaba Project*



Gaokan Project*



Guobin Project*



WE City



Beryl Grove*

Chongqing, China

Chongqing, China



Central Avenue



Century Land*



Guanyinqiao Project*



Harbour Tale



Hillview



Landmark Riverside



New Bamboo Grove



New Xiaoyuan Project*



Re City*



River One



Scholar's Mansion*



The Pinnacle

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

Chongqing, China



The Ring



Yorkville North



Yorkville South

Hangzhou, China

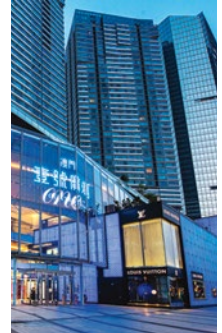


Hangzhou Bay*



The Riverside*

Macau, China



One Central

Nanjing, China



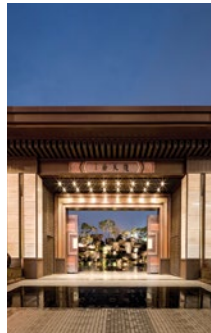
Grand Mansion



JL CENTRAL*

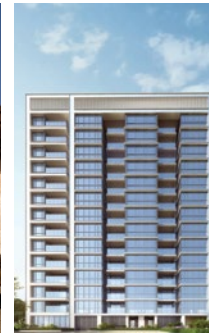


River and City

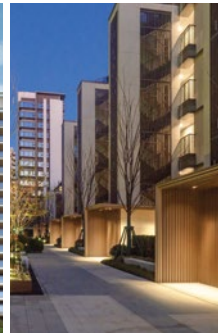


Yue City

Shanghai, China



Galaxy Midtown*



Irvine Bay*

Shanghai, China



Parkville



West Bund Site*

Wuhan, China



Dream Land



Gongmao Project*



Lakeward Mansion*



Optics Valley Project*

Indonesia



Anandamaya Residences



Arumaya*



Asya*



Avania*



Nava Park



WTC

Malaysia



The Quinn*



Wangsa Walk Mall



Mandani Bay*



Roxas Triangle Towers



The Velaris Residences*

Philippines

Singapore



Leedon Green*



Jalan Tembusu*



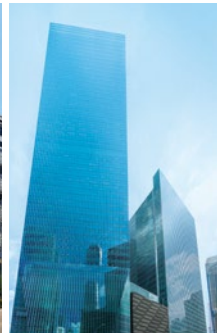
Margaret Ville



Marina Bay Financial Centre



One Raffles Link



One Raffles Quay

Singapore



Parc Esta*



Piccadilly Grand*



Tengah Garden Walk*

Thailand



British Embassy Site



Gaysorn



King Kaew Site

Thailand



Lake Legend



The ESSE Sukhumvit 36



Wireless Road Project

Vietnam



Central Building



The Marq



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